



FOR IMMEDIATE RELEASE MARCH 19, 2020

## **EG GROUP TWO MONTHS TO FEBRUARY 2020 TRADING AND COVID-19 UPDATE**

In light of current market conditions and the rapidly changing developments regarding COVID-19, EG Group provides the following update.

### **Two months to February 2020 trading update**

For the two months ended February 29, 2020, EG Group recorded an EBITDA of \$164m, an increase of \$79m on the same period in 2019<sup>1</sup>. Excluding the impact of acquisitions made in 2019, EBITDA increased on a like-by-like basis by 18% to \$101m. LTM reported EBITDA to the end of February 2020 is \$958m, an increase of \$79m on the \$879m LTM reported EBITDA for the year ended December 31, 2019<sup>2</sup>.

Fuel sales volume for the two months ended February 29, 2020 was 3.4 billion liters, an increase of 1.1 billion liters, or 47.8% on the same period in 2019. Excluding the impact of 2019 acquisitions, fuel sales volumes decreased by 0.1 billion liters, or 4.9%, with this largely reflecting recent sales trends rather than the impact of volume deterioration from COVID-19. Positive fuel margin per liter more than offset the volume decline, with wider fuel margins per liter continuing to date into March.

### **COVID-19 update**

#### COVID-19 Response Team

Daily meetings have been established under the governance of Mohsin and Zuber Issa, Co-CEOs, and Michael Hughes, Group CFO. The Group's COVID-19 Response Team continue to monitor closely the impact on all areas of our business, as well as ensuring publicly available advice is followed and that appropriate health safeguards are quickly implemented.

The Group has a strong management team in place and has consistently demonstrated that it can adapt and respond quickly to changing market conditions.

The Board remains confident in the strategy and believes the Group is well positioned to benefit from the long-term growth of the convenience store market and from any short-term trend of intensifying customer purchases.

<sup>1</sup> Results for the two months to February 28, 2019 translated to USD using a EUR:USD exchange rate of €1:\$1.138. EBITDA is stated before the impact of IFRS16

<sup>2</sup> Results for the year ended December 31, 2019 translated to USD using a EUR:USD exchange rate of €1:\$1.119. EBITDA is stated before the impact of IFRS16

## Colleagues and Customers

EG Group is committed to supporting local authorities and governments to limit the spread of the virus, and the health and safety of our colleagues and customers remains our top priority.

We have implemented a series of actions to safeguard employees, including restricting international travel, stopping external attendees visiting head offices and the recommendation to colleagues and customers to follow specific health protection protocols. Contingency plans have been drawn up to ensure continuity of customer service in stores and in head offices.

## Fuel Sales and Demand

With fuel retail operations in nine countries, we are seeing a diverse range of effects of COVID-19 on fuel sales volume:

Europe: Prior to COVID-19, weekly fuel sales volume in Europe ranged from 145-155 million liters. Inclusive of last week (to 15 March), weekly fuel sale volume has remained within that range.

However, there has been a notable reduction in sales volumes this week in our Italian and French operations following Government lockdowns.

A volume weakness has also been seen this week in Germany and Benelux (which until last week had seen sales volumes ranging from 94-106% of expected volumes).

Sales in our UK operation have to date shown some minor weakness but not to the extent of other European countries. Our UK business is a national operation but one that has only a small exposure to Greater London.

USA: Sales volumes are in line with prior weeks and to date COVID-19 has not materially impacted fuel sales.

Australia: Australian weekly fuel sales volume is typically in the range of 55-70m liters. Sales in the three-week period w/c 24 February to 9 March, a period which showed little intra-week volume volatility, has averaged 69.9m liters.

However, there clearly remains uncertainty on future sales volumes and demand as the outbreak spreads, and as central governments and businesses take action to contain and delay its impact. We expect that as national governments introduce additional measures there will be a deterioration over and above that seen to date.

## Group Operations

All of the Group's convenience stores are currently open for business. In a number of countries, including Italy and France, national governments have ruled that c-stores are an "essential business", and as such are required to remain open.

Following government rulings on social distancing, we have closed in-store dining areas in our France and Belgium food outlets and anticipate similar measures being taken in other territories. These outlets continue to sell food and beverages 'to go' and we are working to mitigate the implications of these closures, including alternative routes to continue serving customers.

There is currently no disruption to the Group's supply chain, with there being no expectation that fuel, shop or food supply is potentially at risk in coming weeks. The Group has seen no significant accelerated buying behaviour from customers and supply of all non-fuel products remains strong.

## Financial Planning and Liquidity

EG Group is a resilient business with strong cash flow. The Group has nonetheless taken a number of measures to protect liquidity and profitability and are taking immediate and significant actions to reduce costs and optimize our cash flow and liquidity:

- Only essential capital expenditure ("capex") is currently being approved, defined as: maintenance capex; capex required to complete existing projects within six weeks or capex required for regulatory/legislative reasons;
- Working capital levels are being reviewed and, where possible, reduced to meet the latest demand requirements;
- Labour models and non-essential spends have been, and continue to be, reviewed;
- Further M&A is being suspended, with work on open files being stopped or significantly deferred until at the earliest the end of Q2; and
- The Group has quickly sought to take advantage where national governments have put assistance measures in place e.g. deferring payment of our Q1 French corporation tax payment.

The Group has reviewed its available liquidity in the light of the ongoing challenges and based on the Group's current estimation of the impact of COVID-19, management believes it has sufficient liquidity

However, with significant uncertainty as to the extent that COVID-19 could impact Group sales, the Group is in active discussions with long term financial partners, including its supportive bank network, to provide additional precautionary liquidity lines to support the Group in the medium and longer term. This reflects management's prudent philosophy of *'hoping for the best but planning for the worst.'*

#### Next Update

The Company plans to deliver its Q1 2020 results as scheduled in mid-May 2020, and at that time will provide an update on external developments and the impact on our trading. An additional update will be provided to lenders and investors in mid-April, or earlier should there be any material change to the Group's operational performance above that highlighted in this release.

#### **About EG Group**

EG Group is a founder-led business which combines site level operational excellence and innovation with industry leading growth. We are now one of the world's leading fuel and convenience retail businesses.

Since EG Group was founded in 2001 by the Issa family in the United Kingdom, it has grown to c.6,000 sites, operating in ten international markets and serving more than 23 million customers per week. EG Group has grown through store roll-outs and strategic acquisitions and now employs more than 50,000 colleagues.

In total, EG Group's brand dedicated functions manage and oversee c1,500 food and drink-to-go units across its site network globally.

The business is regularly recognized for innovation and investment in convenience retail assets, the employees and the systems. Zuber Issa and Mohsin Issa, Founders and co-CEOs, EG Group, were jointly named the 2018 EY Entrepreneur of the Year in the UK.

Further information at [www.eurogarages.com](http://www.eurogarages.com).

## Forward Looking Statements

Past performance of the Company is not indicative of future performance. The future performance of the Company will depend on numerous factors which are subject to uncertainty. Forward-looking statements are not guarantees of future performance and inherently involve certain risks, uncertainties and assumptions which are difficult to predict and outside of the control of management. Therefore, actual outcomes and results may differ materially from what is expressed in such forward-looking statements. All subsequent written and oral forward-looking statements attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements referenced above.

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