

ESSELUNGA GROUP: PRELIMINARY RESULTS FULL YEAR 2019

19 February 2020 18:36

Esselunga Group – Preliminary Results Full Year 2019

Sales at € 8,142 million.

Total savings granted to Customers of over € 1,500 million.

Adjusted Net Financial Position at € -150 million at 2019-end.

On the 19th of February, the Board of Directors of Esselunga S.p.A. reviewed in Limoto di Pioltello the 2019 Preliminary Results, summarized as follows:

- In 2019 the Esselunga Group made **Sales** totalling € **8,142 million, up to 2.9%**, thanks to the new stores opening, the introduction of the meal vouchers which have been accepted in all the stores since February 2019, and the E-Commerce.
- **Esselunga remains at the top ranking for competitiveness** (shelf prices), positioning 3% below the market average (Source NRPS Nielsen, Trading Area), with a **shelf price deflation** of 0.1% in 2019.
- **Savings granted to Customers totalled over € 1,500 million**, up by around € 80 million compared to 2018.
- **Adjusted EBITDA** (1) amounted to € 675.5 million (8.3%) compared to € 710.2 million (9.0%) in 2018, in line with the budget. EBITDA (2) is € 716.9 million (8.8%) compared to € 726.1(3) million (9.2%) in 2018.
- **Adjusted EBIT** (1) amounted to € 370.2 million (4.5%) compared to € 422.9 million (5.3%) in 2018. EBIT(2) is € 391.3 million (4.8%) compared to € 417.7 (3) million (5.3%) in 2018.
- **Adjusted Net Profit** (1) totalled € 250.8 million (3.1%) compared to € 286.6 million (3.6%) in 2018.
- **Adjusted Net Financial Position** (1) is € -149.7 million (vs € -435.7 million at 2018-end) thanks to a better working capital management and to the postponement of some real estate initiatives, due to the delay in the license process and it is summarized below:

	As of December, 31 2019	As of December, 31 2018
Adjusted Net Financial Position excluding IFRS 16 (A)	-149.7	-435.7
IFRS 16 Operating Leases (B)	-360.0	-336.4
Net Financial Position (A+B)	-509.7	-772.1

- Average headcount reached 23,905 people, with an increase of 345 vs 2018.
- During 2019 a new superstore format has been opened in Brescia **Triumplina**. Esselunga also launched **laEsse in Milan Corso Italia**, a new concept store mixing a cafe, a convenience store and a locker to collect the on-line orders.
- **Adjusted capital expenditures** (1) totalled € 301 million (vs € 320 million in 2018).
- The Esselunga S.p.A. Board of Directors has been advised that the purchase price for the 30% Supermarkets Italiani S.p.A. share capital to be paid by Giuliana Albera Caprotti and Marina Caprotti is likely to be determined by independent third-parties by March, 7 2020.

(1) The adjustments to:

- EBITDA and EBIT neutralize the effect of fair value accounting of prize-giving promotions and the effect relating to the application of IFRS 16 Operating Leases;

- Net Profit neutralize the effect of fair value accounting of prize-giving promotions and the effect relating to the application of IFRS 16 Operating Leases, including the tax effect;

- Net Financial Position neutralize the effect relating to the application of IFRS 16 Operating Leases.

(2) EBITDA and EBIT data includes the effect of fair value accounting of prize-giving promotions and the effect relating to the application of IFRS 16 Operating Leases.

(3) Following to the introduction of IFRS 16 Operating Leases 2018 EBITDA and EBIT data have been restated to ensure comparability.

Limite di Pioltello, 19th February 2020

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ESSELUNGA is one of the leading Italian food retailer, operating through a network of over 159 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 over € 8 billion.

Esselunga Group

(€ million)

Adjusted Financial Performance as of December 31, 2019

Income Statement	FY 2019	%	FY 2018	%
TOTAL SALES	8,141.6	+2.9	7,913.9	
ADJUSTED EBITDA ^(*)	675.5	8.3%	710.2	9.0%
ADJUSTED OPERATING PROFIT ^(*)	370.2	4.5%	422.9	5.3%
ADJUSTED NET INCOME	250.8	3.1%	286.6	3.6%

ADJUSTED NET FINANCIAL POSITION	-149.7	-435.7
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^(*) La Villata S.p.A. contribution equal to € 90.8 million in 2019 (€ 89.9 million in 2018).

^(*) La Villata S.p.A. contribution equal to € 56.7 million in 2019 (€ 56.2 million in 2018).

The adjustments to the **EBITDA** neutralize:

- the recognition at fair value of prize-giving promotions whose impact amounts to € 10 million for the FY 2019 and € 14.5 million for the FY 2018;

- the effect related to the application of IFRS 16 Operating Leases whose impact amounts to € 31.4 million for the FY2019 and € 30.4 million for the FY 2018.

Further to the adjustments to the EBITDA highlighted above, the adjustments to the EBIT neutralize also the additional amortisation costs stemming from the application of IFRS 16 Operating Leases.

Financial Performance as of December 31, 2019

Consolidated Income Statement and Net Financial Position

Income Statement	FY 2019	%	FY 2018 restated ⁽⁶⁾	%
TOTAL SALES	8,141.6	+2.9%	7,913.9	
EBITDA	716.9	8.8%	726.1	9.2%
EBIT	391.3	4.8%	417.7	5.3%
NET INCOME	258.6	3.2%	275.3	3.5%
NET FINANCIAL POSITION	-509.7		-772.1	

Consolidated Balance Sheet

Balance Sheet	As of December, 31 2019	As of December, 31 2018 restated ⁽⁶⁾
Non-current assets	4,971.8	4,993.0
Current assets	2,158.3	1,820.1
Assets for sale	16.8	-
TOTAL ASSETS	7,146.9	6,813.1
Shareholders' equity	3,318.3	3,082.6
Non-current liabilities	1,879.8	1,899.1
Current liabilities	1,948.8	1,831.4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,146.9	6,813.1

Consolidated Cash Flow Statement

Cash Flow Statement	As of December, 31 2019	As of December, 31 2018 restated ⁽⁶⁾
Cash Flow from operations	834.7	773.3
Cash Flow from investing activities	-330.2	-309.3
Cash Flow from financing activities	-35.5	-53.3
Dividends paid	-16.0	-4.0
Taxes	-190.6	-2.4
NET CASH FLOW	262.4	404.3
NET FINANCIAL POSITION AT THE BEGINNING OF THE YEAR	-772.1	-1,176.4
NET CASH FLOW DURING THE PERIOD	262.4	404.3
NET FINANCIAL POSITION AT THE END OF THE YEAR	-509.7	-772.1

⁽⁶⁾ Following to the introduction of IFRS 16 Operating Leases 2018 data have been restated to ensure comparability.