ADDITIONAL INFORMATION RELEASED BY EG GROUP LIMITED ON OCTOBER 4, 2019

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RECENT DEVELOPMENTS

Sale of the Proprietary Fuel Cards Business of EG Business

On July 1, 2019 we completed the sale of our European proprietary fuel cards business to WEX Inc. for cash consideration of €235 million and entered into a servicing agreement with the purchaser under which we agreed to continue to provide certain services related to the fuel card business. The proprietary fuel cards business contributed €10.9 million to our EBITDA for the twelve months ended June 30, 2019, but we estimate that we will collect handling fees of approximately €6.0 million per year under our servicing agreement. Our servicing agreement with WEX Inc. may be terminated without our consent following notice provided in compliance with the applicable notice period under the servicing agreement, and the actual amount of handling fees we collect may differ from this estimate.

Following this sale, our fuel card division was disbanded, and our various third-party fuel card operations were subsumed into the relevant country-specific business operations.

The Acquisition of Fastrac

On July 1, 2019 we completed our acquisition of Fastrac, from Fastrac Markets, L.L.C., Fastrac Transportation of New York, LLC and certain real estate sellers. Consideration paid by us for the acquisition was $270 million in cash, and 54 sites were acquired.

Fastrac is a convenience store ("C-Store") business with fuel and convenience retail and food-to-go ("FTG") operations in the state of New York, United States. With an average store footprint of 3,871 square feet Fastrac's average inside sales for stores operating a full twelve-month period was $1.8 million during the twelve months ended July 31, 2018. For the twelve months ended July 31, 2018, Fastrac had EBITDA of $25.6 million.

We estimate that the integration of Fastrac will result in approximately €7.6 million (equivalent) of annualized cost saving and profit margin synergies by 2020. In particular, we seek to achieve synergies from the acquisition of Fastrac in relation to overhead savings, fuel margin synergies and retail margin synergies.

The Acquisition of Certified Oil

On August 1, 2019 we completed our acquisition of Certified Oil from Certified Oil Company, Inc. and its affiliates. Consideration paid by us for the acquisition was $156 million in cash, and 70 sites were acquired.

Certified Oil is a C-Store business with fuel, convenience retail and FTG operations in the U.S. states of Ohio, Kentucky and West Virginia. For the twelve months ended August 31, 2018, Certified Oil had 4-Wall EBITDA of $18.4 million. We estimate that the integration of Certified Oil will result in approximately €5.2 million of annualized cost saving and profit margin synergies by 2020. In particular, we seek to achieve synergies from the acquisition of Certified Oil in relation to overhead savings, above-site savings and retail margin synergies.

Optima Bidco's Issuance of Preference Shares

In September 2019, Optima Bidco agreed to issue additional preference shares to existing holders of preference shares in Optima Bidco for aggregate subscription proceeds of €400 million. The preference shares to be issued by Optima Bidco on or about October 8, 2019 impose no payment or other obligations on EG Group Limited or any of its subsidiaries, do not pay cash interest periodically (but they accrue interest, compounding annually, until their maturity or any earlier repayment event) and do not mature before EG Global Finance plc's 6.750% Senior Secured USD Notes due 2025, 3.625% Senior Secured Euro Notes due 2024 and 4.375% Senior Secured Euro Notes due 2025.

Current Trading

Based on our unaudited accounting records and management accounts, we estimate that for the two months ended August 31, 2019 at actual currency rates, our revenue, increased by approximately 71%, from approximately €2,113 million for the two months ended August 31, 2018, to approximately €3,614 million for the two months ended August 2019, our Adjusted EBITDA increased by approximately 44%, from approximately €108 million for the two months ended August 31, 2018, to approximately €156 million for the two months ended August 31, 2019, and our gross margin increased by approximately 56%, from approximately €279 million for the two months ended August 31, 2018, to approximately €436 million for the two months ended August 31, 2019.

The increase of approximately €157 million in gross margin was primarily due to the impact of the acquisitions we completed during 2018 and the eight months ended August 31, 2019. The inclusion of these acquisitions helped grow our fuel liter sales by 1.4 billion liters, or 74%, from 1.86 billion liters in the two months to August 31, 2018 to 3.24 billion liters to August 31, 2019. The increase in fuel volumes sold led to our fuel gross margin increasing by €93 million, from €125 million in the two months to August 2018 to €218 million to August 31, 2019.

Similarly, our convenience retail gross margin increased by €49 million from €104 million in the two months to August 31, 2018 to €153 million in the two months to August 31, 2019.

Our FTG gross margin increased by €9 million from €34 million in the two months to August 31, 2018 to €43 million in the two months to August 31, 2019. Our acquisitions, with their largely under-developed food offering, had a smaller impact on FTG margin with the major driver of FTG margin being its growth in our UK operations following capital expenditures in that business from January 2018.
Our other gross margin, including car wash, rental and franchise income increased by €6 million from €16 million in the two months to August 31, 2018 to €22 million in the two months to August 31, 2019, reflecting the impact of 2018 and year to date 2019 acquisitions, particularly that of our German business which has a significant dealer weighting in its site numbers.

On a regional basis our US business in particular performed strongly, continuing the trend seen in the 6 months to June 30, 2019. Gross margin for fuel, convenience retail and FTG all increased. We also saw year on year increases in the two months to August 31 in our UK and Italian businesses. The UK business showed growth in both fuel margin and FTG margin in particular. For Italy, during the two month period to August the cost savings actioned in the last twelve months have helped support profit growth. The slight recovery in year-on-year performance in France, noted for the three months to June 2019, was maintained with French performance in the two months to August 31, 2019 largely comparable to that for the two months to August 31, 2018.

Performance in Belgium, the Netherlands and Luxembourg ("BeNeLux") for the two months ended August 31, 2019 was behind that for the two months ended August 31, 2018. This in part reflects the fact that BeNeLux is paying a brand licence fee to Exxon Mobil following the rebranding over the last twelve months from Texaco, where we previously owned the brand licence of its fuel offering and as such no similar licence fee was payable to Esso.

Market conditions in our Australian business have been challenging in the two months to August 31, 2019 and this has put pressure on performance during this period impacting fuel margin and profitability.

On a like-for-like basis, without giving effect to the impact acquisitions have had in the period, comparing the two months ended August 31, 2019, to the two months ended August 31, 2018, our EBITDA increased by €19 million from €108 million in the two months to August 31, 2018 to €127 million in the two months to August 31, 2019.

Effective on January 1, 2019, we adopted IFRS 16 (Leases). As a result, we treat and present certain operating leases as capitalized leases in its financial reports as of and for any period following January 1, 2019. As a consequence of adopting IFRS 16 (Leases), our EBITDA is expected to increase as rental expense will be replaced with new depreciation and interest charges.

The preliminary results and estimates presented above have not been audited or reviewed by our auditors, are derived from internal management accounts, are the responsibility of management and are subject to our financial closing procedures. These procedures have not been completed. While we believe these preliminary results and estimates to be reasonable, our actual results could vary from these estimates and these differences could be material. As such, you should not place undue reliance on this information. This information may not be indicative of the remainder of the financial quarter or any future period.

THE TRANSACTIONS

The Cumberland Farms Acquisition

We entered into a binding agreement to acquire Cumberland Farms, Inc. and its subsidiaries ("Cumberland Farms") on July 31, 2019. Cumberland Farms owns and operates a network of 568 "company-owned, company-operated" ("COCO") C-Stores concentrated in the high-density northeastern U.S. and Florida markets and a foodservice production facility in Westborough, Massachusetts. For the twelve months ended June 30, 2019, Cumberland Farms generated revenue of $4,137 million (€3,631 million equivalent) and adjusted EBITDA of $213 million (€187 million equivalent).

We estimate that the integration of Cumberland Farms will result in approximately $150.0 million (€131.5 million equivalent) of annual cost saving and profit margin synergies by 2020. In particular, by 2020 we seek to achieve annual cost saving synergies from the acquisition of Cumberland Farms (the "Cumberland Farms Acquisition") Cumberland Farms Acquisition of approximately $59 million (€51.7 equivalent) through reductions in in-store operating costs and of approximately $51.0 million (€44.7 equivalent) through reductions in above-site expenses and consolidation of functions with our existing U.S. business support network. In addition, by 2021 we seek to realize annual profit margin synergies of approximately $40.0 million (€35.1 equivalent) from improved fuel and merchandise margins in our North America segment resulting from the Cumberland Farms Acquisition.

The Merger Agreement

The Cumberland Farms Acquisition will be effected by way of a merger between EG America Merger Sub, Inc. (the "Transitory Subsidiary"), an indirect subsidiary of EG America, LLC (the "Buyer") and EG Group Limited (the "Parent"), and Cumberland Farms, Inc. (the "Target").

On July 31, 2019, the Buyer, the Parent and the Transitory Subsidiary entered into an Agreement and Plan of Merger with the Target and Shareholder Representative Services LLC, as the equityholder representative for the Target's shareholders, which was amended by the same parties on September 30, 2019 (the "Merger Agreement") . Pursuant to the Merger Agreement, the Transitory Subsidiary will merge with and into the Target, with the Target surviving the merger as an indirect wholly-owned subsidiary of the Parent (the "Merger"). Under the Merger Agreement, the purchase price payable in respect of the Merger consists of a base purchase price of $2,185 million that is subject to a number of adjustments, including (i) subtraction of the amount required to redeem or repay any indebtedness of Cumberland Farms that remains outstanding on October 1, 2019 or the date the Merger is completed (the "Completion Date"), (ii) subtraction of certain unpaid fees and expenses related to the Merger, including amounts owed under specified bonus plans established by Cumberland Farms, which we estimate to be approximately $10 million and (iii) adjustments (which may be positive or negative) to reflect changes in net working capital (as described below), and (iv) addition of Cumberland Farms' cash balance on October 1, 2019 or the date the Cumberland Farms Acquisition is completed (the "Completion Date") and (v) addition for surplus real property to the extent not sold prior to closing, which cannot exceed $38 million in total amount. At the time the Merger takes effect on the Completion Date (the "Effective Time"), each share of Target common stock issued and outstanding immediately prior to the Effective Time (other than any such shares owned by the Target as treasury stock, held by certain dissenting stockholders or held by stockholders who have failed to provide the required general release of claims) will be converted into the right to receive a *pro rata* share of the purchase price.

The purchase price under the Merger Agreement was determined by reference to an estimated net working capital position of Cumberland Farms on October 1, 2019 or on the Completion Date. Pursuant to the Merger Agreement, the purchase price payable in respect of the Merger will be adjusted following the Completion Date to account for any difference between this estimate and Cumberland Farms' actual net working capital position as of October 1, 2019 or the Completion Date. As a result, the purchase price we will pay for the Cumberland Farms Acquisition may be greater or less than the unadjusted purchase price presented herein.

The Merger Agreement contains seller representations and warranties by the Target, buyer representations and warranties of the Buyer and Transitory Subsidiary and customary covenants and other agreements among the Buyer, the Transitory Subsidiary and the Target. Under the Merger Agreement, the Merger is subject to approval by the Target's stockholders and other customary closing conditions, including regulatory approval and expiration or termination of the waiting period applicable to the consummation of the Merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"). The Target's shareholders approved the Merger on July 30, 2019. The waiting period under the HSR Act was terminated on August 23, 2019.

If the Effective Time has not occurred by March 31, 2020, the Merger Agreement may be terminated by either the Buyer or the Target, unless the failure to consummate the Merger by that date was primarily due to that party's failure to perform its material obligations under that agreement.

The Cumberland Refinancing

We expect Cumberland Farms to deliver a conditional notice of redemption on or about October 7, 2019 (the "Redemption Notice") in respect of the $300 million in aggregate principal amount of 6¾% Senior Notes due 2025 issued by Cumberland Farms, Inc. (the "Cumberland Notes") in accordance with the applicable provisions of the indenture dated April 27, 2017 (the "Cumberland Indenture"), between and among, *inter alia,* Cumberland Farms, Inc., as issuer, and Wilmington Trust, National Association, as trustee (the "Cumberland Trustee"). The Redemption Notice will provide for the redemption of the entire aggregate principal amount of outstanding Cumberland Notes on a date no earlier than 30 and no later than 60 calendar days following the date thereof (such date, the "Redemption Date").

The Redemption Notice will provide that the Redemption Date will not occur unless and until the transactional conditions specified therein have been met, including successful completion of a debt financing in connection with the Cumberland Acquisition and consummation of the Cumberland Farms Acquisition.

On the Completion Date, we will deposit funds sufficient to satisfy and discharge the Cumberland Indenture with the Cumberland Trustee to be held in trust pending redemption. The Redemption Date will occur on the first day on which the Cumberland Notes may be redeemed and the transactional conditions specified in the Redemption Notice have been met.

The Redemption Notice will expire if the transactional conditions thereunder have not been met by the 60th calendar day following delivery. The Cumberland Indenture does not restrict Cumberland Farms' ability to deliver additional conditional notices of redemption on any subsequent date regardless of whether the initial notices have expired, nor does it restrict Cumberland Farms' ability to withdraw a conditional of redemption at any time before the relevant transactional conditions have been met.

Separately, on the Completion Date, we intend to repay in full amounts outstanding under that certain Second Amended and Restated Credit Agreement, dated as of December 21, 2015, as amended from time to time, by and among, *inter alia*, Cumberland Farms, Inc. as the Borrower, Bank of America, N.A. as Administrative Agent, and cancel all commitments under this facility. Although this facility was drawn as of June 30, 2019, we do not expect it to be drawn on the Completion Date.

The Equity Contribution

Before the completion of the Merger, EG Midco 1 Limited will make a cash subscription for ordinary share capital of the Parent to fund, in part, the Cumberland Farms Acquisition (the "Equity Contribution"). Optima Bidco, the indirect parent of EG Midco 1 Limited, expects to finance the Equity Contribution through the issuance of new preference shares to existing holders of preference shares in Optima Bidco on or about October 8, 2019, in consideration for aggregate subscription proceeds of €400 million (the "Subscription Proceeds"). Optima Bidco will subscribe for ordinary shares in the share capital of EG Midco Limited, which in turn will subscribe for ordinary shares in the share capital of EG Midco 1 Limited, such that EG Midco 1 Limited will be in receipt of the Subscription Proceeds for the purposes of making the Equity Contributions. The preference shares issued by Optima Bidco impose no payment or other obligations on the Parent or any of its subsidiaries, do not pay cash interest periodically (but they accrue interest, compounding annually, until their maturity or any earlier repayment event) and do not mature before our Senior Secured Notes.

Debt Financing for the Cumberland Forms Acquisition (the "Debt Financing")

If our Debt Financing closes prior to the Completion Date, pending consummation of the Cumberland Farms Acquisition, the gross proceeds from the our Debt Financing will be deposited into one or more escrow accounts (such proceeds, the "Escrowed Proceeds" and such accounts, collectively, the "Escrow Accounts") pursuant to the terms of one or more escrow agreements (each, an "Escrow Agreement" and, collectively, the "Escrow Agreements"). Under the terms of the Escrow Agreements, release of the Escrowed Proceeds from the Escrow Accounts will be subject to the satisfaction of certain conditions, including conditions related to the completion of the Cumberland Farms Acquisition and the Issuer's solvency.

If the Debt Financing closes concurrently with the completion of the Cumberland Farms Acquisition, the foregoing escrow procedures will not apply, and the gross proceeds from the Debt Financing will be applied as described below.

Sources of Funds	Amount (in € million equivalent)	Uses of Funds	Amount (in € million equivalent)
Debt Financing[1]	1,260	Purchase price payable[3]	1,720
Cash on balance sheet	384	Repay Cumberland Notes[4]	285
Equity Contribution[2]	400	Estimated fees and expenses[5]	39
Total Sources	**2,044**	**Total Uses**	**2,044**

(1) Represents the €1,260 million (euro equivalent) aggregate principal amount of the Debt Financing.

(2) Represents the Equity Contribution to be made by EG Midco 1 Limited. Optima BidCo, the indirect parent of EG Midco 1 Limited, expects to finance the Equity Contribution through the issuance of preference shares on or about October 8, 2019. These preference shares impose no payment or other obligations on the Parent or any of its subsidiaries, do not pay cash interest and do not mature before our outstanding Senior Secured Notes.

(3) Represents the euro equivalent of the purchase price payable to Cumberland Farms' stockholders under the Merger Agreement, consisting of (a) the base purchase price of $2,185 million plus (b) the amount of estimated closing cash of $68 million plus (c) the surplus property amount of $38 million minus (d) the estimated cash outlay necessary to redeem Cumberland Farms' existing senior notes in full, minus (e) estimated unpaid transaction expenses incurred by Cumberland Farms of $10 million, converted to a euro-equivalent amount using a EUR/USD exchange rate of 0.8787. The purchase price payable to Cumberland Farms' stockholders may be subject to post-closing adjustments based on the final determination of net working capital as of the Completion Date.

(4) Represents the euro equivalent of the amount required to redeem the $300 million in aggregate principal amount outstanding of Cumberland Farms' 6¾% Senior Notes due 2025 plus an estimated make-whole premium of $24 million, based on a EUR/USD exchange rate of 0.8787. On the Completion Date, we will satisfy and discharge the Cumberland Farms Indenture pending redemption of the Cumberland Notes.

(5) Represents (a) estimated fees and expenses of €13 million incurred in connection with the Cumberland Farms Acquisition plus (b) estimated initial purchaser discounts, commitment and financial advisory fees, and other transaction costs, fees and professional expenses of €26 million incurred in connection with the Debt Financing and the committed financing for the Cumberland Farms Acquisition.

CAPITALIZATION

The following table sets forth the cash and cash equivalents and the capitalization as of June 30, 2019, for the Parent on an actual basis and on an as adjusted basis as of June 30, 2019 to give effect to the consummation of the Debt Financing and certain other corporate transactions as described below.

	As of June 30, 2019	
	Actual	As adjusted
	(in € million)	
Cash and cash equivalents[1]	**594**	**135**
Indebtedness[2]:		
Senior Secured Term Loan Facilities[3]	4,988	4,988
Revolving Credit Facilities[4]	29	29
Existing Senior Secured Notes[5]	1,550	1,550
Debt Financing	—	1,234
Second Lien Credit Facilities[6]	252	252
Other borrowings[7]	57	57
Total debt	**6,876**	**8,110**
Shareholders' equity[8]	274	792
Total capitalization	**7,150**	**8,902**

(1) As adjusted cash and cash equivalents reflects the use of €384 million of cash to finance the Cumberland Farms Acquisition, complete the redemption of the Cumberland Notes and pay related fees and expenses, the receipt of cash of €60 million as a result of the Cumberland Farms Acquisition, the use of €370 million of cash to fund the acquisitions of Fastrac on July 1, 2019 and of Certified Oil on August 1, 2019 and the receipt of €235 million of cash from the disposal of our European proprietary fuel cards business on July 1, 2019.

(2) Amounts reflect the principal amount outstanding net of unamortized debt issuance costs and do not reflect accrued and unpaid interest.

(3) Represents the euro-equivalent of the indebtedness outstanding under the term loan facilities made available pursuant to our senior credit facilities agreement as of June 30, 2019 (not including the revolving credit facilities or letter of credit facilities made available thereunder), based on a EUR/USD exchange rate of 0.8787. We intend to enter into transactions to establish (i) an additional letter of credit facility of up to $94 million in aggregate principal amount (the "First USD Additional Letter of Credit Facility") and (ii) an additional revolving credit facility in principal amount of up to $47.3 million (the "New USD Additional Revolving Credit Facility") under our senior credit facilities agreement. We also intend to enter into a transaction to (i) establish an additional letter of credit facility in principal amount of approximately $44.0 million under our senior credit facility agreement (the "Second USD Additional Letter of Credit Facility") and (ii) cancel 50% of the commitments under a 53.0 million revolving credit facility.

(4) Represents the euro-equivalent of the amount drawn under our revolving credit facility ("Revolving Credit Facilities") made available pursuant to the senior credit facilities agreement as of June 30, 2019, based on a EUR/USD exchange rate of 0.8787. We used amounts drawn under our Revolving Credit Facility to fund, in part, the consideration paid in connection with the FuelCo Acquisition and to pay related fees, costs and expenses.

(5) Represents the €1,640 million (equivalent) of our outstanding Senior Secured Notes, based on a EUR/USD exchange rate of 0.8787.

(6) Represents the euro-equivalent of the indebtedness outstanding under the second lien credit facilities, based on a EUR/USD exchange rate of 0.8787.

(7) Consists of bank overdrafts outstanding.

(8) Represents the Parent's *pro forma* total equity as of June 30, 2019 adjusted for profit on sale of our European proprietary fuel cards business of €154 million and does not give effect to transaction costs incurred on the acquisition of Fastrac on July 1, 2019 and Certified Oil on August 1, 2019.

PRO FORMA OTHER FINANCIAL INFORMATION AND OPERATING DATA OF THE GROUP FOR THE TWELVE MONTHS ENDED AND AS OF JUNE 30, 2019

The *pro forma* financial information about the Group for the twelve months ended June 30, 2019 set forth below was derived from the LTM Unaudited Pro Forma Consolidated Income Statement, which was derived by subtracting the 2018 Interim Unaudited Pro Forma Consolidated Income Statement from the 2018 Full-Year Unaudited Pro Forma Consolidated Income Statement and adding the 2019 Interim Unaudited Pro Forma Consolidated Income Statement. The following table also sets forth certain *pro forma* balance sheet financial information about the Group derived from our Unaudited Pro Forma Consolidated Balance Sheet, which gives *pro forma* effect to the Cumberland Farms Acquisition, the Cumberland Refinancing and the Debt Financing as if these transactions had occurred on June 30, 2019.

	12 months ended June 30, 2019
	(in € million, except for percentages and ratios)
Pro Forma EBITDA[(1)]	1,031
Pro Forma Adjusted EBITDA[(1)]	1,050
Pro Forma Adjusted EBITDA margin (in %)[(2)]	4.7%
Pro Forma Run-Rate Adjusted EBITDA[(1)]	1,402
Pro Forma Run-Rate Adjusted EBITDA margin (in %)[(2)]	6.2%
Aggregated Capital Expenditures[(3)]	417
Aggregated Maintenance Capital Expenditures[(4)]	65
As adjusted first lien net senior secured debt[(5)]	7,666
As adjusted net debt[(6)]	7,975
Pro forma cash interest expense[(7)]	
Ratio of as adjusted first lien net senior secured debt to Pro Forma Run-Rate Adjusted EBITDA	5.47x
Ratio of as adjusted net debt to Pro Forma Run-Rate Adjusted EBITDA	5.69x
Ratio of Pro Forma Run-Rate Adjusted EBITDA to *pro forma* cash interest expense	

(1) We define Pro Forma EBITDA as *pro forma* profit/(loss) for the period before finance income, finance costs, tax, depreciation of property, plant and equipment and amortization of intangible assets, each on a *pro forma* basis. The components of Pro Forma EBITDA are derived from our Unaudited Pro Forma Consolidated Financial information, which gives *pro forma* effect to the Cumberland Farms Acquisition, the Debt Financing, the FuelCo Acquisition, the May 2019 Offering and the Kroger C-Stores Acquisition as described in the section entitled "*Unaudited Pro Forma Consolidated Financial Information.*" We define Pro Forma Adjusted EBITDA as LTM Forma EBITDA (i) excluding exceptional items relating to certain non-recurring costs and non-cash items for the period presented, which are described in more detail below, and which management does not consider to be indicative of our ongoing operating performance, (ii) taking into account our estimate of the additional EBITDA contributions that Esso Germany, Minit Mart, Certified Oil and Fastrac would have made to our Pro Forma EBITDA had these acquisitions been consummated as of July 1, 2019 and (iii) the EBITDA impact of the disposal of our fuel card business. Certain of the adjustments to our Pro Forma EBITDA have been derived from information made available to us during the acquisition processes of Cumberland Farms, Esso Germany, Minit Mart, Certified Oil and Fastrac, respectively, are based on certain assumptions that we believe to be reasonable but which may prove to be inaccurate over time, and certain of these assumptions relate to businesses that we did not own or control for the entire duration of the period presented in the table below or, in the case of Cumberland Farms, Certified Oil and Fastrac, at all. The pre-acquisition financial data of Cumberland Farms, Esso Germany, Minit Mart, Certified Oil and Fastrac included in the following table has not been prepared on the same basis as the financial data of EG Group and in some cases has not been audited or reviewed.

We define Pro Forma Run-Rate Adjusted EBITDA as Pro Forma Adjusted EBITDA adjusted further as set forth in the table below. Our Pro Forma Run-Rate Adjusted EBITDA includes certain run-rate adjustment synergies and cost savings based on management's assumptions regarding the future impact of actions that been taken (but for which the full effect of the related synergy or cost savings has not yet been realized) as well as the expected future impact of planned actions that have not yet been taken. We expect to realize these annualized cost savings and profit margin synergies by the end of 2021, but there can be no assurance we will be able to realize these cost savings and synergies, either in the amount or within the timeframe we currently anticipate, and the costs of achieving these synergies may be higher than expected.

We believe that these EBITDA-based measures are useful to you in evaluating our operating performance and our ability to incur and service our indebtedness. These EBITDA-based measures are non-IFRS measures and are not performance indicators recognized under IFRS. You should not consider these EBITDA-based measures as alternatives to (a) gross profit or operating profit (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flow for the period as a measure of our ability to meet our cash needs or (c) any other measure of performance or liquidity under IFRS. Non-IFRS measures are not necessarily comparable to the performance figures published by other companies. You should exercise caution in comparing these non-IFRS measures as reported by us to non-IFRS measures of other companies. Pro Forma Run-Rate Adjusted EBITDA as presented herein differs from Consolidated EBITDA as defined in the Indenture governing the Debt Financing. The following table is a reconciliation of *pro forma* profit for the period to Pro Forma Adjusted EBITDA and Pro Forma Run-Rate Adjusted EBITDA for the periods presented. All information in the table below is presented on an basis.

	12 months ended June 30, 2019
	(in € million)
Pro forma profit/(loss) for the period	(78)
Pro forma finance income	(6)
Pro forma interest on lease liabilities	34
Pro forma other finance costs[(b)]	583
Pro forma tax	1
Pro forma depreciation of property, plant and equipment	350
Pro forma depreciation of right of use assets[(a)]	60
Pro forma amortization of intangible assets	87
Pro Forma EBITDA	**1,031**
Adjustment for exceptional items[(c)]	17
Pre-acquisition EBITDA of Esso Germany[(d)]	24
Pre-acquisition EBITDA of Minit Mart[(e)]	15
EBITDA of Certified Oil[(f)]	16
EBITDA of Fastrac[(g)]	27
Pro Forma Adjusted EBITDA (IFRS 16 basis)	**1,130**
IFRS 16 EBITDA adjustment[(a)]	(80)
Pro Forma Adjusted EBITDA	**1,050**
Run rate adjustments relating to new or remodeled sites[(h)]	17
Run rate adjustment relating to disposal of fuel card business[(i)]	(5)
Adjustments relating to Cumberland Farms[(j)]	(37)
Run rate adjustment of FuelCo[(k)]	8
Synergies with EFR[(l)]	6
Synergies with Kroger C-Stores[(m)]	73
Synergies with FuelCo[(n)]	63
Synergies with Esso Italy[(o)]	10
Synergies with NRG C-Stores[(p)]	4
Synergies with the Esso Germany[(q)]	36
Synergies with Minit Mart[(r)]	31
Synergies with Certified Oil[(s)]	5
Synergies with Fastrac[(t)]	8
Synergies with Cumberland Farms[(u)]	132
Pro Forma Run-Rate Adjusted EBITDA	**1,402**

(a) In preparing Pro Forma EBITDA, we adjusted the results of operations of Cumberland Farms, FuelCo, Fastrac and Certified Oil to give effect to IFRS 16 (*Leases*) as if each of these businesses had adopted this accounting standard as of January 1, 2019, which was the date we adopted the standard for our consolidated financial statements. Accordingly, the *pro forma* interest on lease liabilities presented in this table reflects interest from reclassified operating leases only for the period beginning on January 1, 2019 and ending on June 30, 2019. Likewise, the *pro forma* depreciation of right of use assets presented in the table above reflects the depreciation charge for the right of use assets recorded as a result of this reclassification only for the period beginning on January 1, 2019 and ending on June 30, 2019. We prepared our Pro Forma Adjusted EBITDA and Pro Forma Run-Rate Adjusted EBITDA in accordance with IAS 17, which was the applicable accounting standard for our results for the first six months ended December 31, 2018. The IFRS 16 adjustment found in the table above reflects an adjustment to EBITDA that equals the total impact of fixed rental expenses accounted for under IFRS 16 for the period between January 1, 2019 and June 30, 2019.

(b) *Pro forma* other finance costs is defined as finance costs excluding *pro forma* interest on lease liabilities.

(c) Represents the adjustments relating to certain exceptional items of EG Group for the twelve months ended June 30, 2019, including acquisition and related transaction costs incurred over the period, such as those incurred in connection with the acquisition of Fastrac, among others, but excluding acquisition and transaction costs related to the acquisition of FuelCo and the Kroger C-Stores, the adjustments for which are already reflected in *pro forma* profit/(loss) in the LTM Unaudited Pro Forma Consolidated Income Statement. Other exceptional items also included certain restructuring and severance costs.

(d) Our acquisition of Esso Germany closed on October 1, 2018, and its results of operations are included in our consolidated results of operations from that date. The pre-acquisition EBITDA of Esso Germany adjustment in this table represents our estimate of the additional contribution Esso Germany would have made to our Pro Forma EBITDA for the pre-acquisition period from July 1, 2018 through September 30, 2019 if this acquisition had closed on July 1, 2018 rather than October 1, 2018. To calculate this amount, we annualized our EBITDA contribution from Esso Germany for the nine month period ended June 30, 2019 and then subtracted the EBITDA contribution from Esso Germany that is already reflected in our consolidated results. The EBITDA contribution of Esso Germany for the nine months ended June 30, 2019 may not be representative of our performance for the three months ended

September 30, 2018, and the annualized results we used to calculate this estimate may not adequately reflect key factors that affect our results of operation, such as seasonality and the wholesale fuel prices. As a result, our estimate of the additional EBITDA contribution Esso Germany would have made to our results if its acquisition had taken place on July 1, 2018 may differ materially from Esso Germany's actual results for the pre-acquisition period, may not be indicative of the results we would have obtained if the acquisition had taken place on July 1, 2018, and may not be representative of the Adjusted EBITDA this business may generate in the future.

(e) Our acquisition of Minit Mart closed on December 5, 2018, and its results of operations are included in our consolidated results of operations from that date. The pre-acquisition EBITDA of Minit Mart adjustment in this table represents our estimate of the additional contribution Minit Mart would have made to our Pro Forma EBITDA for the pre-acquisition period from July 1, 2018 through December 4, 2019 if this acquisition had closed on July 1, 2018 rather than December 5, 2018. To calculate this estimate, we annualized the EBITDA contribution of Minit Mart for the three months ended June 30, 2019 and subtracted the EBITDA from Minit Mart for the period beginning December 5, 2018 and ending June 30, 2019, which is already reflected in our results. To arrive at this estimate, we used our results from the Minit Mart business for the three months ended June 30, 2019 rather than the results for full seven months we have owned the business because we believe certain issues related to Minit Mart's transition into the Group adversely affected its post-acquisition performance for the four months immediately following its acquisition. Although we believe the average results from this three month period are more reflective of the underlying performance of the Minit Mart business than the average results from seven month period since its acquisition, our estimated pre-acquisition EBITDA contribution from Minit Mart would have been significantly lower if we had based this estimate on Minit Mart's performance over the latter period. The recent performance of Minit Mart may not be representative of Minit Mart's typical performance or of its performance over the period of time in question and the annualized results we used to calculate this estimate may not adequately reflect key factors that affect our results of operations, such seasonality and wholesale fuel prices. As a result, our estimate of the additional EBITDA contribution Minit Mart would have made to our results if this acquisition had taken place on July 1,2018 may differ materially from Minit Mart's actual results for the pre-acquisition period, may not be indicative of the results we would have obtained if the acquisition had taken place on July 1, 2019 and may not be representative of the Adjusted EBITDA this business may generate in the future.

(f) Represents our estimate of the contribution of Certified Oil as if this acquisition had closed on July 1, 2018 (based on financial information of Certified Oil for the twelve months ended June 30, 2019).

(g) Represents our estimate of the contribution of Fastrac as if this acquisition had closed on July 1, 2018 (based on financial information of Fastrac for the twelve months ended June 30, 2019).

(h) Represents an adjustment to the EBITDA to give effect to the annualized impact of the set-up of NTI sites and of "knock- down rebuild" sites during the twelve months ended June 30, 2019.

(i) Represents the loss of EBITDA generated in the period from July 1, 2018 until May 1, 2019, by our proprietary fuel card business, which we sold on May 1, 2019, as partially offset by an estimated annual handling fee we are entitled to receive pursuant to the terms of sale agreed with the buyer.

(j) Represents the net effect of an adjustment to exclude the impact of exceptionally favorable fuel margins Cumberland Farm experienced during the last two months of 2018, partially offset by adjustments for certain one-off non-recurring costs incurred by Cumberland Farms over the period. The exceptionally favorable fuel margins resulted from a decline in the wholesale market price for fuel coupled with relatively high levels of retail price rigidity in the markets in which Cumberland Farms operates. The impact of the favorable fuel margins was estimated by subtracting from the actual fuel margin an amount equal to the fuel margin that would have been generated over this period with a more stable pricing environment (holding fuel volumes constant). Although the same pricing dynamics are broadly present in our other businesses, we believe Cumberland Farms' location and market strength in the northeastern United States and Florida amplifies this effect. The one-off non-recurring costs reflected in this adjustment consist of certain family costs related to its current stockholders that will no longer be incurred after the Cumberland Farms Acquisition, certain costs related to non-operating properties, one-time personnel costs and other miscellaneous non-recurring expenses.

(k) Represents adjustments to the FuelCo EBITDA to give effect to the annualized net savings arising from a new fuel supply contract with Caltex agreed by FuelCo's management in July 2018.

(l) Represents €6.1 million (equivalent) of estimated annualized cost saving and profit margin synergies, which we expect to action and/or realize after December 31, 2018 as a result of the acquisition of EFR. The estimated annualized run-rate impact of these synergies on the Pro Forma Run-Rate Adjusted EBITDA includes approximately (i) €1.1 million (equivalent) of overhead savings and (ii) €5.0 million (equivalent) of above-site savings. We do not expect to incur significant costs in connection with realizing these cost saving and margin synergies.

(m) Represents €73 million (equivalent) of estimated annualized cost saving and profit margin synergies, which we expect to action and/ or realize after June 30, 2019 as a result of the Kroger C-Stores Acquisition. The estimated annualized run-rate impact of these synergies on the Pro Forma Run-Rate Adjusted EBITDA includes approximately (i) €7.8 million (equivalent) of in-store labor savings, (ii) €11.1 million (equivalent) in overhead savings, (iii) €17.1 million (equivalent) in above-site savings, (iv) €16.6 million (equivalent) of fuel margin synergies and (v) €19.7 million (equivalent) of retail margin synergies. We do not expect to incur any significant fees in connection with realizing these cost saving and profit margin synergies.

(n) Represents €63 million (equivalent) of estimated annualized cost saving and profit margin synergies, which we expect to action and/ or realize after June 30, 2019 as a result of the FuelCo Acquisition. The estimated annualized run-rate impact of these synergies on the Pro Forma Run-Rate Adjusted EBITDA includes approximately (i) €12.5 million (equivalent) of in-store labor savings, (ii) €5.6 million (equivalent) in overhead savings, (iii) €6.9 million (equivalent) in above-site savings, (iv) €11.8 million (equivalent) of fuel margin synergies and (v) €35.5 million (equivalent) of retail margin synergies. We anticipate investing approximately €31.1 million (equivalent) of capital for in-store site refurbishment and fuel pump tank upgrade programs to generate fuel and retail margin synergies. We do not expect to incur significant fees in connection with realizing the cost saving synergies.

(o) Represents €10 million of estimated annualized cost saving and profit margin synergies, which we expect to action and/or realize after June 30, 2019 as a result of the acquisition of Esso Italy. The estimated annualized run-rate impact of these synergies on the Pro Forma Run-Rate Adjusted EBITDA includes approximately (i) €3.3 million of overhead savings and (ii) €1.0 million of above-site savings and (iii) €6.0 million of fuel margin synergies. We do not expect to incur significant fees in connection with realizing these cost saving and margin synergies.

(p) Represents €4 million of estimated annualized cost saving and profit margin synergies, which we expect to action and/or realize after June 30, 2019 as a result of the acquisition of NRG C-Stores. The estimated annualized run-rate impact of these synergies on the Pro Forma Run-Rate Adjusted EBITDA includes approximately (i) €3.1 million of overhead savings and (ii) €0.4 million of above-site savings. We do not expect to incur significant fees in connection with realizing these cost saving synergies.

(q) Represents €36 million (equivalent) of estimated annualized cost saving and profit margin synergies, which we expect to action and/ or realize after June 30, 2019 as a result of the acquisition of Esso Germany. The estimated annualized run-rate impact of these synergies on the Pro Forma Run-Rate Adjusted EBITDA includes approximately (i) €13.9 million of above-site savings and (ii)

€22.3 million of retail margin synergies. We do not expect to incur significant fees in connection with realizing these cost saving and margin synergies.

(r) Represents €31 million (equivalent) of estimated annualized cost saving and profit margin synergies, which we expect to action and/or realize after June 30, 2019 as a result of the acquisition of Minit Mart. The estimated annualized run-rate impact of these synergies on the Pro Forma Run-Rate Adjusted EBITDA includes approximately (i) €3.6 million (equivalent) of in-store labor savings, (ii) €4.3 million (equivalent) of overhead savings, (iii) €17.4 million (equivalent) of fuel margin synergies and (iv) €15.9 million (equivalent) of retail margin synergies. We expect to incur minimal fees in connection with realizing these cost saving and margin synergies. We expect to incur capital expenditure of approximately €28.8 million (equivalent), primarily in connection with the roll-out of beer caves and car washes.

(s) Represents €5 million (equivalent) of estimated annualized cost saving and profit margin synergies, which we expect to action and/or realize after June 30, 2019 as a result of the acquisition of Certified Oil. The estimated annualized run-rate impact of these synergies on the Pro Forma Run-Rate Adjusted EBITDA includes approximately (i) €1.7 million (equivalent) of overhead savings and (ii) €3.5 million (equivalent) of retail margin synergies. We do not expect to incur any significant fees in connection with realizing these cost saving and margin synergies.

(t) Represents €8 million (equivalent) of estimated annualized cost saving and profit margin synergies, which we expect to action and/or realize after June 30, 2019 as a result of the acquisition of Fastrac. The estimated annualized run-rate impact of these synergies on the Pro Forma Run-Rate Adjusted EBITDA includes approximately (i) €3.5 million (equivalent) of overhead savings, (ii) €1.7 million (equivalent) of fuel margin synergies, and (iii) €2.4 million (equivalent) of retail margin synergies. We do not expect to incur any significant fees in connection with realizing these cost saving and margin synergies.

(u) Represents €131.5 million (equivalent) of estimated annualized cost saving and profit margin synergies, which we expect to realize as a result of the acquisition of Cumberland Farms. The estimated annualized run-rate impact of these synergies on the Pro Forma Run-Rate Adjusted EBITDA includes approximately (i) €33.3 million (equivalent) of in-store labor savings, (ii) €18.4 million (equivalent) of overhead savings, (iii) €44.7 million (equivalent) of above-site savings, (iv) €8.8 million (equivalent) of fuel margin synergies and (v) €26.3 million (equivalent) of retail margin synergies.

(2) Pro Forma Adjusted EBITDA margin for a given period represents Pro Forma Adjusted EBITDA for that period divided by *pro forma* revenue for that period. Pro Forma Run-Rate Adjusted EBITDA margin for a given period represents Pro Forma Run-Rate Adjusted EBITDA for that period divided by *pro forma* revenue for that period.

(3) Aggregated Capital Expenditures consists of the sum of the capital expenditures of (i) EG Group for the twelve months ended June 30, 2019, (ii) FuelCo, based on an annualization of the capital expenditures of FuelCo from April 1, 2019, to June 30, 2019, (iii) Esso Germany, based on an annualization of the capital expenditures of Esso Germany from October 1, 2018, to June 30, 2019, (iv) Minit Mart, based on an annualization of the capital expenditures of Minit Mart from December 5, 2018, to June 30, 2019, (v) Certified Oil, based on unaudited accounts of Certified Oil for the twelve months ended June 30, 2019, (vi) Fastrac, based on unaudited accounts of Fastrac for the twelve months ended June 30, 2019, and (vii) Cumberland Farms, based on unaudited accounts of Cumberland Farms for the twelve months ended June 30, 2019. The presentation of aggregated capital expenditures is for informational purposes only. This information does not represent the capital expenditures we would have incurred had we acquired FuelCo, Esso Germany, Minit Mart, Certified Oil, Fastrac and Cumberland Farms on July 1, 2018. The amount of capital expenditures we would have so incurred could have been significantly different than the amount derived from the calculation set forth in this section. Aggregated capital expenditures have not been, and cannot be, audited, reviewed or verified by any independent accounting firm. This information is inherently subject to risks and uncertainties. It may not be comparable to our consolidated financial statements or the other financial information included in this document and should not be relied upon when making an investment decision.

(4) Aggregated Maintenance Capital Expenditures represents the portion of our aggregated capital expenditures for the twelve months ended June 30, 2019, required to maintain the performance of our network and of the networks of FuelCo, Esso Germany, Minit Mart, Certified Oil, Fastrac and Cumberland Farms, in each case for the period from July 1, 2018, to the date EG Group acquired these businesses or, in the case of Certified Oil, Fastrac and Cumberland Farms, for the twelve months ended June 30, 2019. This information does not represent the maintenance capital expenditures we would have incurred had we acquired FuelCo, Esso Germany, Minit Mart, Certified Oil, Fastrac and Cumberland Farms on July 1, 2018. Aggregated maintenance capital expenditures have not been, and cannot be, audited, reviewed or verified by any independent accounting firm. This information is inherently subject to risks and uncertainties. It may not be comparable to our consolidated financial statements or the other financial information included in this document.

(5) As adjusted first lien net senior secured debt represents our aggregate as adjusted indebtedness as of June 30, 2019, that is secured by a senior ranking lien on certain assets, less €135 million of as adjusted cash and cash equivalents as of the same date. As adjusted first lien net senior secured debt reflects the principal amount of relevant indebtedness outstanding net of unamortized debt issuance costs, does not reflect accrued and unpaid interest, is stated on the basis of a EUR/USD exchange rate of 0.8787 and does not include real estate financings, which are secured on assets other than the Collateral. As adjusted cash and cash equivalents as of June 30, 2019, reflects the adjustments described in "Unaudited Pro Forma Consolidated Financial Information" (except an €8 million adjustment for repayment of amounts drawn under Cumberland Farms' revolving credit facility as of June 30, 2019 that have subsequently been repaid) as well as adjustments to the Parent's cash and cash equivalents due to the use of €370 million (equivalent) of cash to fund the acquisitions of Fastrac on July 1, 2019, and of Certified Oil on August 1, 2019, and the receipt of €235 million of cash from the disposal of our European proprietary fuel cards business on July 1, 2019.

(6) As adjusted net debt represents our aggregate as adjusted indebtedness as of June 30, 2019, less €135 million of as adjusted cash and cash equivalents as of the same date. As net debt reflects the principal amount of relevant indebtedness outstanding net of unamortized debt issuance costs, does not reflect accrued and unpaid interest and is stated on the basis of a EUR/USD exchange rate of 0.8787. As adjusted cash and cash equivalents as of June 30, 2019, reflects the adjustments described in "*Unaudited Pro Forma Consolidated Financial Information*" (except an €8 million adjustment for repayment of amounts drawn under Cumberland Farms' revolving credit facility as of June 30, 2019 that have subsequently been repaid) as well as adjustments to the Parent's cash and cash equivalents due to the use of €370 million (equivalent) of cash to fund the acquisitions of Fastrac on July 1, 2019, and of Certified Oil on August 1, 2019, and the receipt of €235 million of cash from the disposal of our European proprietary fuel cards business on July 1, 2019.

EG GROUP'S MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion and analysis below provides information that we believe is relevant to an assessment and understanding of the historical consolidated financial position and results of operations of EG Group.

This section includes forward-looking statements, including those concerning future sales, costs, capital expenditures, acquisitions and financial condition. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from those expressed or implied by such forward-looking statements. Results of operations for prior years are not necessarily indicative of the results to be expected for the full fiscal year 2019 or any future period.

Overview

We are a leading independent global "C-Store" operator serving seventeen million customers worldwide each week. Following completion of the Cumberland Farms Acquisition, we will operate approximately 5,900 sites spread across three continents, which we believe will make us the third largest independent C-Store operator in the world, the largest independent C-Store operator in Europe and the fifth largest independent C-Store operator in the United States (a market we first entered in April 2018), in each case based on numbers of sites, and the largest independent C-Store operator in Australia based on fuel volumes sold. Our total fuel volumes sold would have exceeded 23 billion liters on a run-rate basis for the twelve months ended June 30, 2019, after giving effect to the Cumberland Farms Acquisition. Our global operations span six of the ten largest fuel markets in Europe by fuel volumes sold, namely Belgium, France, Germany, Italy, the Netherlands and the United Kingdom, all six states in Australia and, after giving effect to the Cumberland Farms Acquisition, thirty-one states across the United States. Our fuel operations are complemented by our convenience retail and FTG operations, under which we offer both our proprietary brands as well as partner with attractive third-party brands. We seek to deliver a modern and convenient customer retail experience by providing a "one stop" shop retail destination that offers a broad range of products and services to address evolving customer needs. For the twelve months ended June 30, 2019, we generated *pro forma* revenue of €22.6 billion, Pro Forma Adjusted EBITDA of €1.1 billion and Pro Forma Run-Rate Adjusted EBITDA of €1.4 billion.

Basis of Preparation

We have presented in this "*EG Group's Management's Discussion and Analysis of Financial Condition and Results of Operations*" a summary of the factors that affect the operations of our group on a consolidated basis. We have included a discussion and analysis of the historical financial information of EG Group for the 17 months ended December 31, 2016, the years ended December 31, 2017 and 2018 and the six months period ended June 30, 2018 and 2019. We present an additional five months in the 17 months ended December 31, 2016 compared to the years ended December 31, 2017 and 2018 because in 2016, we changed our accounting period from a fiscal year ending on July 31 to one ending on December 31. We incorporated the additional five-month period after the end of the fiscal year ended July 31, 2015 into the historical financial statements of EG Group for the 17 months ended December 31, 2016. We acquired EG Holdings B.V. on November 17, 2016 and therefore the results of this business are only included in the 17 months to December 31, 2016 from this date. As such we have separately shown EG Holdings B.V. results for the year ended December 31, 2016.

We have included in this document separate discussions of the pre-acquisition results of the Kroger C-Stores and FuelCo, our two significant acquisitions during the year ended December 31, 2018 and the six months ended June 30, 2019, respectively.

Key Performance Indicators

We use certain key performance indicators, such as number of sites, total fuel volumes sold, total convenience retail revenue, total FTG revenue, fuel margin, retail margin and FTG margin, which in our view provide alternative measures with which to monitor our economic, financial and operating performance. These measures are not indicative of historical operating results, nor are they meant to be predictive of future results. These measures are used to monitor the underlying performance of the Group and its business and operations. Not all companies calculate these measures in an identical manner and therefore our presentation may not be consistent with similar measures used by other companies.

Key Factors Affecting Results of Operations and Financial Condition

Our results of operations are affected by a combination of factors, including factors which are beyond our control. We believe that our results of operations, and particularly the results of operations during the periods under review, have been primarily affected by the following key factors.

Acquisitions and Disposals

Historically, our acquisitions have been a significant driver of the growth in our geographic scale, breadth of offerings, revenue and profit margins. We have completed several significant acquisitions since 2001, including in each of the periods presented in this discussion. For example, we completed the acquisitions of Euro Garages (Jersey) Limited and EG Holdings B.V. (formerly EFR Midco B.V.) in 2016, Wolfson Trago Limited, Wycliffe Moore Limited and The Orchard Group Limited in 2017, Esso Italy, NRG C-Stores, the Kroger C-Stores, Esso Germany and Minit Mart in 2018 and FuelCo in the six months ended June 30, 2019. Since June 30, 2019, we have completed the acquisitions of Certified Oil and Fastrac and entered a binding agreement for the acquisition of Cumberland Farms. In addition, as part of our overall growth strategy, we proactively manage the composition of our portfolio and have occasionally disposed of certain of our businesses and assets to increase efficiencies, profit and cash flows or to reduce liabilities. Our results of operations are affected by the number of sites we have and the geographies and market conditions in which those sites are located. As a result, our results for future periods will not be directly comparable to past periods because of the large volume of acquisition activity that we have undertaken.

We continually evaluate opportunities for strategic acquisitions to improve market positions within our existing markets or potentially to enter into new markets. We are likely to continue to undertake major expansion projects in the future to support geographic growth and profitability in our C-Store business and improve the breadth and quality of our product and service offerings. The number of acquisitions we undertake depends on the quality and pricing of potential targets available for purchase at a given time. The price paid for a particular acquisition depends in part on the target entity's revenues and cost base, along with competition to acquire its businesses. Our results of operations are therefore impacted by the accuracy of our due diligence, as well as by our success in integrating any acquired businesses into ours and extracting synergies and cost savings from such acquisitions.

The table below presents our key acquisitions since August 1, 2015.

Assets or Company	Transaction	Date of Closing
Sites from Esso Petroleum Company Limited[1]	Acquisition	September 2015
Sites from Shell Service Station Properties Limited, Shell UK Limited, GOGB Limited and Telegraph Service Stations Limited[2]	Acquisition	October 2015
EG Holdings B.V.	Acquisition	November 2016
Wolfson Trago Limited and Wycliffe Moore Limited[3]	Acquisition	February 2017
The Orchard Group Limited	Acquisition	June 2017
Site in Velaine, Belgium	Acquisition	October 2017
Esso Italy	Acquisition	February 2018
NRGValue Retail B.V.	Acquisition	April 2018
Kroger C-Stores	Acquisition	April 2018
Esso Germany	Acquisition	October 2018
Minit Mart	Acquisition	December 2018
FuelCo.	Acquisition	April 2019
Fastrac.	Acquisition	July 2019
Certified Oil	Acquisition	August 2019
Cumberland Farms.	Acquisition	Pending

(1) We refer to the acquisition of the sites from Esso Petroleum Company Limited collectively as the Esso South acquisition.

(2) We refer to the acquisition of the sites from Shell Service Station Properties Limited, Shell UK Limited, GOGB Limited and Telegraph Service Stations Limited collectively as the Shell Strawberry acquisition.

(3) We refer to the acquisition of the sites from Wolfson Trago Limited and Wycliffe Moore Limited collectively as the Little Chef acquisition.

The table below presents our key disposals since August 1, 2015.

Assets or Company	Transaction	Date of Closing
Interest in EFR Système SAS[1]	Disposal	October 2017
Interest in Dépots Pétroliers de la Corse[2]	Disposal	October 2017
Proprietary fuel cards business of EG Business.	Disposal	July 2018

(1) We refer to the disposal of the 100% of the share capital of EFR Système SAS.
(2) We refer to the disposal of the 21.5% of the share capital of Dépots Pétroliers de la Corse.

The following table presents the respective purchase price, estimated EBITDA pre-annualized synergies and, based on the synergies we initially identified at the time of announcement of the respective acquisitions, estimated EBITDA post-annualized synergies related to the acquisitions of Esso Italy, NRG C-Stores, Kroger C-Stores, Esso Germany, Minit Mart, FuelCo, Certified Oil, Fastrac and Cumberland Farms.

Acquired Assets or Company	Purchase Price[1]	EBITDA	Initially Expected Annualized Synergies[2]	Currently Expected Annualized Synergies
		(in €, USD or AUD million)		
Esso Italy	€264	€61[3]	€0	€21
NRG C-Stores	€153	€17[4]	€4	€14
Kroger C-Stores	US$2,172	US$189[5]	US$78	US$142
Esso Germany	€960	€78[6]	€35	€45
Minit Mart	US$331	US$40[7]	US$20	US$40
FuelCo	A$1,696	A$270[8]	A$66	A$100
Certified Oil	US$155	US$16[9]	US$6	US$6
Fastrac	US$270	US$27[10]	US$9	US$9
Cumberland Farms	US$2,185	US$210[11]	US$150	US$150

(1) Represents the consideration paid for each acquisition completed during the year ended December 31, 2018, after giving effect to purchase price adjustments for the respective acquisition, the consideration paid for the acquisition of FuelCo, Certified Oil and Fastrac in 2019 and the consideration we expect to pay in connection with the Cumberland Farms Acquisition.
(2) Represents our initial estimates of annualized cost saving and profit margin synergies for each acquisition at the time we announced such acquisition. In the case of the pending acquisition of Cumberland Farms, initially expected annualized synergies represents our current estimate of the total expected synergies.
(3) Represents the estimated EBITDA pre-annualized synergies for the twelve-month period to June 30, 2017, of Esso Italy, which we acquired on February 14, 2018. We had derived this estimate by applying an assumed net margin that we expected to achieve at the Esso Italy sites in the financial year 2017 to fuel volumes that we expected to sell in the financial year 2017 and by subtracting from the product of such net margin and fuel volumes, the fixed costs that we expected to incur in the financial year 2017. We had derived the assumed net margin for the financial year 2017 by taking an assumed gross margin and deducting from it certain variable cost items based on the cost structure data provided to us by Esso Italy for the financial years 2014 and 2015 at the time of the Esso Italy acquisition. We had derived our estimate of fuel volume sales at these sites for the financial year 2017 by extrapolating historical trends in monthly fuel volume sales at these sites based on monthly fuel volume sales provided to us by Esso Italy for certain historical periods up to, and including, the first four months of 2017. We had derived our estimated fixed costs for the financial year 2017 from cost structure data provided to us by Esso Italy for the financial year 2015, taking into account contingencies in the form of expected cost overlays in respect of further site maintenance and marketing costs for the financial year 2017. Following its acquisition, Esso Italy contributed €55 million to our Adjusted EBITDA for the year ended December 31, 2018.
(4) Represents our estimate of the pre-acquisition EBITDA of NRG C-Stores, which we acquired on April 18, 2018, based on unaudited historical financial statements of NRG C-Stores for the year ended December 31, 2017. The results of NRG C-Stores for the year ended December 31, 2017, may not be representative of the pre-acquisition results between January 1, 2018, to April 18, 2018, due to a number of factors, including differing economic and market conditions, changes in the NRG C-Stores business, incorrect assumptions relating to financial results and other facts for which we do not have data for 2017 and other factors, and as a result actual results for the pre-acquisition period in 2018 may have differed materially from the estimated results for the year ended December 31, 2017, and our estimates may not be representative of the EBITDA this business may generate in the future.
(5) Represents the Kroger C-Stores EBITDA for the 53 weeks ended February 1, 2018.
(6) Represents our estimate of the pre-acquisition EBITDA of Esso Germany for the year ended December 31, 2017, which we acquired on October 1, 2018. We have derived the pre-acquisition EBITDA of Esso Germany primarily from diligence reports prepared in connection with the sale of the Esso Germany business prior to our signing of an agreement to acquire Esso Germany in 2017, which multiplied actual volumes of fuel sold during 2016 (which was 3.5 billion liters) by an assumed fuel margin derived based on available comparable data for other fuel retailers. We have assumed that the Esso Germany business would have generated this same fuel margin during the pre-acquisition period in 2018. Following the acquisition of Esso Germany, our results from that business were impacted by increases and subsequent declines in fuel prices, which resulted in our fuel margins for Esso Germany being slightly lower in October 2018 compared to the base case margin assumption used for the pre-acquisition period, and slightly higher during the last two months of 2018. Our retail sales and margin assumptions for the pre-acquisition period were also derived based on the actual retail margin for Esso Germany for 2016. The results of the Esso Germany business in 2016 may not be representative of the pre-acquisition results in 2018 due to a number of factors, including differing economic and market conditions between these two years, changes in the Esso Germany business, incorrect assumptions relating to financial results and other facts for which we do not have data for 2016 and other factors, and as a result actual results for the pre-acquisition period in 2018 may have differed materially, and our estimates may not be representative of the EBITDA this business may generate in the future.

(7) Represents our estimate of the pre-acquisition EBITDA of Minit Mart, which we acquired on December 5, 2018, based on unaudited historical financial statements of Minit Mart from January 1, 2018, to December 5, 2018, adjusted for certain items not included in the carve-out accounts of Minit Mart.
(8) Represents our estimate of the pre-acquisition EBITDA of FuelCo, which we acquired on April 1, 2019, for the year ended June 24, 2018. We have made adjustments to give effect to the annualized net savings arising from a new fuel supply contract with Caltex agreed by FuelCo's management in July 2018, certain changes in fuel pricing strategy, loyalty costs to be absorbed by the seller and a negative adjustment relating to certain standalone costs to be borne by FuelCo post-acquisition.
(9) Represents our estimate of the pre-acquisition EBITDA of Certified Oil, which we acquired on August 1, 2019, based on financial information of Certified Oil for the year ended December 31, 2018.
(10) Represents our estimate of the pre-acquisition EBITDA of Fastrac, which we acquired on July 1, 2019, based on financial information of Fastrac for the year ended December 31, 2018.
(11) Represents Cumberland Farms EBITDA for the twelve months ended June 30, 2019.

Acquisitions enable the consolidation of many of the functions of an acquired entity in order to achieve synergies. For example, following the acquisition of the Kroger C-Stores, we consolidated five regional head offices and one corporate office into one head office in Cincinnati, Ohio to reduce labor costs and efficiently manage our North American operations from a centralized location. Acquisitions we complete may also lead to increased sales volumes, improved margins and customer retention, through, among other measures, the offering of complementary products and services to an expanding customer base in a wider geographic network and the leveraging of our scale to procure additional premium partnerships and favorable pricing terms in our supply contracts. These initiatives have contributed to the successful integration of the acquisitions that we have made and the realization of synergies from such acquisitions. For example, in Germany as we grow our non-fuel offerings we have expanded our brand partnerships, including with Costa Coffee Express and Burger King, and recently negotiated new repair and maintenance contracts in February and March 2019, respectively. As a result of integrating the acquired business into our existing business, we may also experience an increase in operating expenses, such as staff costs, distribution costs or other expenditures. Therefore our results for the period during which an acquisition takes place are affected by the inclusion of the results of the acquired sites or business in our consolidated results from the date of their combination or acquisition, but the full impact of a business combination or acquisition is typically only reflected in our financial statements in the subsequent period as synergies and cost savings begin to be realized.

Operational Improvement Initiatives

Our financial condition and results of operations are impacted by our ability to successfully implement our initiatives to improve our operational performance. We implement our operating model and processes across our acquired businesses and global portfolio to drive individual site and corporate revenue and profitability. As part of these initiatives, we continuously work to improve our operational flexibility and efficiency through a combination of tailoring certain site features such as layout, fuel pricing and non-fuel pricing and selection to meet the specific dynamics of each site and standardizing certain other features such as site-related operating procedures.

For example, our pricing software allows for customized fuel pricing for each site with multiple price changes per day, real-time visual control of performance for our pricing team and an algorithm that calculates price elasticity versus price competition. Our standardized, site-related operating procedures include labor scheduling systems and utilities and waste management processes, which we leverage across our operating network to capture the full profit margins of our products and services. Additionally, while our local management teams oversee the day-to-day operations at our sites, we have regional managers who are responsible for leading the implementation of our global strategies and initiatives at the country level, which allows for greater flexibility in light of national and local market considerations. With these tools, we aim to identify the optimal price to maximize the gross margin for each site, taking into account the potential for add-on convenience retail and FTG sales.

We have begun to see results from these operational initiatives, including in the United Kingdom and at our Kroger C-Stores sites, which account for approximately 52% of our Adjusted EBITDA.

United Kingdom

In the United Kingdom, we have a pricing team who receives daily updates from each of our PFS sites regarding local competitor prices, pence per liter targets and historical records per site on the impact of pence per liter movements and then communicates to the site managers the prices they should use on a daily basis. EBITDA for our United Kingdom sites increased by €12.2 million from €136.8 million for the twelve months ended June 30, 2018 to €149.0 million for the twelve months ended June 30, 2019. This increase was driven by €2.3 million in realized synergies and €12.2 million in improvements to the business, including fuel, convenience retail and FTG margin improvements. The table below shows the results of our operational improvement initiatives in the United Kingdom by performance measure.

Performance measure

€m unless shown otherwise	For the twelve months ended June 30	
	2018	2019
Fuel Volume (m Liters)	1516.1	1491.5
Convenience Retail Revenue	249.8	252.6
Food To Go Sales	175.4	208.0
Fuel Gross Profit	110.4	124.0
Cents Per Liter (€c)	7.28	8.21
Convenience Retail Gross Profit	84.3	85.9
Convenience Retail Margin	33.7%	34.0%
Food To Go Gross Profit	113.2	134.2
Food To Go Margin	64.5%	64.5%

Kroger C-Stores

At our Kroger C-Stores, we have shown that our operating model can be successfully implemented outside of Europe and in the United States. Among other measures, we have improved our in-store layouts and non-fuel product offering, introduced our fuel pricing optimization software and implemented more efficient labor scheduling practices. Kroger C-Stores' EBITDA increased by $97.9 million from $178.3 million for the twelve months ended June 30, 2018 to $276.2 million for the twelve months ended June 30, 2019. This increase was driven by $30.2 million in realized synergies and $67.8 million in improvements to the business, including fuel and convenience retail margin improvements. The table below presents the results of our operational improvement initiatives in our Kroger C-Stores locations by performance measure.

Performance measure

$m unless shown otherwise	For the twelve months ended June 30	
	2018	2019
Fuel Volume (m Gallons)	1,163.6	1,072.7
Merchandise(1) Sales	1,431.9	1,423.0
Fuel Gross Profit	260.2	306.3
Cents Per Gallon ($c)	22	29
Merchandise(1) Gross Profit	373.9	397.7
Merchandise(1) Margin	26.1%	27.9%

(1) Merchandise encompasses convenience retail and FTG.

These results from our UK and Kroger businesses are presented to illustrate the outcomes we have achieved in businesses in which we believe our operational improvement initiatives have been successful. They are not, and are not intended to be, representative of our business as a whole or the typical outcomes we achieve through these operational improvement initiatives.

Offering Portfolio and Premium Pricing Opportunities

The fuel, convenience retail and FTG products and services we offer, the partnerships into which we enter and the prices we set for our products and offerings impact customer demand and consequently our revenue and profitability.

Fuel Operations

Our fuel operations generate the majority of our revenue, accounting for 83% of our revenue in the year ended December 31, 2018 and 83% of our revenue in the six months ended June 30, 2019. As fuel revenue can fluctuate from period to period, mainly as a result of changes in wholesale fuel prices, we monitor the volume of fuel sold as the main determinant of the success of our fuel operations. We sold 10.7 billion and 8.1 billion liters of fuel in the year ended December 31, 2018 and the six months ended June 30, 2019, respectively. As a result, a key strategy in driving our fuel operations is increasing volumes of fuel sold and managing our fuel procurement. We have long-standing partnerships with prominent fuel brands such as ExxonMobil, BP, Shell and Caltex, which reduces our exposure to risks related to terminating or failing to renew our contracts. These well-known brands tend to increase customer confidence in our products and services and lead to increased footfall and sales volumes.

The level of our fuel pricing is key due to its impact on our results of operations, particularly our ability to maintain and improve our sales levels and profit margins. There is an inverse relationship between wholesale and retail fuel prices and our fuel margin, which decreases as fuel prices increase, and increases as fuel prices decrease. In addition, the structurally lower margins per liter in the United States and Germany tend to have a dilutive effect on the overall Group fuel margin. Fuel price is a significant driver of competition in the forecourt industry and is driven by a variety of factors, including maximum price limits set by the governments in Belgium and Luxembourg. Within these parameters, historically we have had more freedom to set prices at our COCO sites, as opposed to our other operating models where a third-party dealer, franchise or retailer makes the pricing decisions, and particularly at our manned PFS locations with our convenience retail and FTG offerings. Our experience has demonstrated that at manned PFS sites that we own and operate, lower, competitive pricing does not generally increase sales volumes sufficiently to compensate for lost profit margins. We believe that, alternatively, an attractive convenience retail and/or FTG offering at manned PFS sites tends to increase customer footfall and sales volumes because of the "destination effect" provided by recognized convenience retail and FTG brands at PFS sites. Accordingly, we tend to not compete on fuel price at such sites. Instead, our fuel pricing approach at these sites targets fuel margins, which benefit from our ability to realize cost savings through the negotiation of more favorable terms for our fuel supply contracts. At our unmanned stations that offer a no-frills service, on the other hand, we typically sell fuel at a discount to attract customers and increase sales volumes.

At our company-owned sites, we employ a dynamic pricing strategy through the Price Advantage software, which we have improved with our own algorithms based on the data we collect from our network of sites. This strategy allows us to gauge the price elasticity of demand with a view to maximizing our gross margins by striking the optimal balance between cost and fuel volumes. We have dedicated fuel pricing teams that monitor fuel prices in real time in the United Kingdom, Continental Europe, the United States and Australia. Our fuel pricing teams receive daily updates from each site on local competitor prices, cost targets and historical records per site on the impact of cost movements on volume in order to set daily prices. The daily prices are then communicated to the site managers. Real-time monitoring of fuel prices allows us to react to market movements and adjust cost margins while live volume data helps us optimize our fuel inventory management and control working capital.

In the regular course of our business, we enter into relationships with fuel suppliers whereby we commit to purchase certain minimum quantities of fuel in order to benefit from better pricing conditions. However, since fuel products are commodities, we have no control over the changing market value of our inventories. As our inventory is valued at the lower of weighted average cost and net realizable value (which is based on market price), under our inventory valuation methodology, price fluctuations impact both cost of sales and the value of the inventory reported in our financial statements. In addition, if the book value of our inventory is above its net realizable value on a certain balance sheet date, we are required to write down the inventory to net realizable value. Due to the pricing arrangements under our fuel supply agreements and the high turnover levels of inventory held, the measurement of the value of our inventory is based on the cost price of the inventory at our PFS sites. Since we maintain limited fuel stocks at any given time, the effects of inventory value changes on our results are expected to be limited and, as long as we attain a positive unit margin from fuel sales to our customers, material write-downs of inventory based on the lower of cost and market adjustments are not expected.

Non-Fuel Operations

Compared to our fuel operations, our non-fuel operations, primarily comprising convenience retail and FTG products, have historically generated higher profit margins, contributing 17% and 15% of our revenue and 50% and 43% of our gross margin for the year ended December 31, 2018 and the six months ended June 30, 2019, respectively. Our recent acquisitions, and Esso Germany, in particular, tend to have lower convenience retail margins, and therefore acquisitions tend to have a dilutive effect on our convenience retail and FTG margins. In contrast to this general trend, Cumberland Farms' in-house foodservice options and private label food products have historically been one of its key drivers of retail margins. Our non-fuel operations have also historically enhanced the stability of our earnings by increasing footfall, particularly at our highway PFS sites, and through their resilience to radical adverse changes to fuel prices driven by global and regional economic conditions. Our highway estate is among the largest in Europe and is expected to grow further on the back of our strong track record of renewal rates and new tender wins, supported by stronger non-fuel offerings. Sites with fewer non-fuel offerings have typically demonstrated a lower resilience during periods where we have attempted to maintain pricing premiums. As a result, a key strategy in driving our non-fuel operations is increasing customer footfall and sales volumes at our sites by rolling out convenience retail and FTG offerings at our sites and, to the extent sites are suitable for COCO conversions, converting our sites to COCO sites in order to maximize control over the products and services offered at these sites.

In convenience retail, we have cultivated strong relationships with well-known retail and grocery brands such as SPAR, Carrefour and Louis Delhaize, while our FTG brand partners include globally recognized brands such as Starbucks, Burger King, Subway and KFC as well as strong local brands such as Pomme de Pain and Greggs. These well-known brands increase customer confidence in our products and services and lead to increased footfall and sales volumes. We are continually reviewing our brand portfolio and evaluating opportunities to partner with other leading convenience retail and FTG brands.

We typically generate additional revenue through increased customer footfall and sales volumes when we roll out new FTG concessions and convenience retail stores and upgrade existing FTG concessions and convenience retail stores, both on our PFS sites and at our non-PFS sites. We believe that customers are receptive to our offering of recognized convenience retail and FTG brands, which leads to a "destination effect" that tends to increase customer footfall at our PFS sites and the overall profitability of those sites. Such initiatives also require significant capital expenditures, the level of which may vary from period to period depending on the number and extent of the roll-outs and expansions completed.

Compared to fuel products, we tend to have more control over aspects of the handling and distribution of our convenience retail and FTG offerings and are less exposed to fluctuations in the price of a single commodity such as fuel. This control includes greater flexibility to set prices, manage inventory, select promotional offers and design in-store layouts, each to maximize margins and customer experiences. Based on our relationships and agreements with our brand partners, we also have a range of flexibility to control the selling prices of our convenience retail and FTG products, including at prices above the recommended retail prices. We are also able to participate in rebate agreements with our convenience retail partners whereby we receive rebates from the supplier upon reaching specified sales volumes. As our scale has increased over time, we are able to leverage our size to increase the level of rebate as a percentage of sales from our convenience retail partners, allowing us to increase our gross margin for convenience retail.

We take advantage of cross-selling opportunities by also providing certain ancillary products and services as part of our non-fuel offering, such as car washes, lotteries and payzones, ATMs, hotels, restaurants and video games, in order to further diversify our sources of revenue. In the year ended December 31, 2018 and the six months ended June 30, 2019, we generated 1% and 2% of our revenue from ancillary products and services, respectively.

Operating Models

We have a mix of COCO, CONCO, RORO and DODO sites, where different models result in different levels of revenue generation and require different levels of capital expenditure. CONCO sites include COFO, CORO and CODO sites. We believe the COCO model provides us with greater control over our pricing policy, cost control and consistency in product and service offerings across sites, having historically delivered higher profitability relative to sites operated under our other operating models. We therefore are continually working towards extending the company-operated model to additional sites and converting suitable non-controlled sites into more profitable COCO sites. COCO conversions require significant capital expenditure, and we typically wait until the expiration of our franchise, dealership or retail agreements, as applicable, so as to not trigger early termination fees before implementing a conversion to the COCO model for suitable sites. In the year ended December 31, 2018 and the six months ended June 30, 2019, we converted 100 sites and four sites respectively to our preferred COCO operating model. We typically incur little to no costs in connection with COCO conversions, unless we decide to convert CONCO sites to COCO sites before our contracts with the relevant dealers, franchisees and retailers expire or we seek to undertake a substantial refit of the sites. Our revenue and costs vary depending on the operating model adopted. The effects for our most popular operating models are as follows:

- **COCO (company-owned, company-operated).** Under the COCO model, our revenue reflects the income received from sales of our fuel, convenience retail and FTG products and services and our cost of goods sold reflects the cost of our fuel, convenience retail and FTG products and services. When sales volumes and unit margins are high, our COCO sites present a greater opportunity for increased gross profit and EBITDA because we set all prices on fuel, convenience retail and FTG sales. However, the COCO model exposes us to a greater risk of declines in revenue and increases in costs and to volatility in market demand. In addition, we also bear considerable operating and capital costs in connection with COCO sites, which impacts our operating profit. As of June 30, 2019, we operated 3,599 sites under the COCO model, where approximately 100%, 30%, 95% and 100% of our sites in the United Kingdom, Continental Europe, the United States, and the Rest of World, respectively, were COCO sites.

- **CODO (company-owned, dealer-operated) or CORO (company-owned, retailer-operated).** Under the CODO and CORO models, each also known as the CONCO model, the dealer or retailer is responsible for all convenience retail and FTG operations, as well as operating costs associated with the management of the site, whereas we are responsible for any capital and maintenance costs associated with the fuel equipment. CODO sites are operated under a consignment or non-consignment arrangement. Under a consignment arrangement, fuel revenue from CODO sites reflects the income received from the sale of fuel products to the end customer. A commission on fuel sales is payable by the Group to the dealer. In certain of our CODO sites, we receive a commission on convenience retail products sold by the dealer to the end customer. Fuel revenue from CORO sites reflects the income received from the sale of fuel products to the end customer. A commission on fuel sales is also payable by the Group to the retailer. The retailer also pays a rent to the Group, which the Group records as other income. As of June 30, 2019, we had 1,588 sites under the CODO or CORO models, the vast majority of which were acquired in our acquisition of Esso Italy.
- **DODO (dealer-owned, dealer-operated) or RORO (retailer-owned, retailer-operated).** Under the DODO and RORO models, all fuel and non-fuel sales, operating costs and capital expenditures are incurred by the dealer or retailer, unless the Group agrees to pay certain maintenance expenses on the assets or property it owns. DODO and RORO sites may be operated under either a consignment or a non-consignment arrangement. Under a consignment arrangement, fuel prices may be set by us, and the fuel revenue from DODO and RORO sites reflects the income received from the sale of fuel products to the dealer or retailer. A commission on fuel sales is payable by the Group to the dealer or retailer. Under a non-consignment arrangement, fuel revenue from DODO and RORO sites reflects the income received from the sales of fuel products to the dealer or retailer at a price set by the dealer, retailer or operator and established in an agreement. In certain of our DODO sites, we receive a commission on convenience retail products sold by the dealer to the end customer. The costs associated with transportation of fuel to the DODO or RORO sites are borne by us and included in our distribution costs. As of June 30, 2019, we had 715 sites under the DODO or RORO models.

Operating Expenditure

Our results of operations are significantly affected by changes in our cost base, including our variable and fixed operating expenses and the impact of our cost saving measures. Our main operating expenses can broadly be categorized into generally variable site-based costs and generally fixed head office costs.

Site-Based Costs

Site-based costs generally comprise costs relating to employees, rent and business rates, depreciation and utilities and tend to fluctuate proportionately with the number of sites in our portfolio. Site-based costs therefore tend to be variable in nature. Our operating models also impact our site-based costs, as we incur higher site-based costs in connection with our COCO sites because we are responsible for all of the costs relating to all fuel, convenience retail and FTG sales at these sites.

Staff costs are a significant component of our operating expenses and consist of wages paid to our site sales staff and salaries paid to our site managers and more senior staff. Staff costs constituted 49.6% of our operating expenses for the six months ended June 30, 2019. Increases in staff costs have previously had, and are expected to continue to have, a material impact on our results of operations. For example, we have previously experienced increases in staff costs due to increased wages (for example, as a result of the introduction of the national living wage in the United Kingdom) and salaries following heightened competition for our employees, changes in mandatory minimum wage laws and increased numbers of employees following the completion of acquisitions we have undertaken. Increases in employee turnover can also result in increased recruiting expenses and reduced efficiency through lost management and training time. To mitigate these effects, we proactively manage our staffing requirements, set relevant budgets and targets and monitor them on a site-by-site basis.

Head Office Costs

Costs of our head office functions generally comprise administrative expenses related to our IT, finance, commercial, legal, property and human resource functions, which are generally fixed in nature. However, the increase in costs of our head office functions over time is generally reflective of the increasing size of our business. Administrative expenses constituted 16% of our operating expenses for the six months ended June 30, 2019. We are in the process of rationalizing our head office functions to achieve significant cost savings.

Impact of Cost Saving Measures

From time to time, we implement cost savings measures to rationalize our operating expenses. For example, in the six months ended June 30, 2019, we implemented several measures that we expect will deliver significant cost savings in the year ended December 31, 2019 and thereafter. These measures involve, among others, the optimization of our employee schedules, cost-effective acquisitions which allow us to avoid capital expenditure on building sites and advertising in new markets where acquired businesses already have a significant presence, headcount reductions and the procurement of Group-wide insurance coverage.

Prevailing Macroeconomic Conditions and Changing Consumer Preferences

Changes in the general macroeconomic environment and consumer confidence can have an impact on our results of operations. Our business is subject to macroeconomic factors such as a potential long-term and widespread recession (which may affect disposable incomes, unemployment rates and consumer credit levels), higher energy costs and fluctuations in commodity prices (including changes in fuel prices), inflationary pressures (including those resulting from the recent depreciation of pound sterling), and the availability and cost of credit, which could each affect consumer confidence and, in turn, impact the level of consumer spending on our products and services. While customers will still require fuel and non-fuel offerings during their travels, challenging economic conditions and higher unemployment rates have previously resulted in fewer commuters and commercial drivers visiting our PFS sites and in reduced out-of-pocket expenditures on non-essential convenience retail and FTG products by leisure travelers.

Our financial results are also affected by changes in consumer preferences and perceptions, demographic trends over time and our ability to anticipate, identify and respond to such changes and trends. For instance, many consumers are placing increased importance on dietary and nutritional content and the local sourcing of ingredients, which impacts the attractiveness of our FTG offerings and the revenue generated thereby. Further, the actual or perceived effects of vehicle emissions have caused many governments to enact legislation restricting vehicle emissions (including through taxation) and individuals and organizations to reduce their fuel consumption and seek out alternative fuel vehicles, which impacts the attractiveness of our current fuel offering and the revenue generated thereby. As a result, we are investing in the provision of facilities for electric vehicles and their charge point infrastructure, including by entering into a joint venture to introduce high speed chargers to a number of our forecourts. In developing a well-invested network of destination site locations, we are well-placed to maintain market share and adapt and evolve the traditional fuel offering to cater to changing customer demands such as electric vehicle charging. Changes in traffic volumes due to increases in population and GDP growth also impact footfall and the level of consumer spending on our products and services.

Foreign Currency Exchange Rates

Our results of operations are subject to foreign currency translation and transaction effects because we have operations in Australia, Belgium, France, Germany, Italy, Luxembourg, the Netherlands, the United Kingdom and the United States, which are, and will continue to be, conducted primarily in the respective local currency and because we source products from suppliers worldwide. As we present our consolidated financial statements in euro, we must translate the assets, liabilities, revenue and expenses of all of our operations with a functional currency other than the euro into euro at the closing rate for assets and liabilities and at the average rate for the period for revenue and expense with all resulting exchange differences recognized in other comprehensive income. Consequently, increases or decreases in the value of these currencies against the euro may affect the value of our assets, liabilities, revenue and expenses with respect to our non-euro businesses in our consolidated financial statements, even if their value has not changed in their functional currency, which creates a foreign currency translation risk.

We have or may have in the future intra-group and external loans where the denomination of the loan is in a currency other than euro. As a result, we are and expect to be subject to certain shifts in currency valuations, such as the depreciation of the euro against the pound sterling, U.S. dollar or Australian dollar and vice versa.

Seasonality and Weather

Our business activities are subject to seasonal and weather-related influences. The demand for our fuel, convenience retail and FTG products is generally higher during the summer months than during the winter months because of increased road traffic during that period, leading to higher footfall, sales volumes and revenue. Less road traffic, and therefore less footfall, sales volumes and revenue, in the winter is primarily due to

unfavorable weather conditions, such as snow storms, which can discourage driving and otherwise can prevent customers and suppliers from having access to our sites due to, for example, snow build-up. During the summer, we may also face unfavorable weather conditions, such as tornadoes, thunderstorms and flooding, which can also discourage driving and lead to lower footfall, sales volumes and revenue. However, seasonality and weather generally have less impact on our business operations as we continue to grow our network of sites, which are located in different hemispheres and countries experiencing different seasons and weather conditions.

Changes in Applicable Regulations

Our operations are directly subject to, and indirectly affected by, extensive regulation that varies from country to country and region to region. These regulations govern, among other things, environmental, health and safety protection (including regulations specific to the fuel market, such as for petroleum storage certificates, the management and disposal of hazardous materials, air emissions and water discharge and the cleanup of contaminated sites), food safety and labeling regulations, product quality, works council and other employee representation, minimum wage laws, privacy and data protection, and tax laws in Australia, Europe and the United States. These regulations may change from time to time, and may impose restrictions or additional costs that could impact our size, sales volume, pricing and revenue. Such regulatory changes could include, among others, anti-trust enforcement, limitations on inventory levels for fuel, changes to the statutory requirements for the sale of FTG products, reductions in rebates from suppliers and stricter requirements for emission standards or waste removal.

Industry Consolidation

In the jurisdictions in which we operate, there has been continued consolidation activity in the convenience and fuel retailing industry. We believe that the convenience store industry will see greater consolidation, increasing the market share of larger chains. In addition, the industry is experiencing increased competition from new market entrants such as supermarkets, drugstores, discount clubs, mass merchants, fast food operations and other similar retail outlets, some of which are well-recognized national or regional brand names. While not direct competitors, these retail formats often target product categories historically carried by convenience stores.

In addition, over the past years, several non-traditional retailers, such as supermarkets, club stores and hypermarkets, have impacted the convenience store industry, particularly in the geographic areas in which we operate, by entering the motor fuel retail business. These non-traditional motor fuel retailers have captured a significant share of the retail motor fuel market, and we expect their market share will continue to grow.

Factors Affecting Comparability of Our Financial Statements

Acquisitions and Disposals

We have completed a number of selective acquisitions and disposals of varying sizes from 2016 through 2019, which impact the comparability of our financial results between periods. Since we consolidate the results of operations of each acquired business in our financial statements from the completion date of each acquisition and carve out the results of operations of each disposed business from our financial statements from the completion date of each disposal, our historical financial periods are not directly comparable to one another.

Following the closing date of an acquisition, our results are consolidated with the results of the acquired business, and are thereafter impacted by the revenues and expenses of the acquired business. In addition, our results are affected by other items such as (i) our ability to realize synergies, (ii) selling, general and administrative functions such as sales, marketing, finance, human resources, information technology and management, (iii) the consolidation of our purchasing functions, increases in margin due to our application of best practices and (iv) any costs we incur to realize synergies and similar items.

From time to time, we also dispose of business units. As of the closing date of a disposal, the results of operations and assets and liabilities attributable to the disposed business are classified as discontinued operations, and our results are thereafter no longer impacted by the revenues and expenses of the disposed business. We have also historically generated profit from our disposals, which positively impacted our cash position. However, disposals could also result in lower revenue, impairments of goodwill and a lower amount of total assets on our balance sheet.

As a result of our various historical acquisitions and disposals, our financial statements in the future will vary significantly from the historical consolidated financial statements of EG Group contained in this document.

We account for acquisitions using the acquisition method of accounting. As a result, the purchase price for the acquired business is allocated to identifiable assets acquired and liabilities assumed based upon their respective fair values as of the date of the acquisition. The excess of the purchase price over these allocations is assigned to goodwill, which is not amortized for accounting purposes but is subject to testing for impairment at least annually. The allocation of the purchase price to the assets acquired in the acquisition may result in an increase in amortization and depreciation expense because we will record the fair value of the acquired intangible assets and adjust the book value of the acquired tangible assets to their fair value. We evaluate the remaining depreciable lives of the tangible assets to reflect the estimated useful lives for purposes of calculating periodic depreciation, and we will amortize the intangible assets over their estimated useful lives. We will also review the value of the inventory and will adjust it to fair value, which may change the costs and expenses recognized by us upon the sale of this acquired inventory.

We have historically incurred a substantial amount of indebtedness as a result of our acquisitions. Our indebtedness will increase our interest expense and may impact the rating of our indebtedness. Our indebtedness may limit our flexibility in planning for, or reacting to, changes in our business and future business opportunities, since a substantial portion of our cash flow from operations will be dedicated to the repayment of our indebtedness, and this may place us at a competitive disadvantage as some of our competitors are less leveraged.

The following table presents the acquisitions we completed between August 1, 2015, and June 30, 2019:

Acquired Assets or Company	Number of Sites Acquired	Location	Date of Closing
Sites from Esso Petroleum Company Limited[(1)]	103	United Kingdom	September 2015
Sites from Shell Service Station Properties Limited, Shell UK Limited, GOGB Limited and Telegraph Service Stations Limited[(2)]	33	United Kingdom	October 2015
EG Holdings B.V.	1,100	Belgium, France, Luxembourg and the Netherlands	November 17, 2016
Wolfson Trago Limited and Wycliffe Moore Limited[(3)]	77	United Kingdom	February 1, 2017
The Orchard Group Limited	5	United Kingdom	June 2017
Site in Velaine, Belgium	1	Belgium	October 2017
Esso Italy	1,173	Italy	February 14, 2018
NRGValue Retail B.V.	97	The Netherlands	April 18, 2018
Kroger C-Stores	762	United States	April 20, 2018
Esso Germany	1,019	Germany	October 1, 2018
Minit Mart	235	United States	December 5, 2018
FuelCo.	537	Australia	April 1, 2019

(1) We refer to the acquisition of the sites from Esso Petroleum Company Limited collectively as the Esso South acquisition.
(2) We refer to the acquisition of the sites from Shell Service Station Properties Limited, Shell UK Limited, GOGB Limited and Telegraph Service Stations Limited collectively as the Shell Strawberry acquisition.
(3) We refer to the acquisition of the sites from Wolfson Trago Limited and Wycliffe Moore Limited collectively as the Little Chef acquisition.

The key disposals we completed between August 1, 2015, and June 30, 2019, include the disposals of 100% of the share capital of EFR Système SAS and 21.5% of the share capital of Dépots Pétroliers de la Corse in October 2017. Since June 30, 2019, we have completed the sale of the proprietary fuel cards business of EG Business.

Acquisition of EFR

We acquired EFR in November 2016. The EFR Audited Financial Statements reflect the financial information for EFR for the year ended December 31, 2016, and the 2016 EG Group Audited Financial Statements reflect the financial information for Euro Garages for the 17 months ended December 31, 2016, and EFR for the period between November 17, 2016, and December 31, 2016. The 2016 EG Group Audited Financial Statements reflect financial information for an additional five-month period compared to the 2017 EG Group Audited Financial Statements and the 2018 EG Group Audited Financial Statements. For these reasons, the EFR Audited Financial Statements and the 2016 EG Group Audited Financial Statements are not readily comparable to each other or to the 2017 EG Group Audited Financial Statements and the 2018 EG Group Audited Financial Statements. EG Holdings B.V. (formerly EFR Midco B.V.) has not been audited on a standalone basis for the years ended December 31, 2017 and 2018.

Acquisition of Esso Italy

On February 14, 2018, we completed the acquisition of Esso Italy, which expanded our geographic reach to Italy for the first time, with 1,173 Esso-branded PFS sites. We have included the results of operations of Esso Italy in our consolidated reporting since February 14, 2018. We financed this acquisition by drawing on a €250 million term loan facility under our Senior Credit Facilities Agreement, therefore our net debt and cash interest expense increased as a result of the acquisition of Esso Italy. Furthermore, in relation to the acquisition of Esso Italy, we incurred non-recurring integration costs such as operational expenditure, IT investments and rental payments.

Acquisition of NRG C-Stores

On April 18, 2018, we completed the acquisition of NRG C-Stores, which expanded our then existing footprint in the Netherlands, with 97 new PFS sites. For the year ended December 31, 2017, NRG C-Stores generated revenue of €486 million. We have included the results of operations of NRG C-Stores in our consolidated reporting since April 18, 2018. Furthermore, in relation to the acquisition of NRG C-Stores, we incurred non-recurring integration costs such as operational expenditure, IT investments and rental payments.

The Kroger C-Stores Acquisition and Financing of the Kroger C-Stores Acquisition

On April 20, 2018, we completed the Kroger C-Stores Acquisition. The Kroger C-Stores Acquisition expanded our geographic reach to the United States for the first time, with 762 new C-Stores across 18 U.S. states. For the 53 weeks ended February 1, 2018, the convenience stores business of The Kroger Co. that we acquired generated revenue of $4,323 million.

We have consolidated the results of operations of the Kroger C-Stores in our financial results since April 20, 2018. In relation to the Kroger C-Stores Acquisition, we incurred non-recurring integration costs such as operational expenditure, IT investments and rental payments. The additional costs and expenditures we incurred in connection with the Kroger C-Stores Acquisition also impact the comparability of our results for the year ended December 31, 2018, compared to prior periods.

Moreover, in order to finance the Kroger C-Stores Acquisition, we utilized a $1,700 million additional facility under our Senior Credit Facilities Agreement and a €200 million and a $245 million second lien facility under our Second Lien Credit Facilities Agreement. These additional facilities impacted our net debt and our cash interest expense for the period.

Acquisition of Esso Germany

On October 1, 2018, we completed the acquisition of Esso Germany, which expanded our geographic reach to Germany for the first time, with 1,019 Esso-branded PFS sites. We have consolidated the results of operations of Esso Germany in our financial results since October 1, 2018. We financed this acquisition by drawing on a €900 million term loan facility under our Senior Credit Facilities Agreement, therefore our net debt and cash interest expense increased as a result of the acquisition of Esso Germany. Furthermore, in relation to the acquisition of Esso Germany, we incurred non-recurring integration costs such as operational expenditure, IT investments and rental payments.

Acquisition of Minit Mart

On December 5, 2018, we completed the acquisition of Minit Mart. The acquisition of Minit Mart expanded our footprint in the United States with 235 new C-Stores across nine U.S. states, four in which we already had a presence in as a result of the Kroger C-Stores Acquisition. For the year ended December 31, 2017, Minit Mart generated revenue of $720 million. We have consolidated the results of operations of Minit Mart in our consolidated reporting since December 5, 2018. We financed this acquisition by drawing on a $225 million term loan facility and a €75 million term loan facility under our Senior Credit Facilities Agreement, therefore our net debt and cash interest expense increased as a result of the acquisition of Minit Mart. Furthermore, in relation to the acquisition of Minit Mart, we incurred non-recurring integration costs including operational expenditure, IT investments and rental payments.

The FuelCo Acquisition and the Financing of the FuelCo Acquisition

On April 1, 2019, we completed the FuelCo Acquisition. The FuelCo Acquisition expanded our geographic reach in Australia, with the addition of FuelCo's 537 C-Stores.

We have consolidated the results of operations of FuelCo in our financial results since April 1, 2019. In relation to the FuelCo Acquisition, we incurred non-recurring integration costs such as operational expenditure, IT investments and rental payments. The additional costs and expenditures we incurred in connection with the FuelCo Acquisition also impact the comparability of our results for the six months ended June 30, 2019, compared to prior periods.

Moreover, we financed the FuelCo Acquisition through borrowings under (i) the an Australian dollar denominated term loan in the amount of A$400 million, (ii) a euro denominated term loan in the amount of €422 million (the "FuelCo EUR Term Loan"), (iii) the a U.S. dollar denominated term loan in the amount of $477 million (the "FuelCo USD Term Loan") and (iv) an additional principal amount of A$47 million under our Revolving Credit Facilities. The FuelCo EUR Term Loan, the FuelCo USD Term Loan and €289 million (equivalent) in principal amount outstanding under the Revolving Credit Facilities were repaid with the proceeds from the Debt Financing.

These acquisitions have affected our results, and limit the comparability of our results from period to period. These acquisitions as well as potential future acquisitions will continue to impact our results. Our acquisitions of Fastrac and Certified Oil, which we completed on July 1, 2019 and August 1, 2019, respectively, and the pending Cumberland Farms Acquisition will also affect our results going forward.

Synergies Resulting from Acquisitions

Synergies that have already been and potentially can be realized as a result of the acquisitions we undertake affect our results and limit the comparability of our results from period to period. For a description of synergies related to our acquisitions of EFR, Esso Italy, NRG C-Stores, the Kroger C-Stores, Esso Germany, Minit Mart, FuelCo, Fastrac, Certified Oil and Cumberland Farms.

Disposals in Corsica

In October 2017, we completed the disposals of 100% of the share capital of EFR Système SAS and 21.5% of the share capital of Dépots Pétroliers de la Corse, as well as market distribution rights at 17 DODO sites in Corsica. Our profitability was declining at these sites due to the market conditions in Corsica and we only generated our margins through fuel sales to dealers rather than sales to consumers due to the DODO operating model utilized, limiting our opportunities to generate additional margin through development of our convenience retail and FTG offerings. We received consideration of €22 million for these disposals, generating profit of €17 million.

These disposals, and any future disposals we may complete, affect our results and limit the comparability of our results from period to period. For example, as part of our ongoing strategic review of our business operations, on July 1, 2019, we completed the sale of our proprietary fuel cards business under EG Business, receiving consideration of €235 million and generating profit of €215 million.

Reportable Segments

We report our financial results by segment in accordance with IFRS 8. The regions in which we operate correspond to our reportable segments. For the 17 months ended December 31, 2016, and the year ended December 31, 2017, our reportable segments consisted of the United Kingdom and Continental Europe. For the year ended December 31, 2018, our reportable segments consisted of the following regions:

- The United Kingdom;
- Continental Europe, comprised of operating entities in Belgium, France, Germany, Italy, Luxembourg and the Netherlands, which are combined into a single reporting segment because they show similar long-term economic performance, have comparable products, customers and distribution channels and are steered and monitored together; and
- North America, comprising operating entities in the United States that we acquired through the acquisitions of the Kroger C-Stores and Minit Mart.

As from January 1, 2019, our reportable segments consist of the following regions:

- The United Kingdom;
- Continental Europe, currently comprised of operating entities in Belgium, France, Germany, Italy, Luxembourg and the Netherlands, which are combined into a single reporting segment because they show

similar long-term economic performance, have comparable products, customers and distribution channels and are steered and monitored together;

- North America, currently comprised of operating entities in the United States that we acquired through the acquisitions of the Kroger C-Stores, Minit Mart, Fastrac and Certified Oil; and
- Rest of World, currently comprised of operating entities in Australia that we acquired through the FuelCo Acquisition.

Changes to Accounting Standards – IFRS 16

Our consolidated financial statements are prepared and presented in accordance with IFRS. In 2016, the IASB published IFRS 16 (*Leases*), and the European Union adopted IFRS 16 in 2017. IFRS 16 has replaced IAS 17 and the related IFRIC and SIC interpretations, and has resulted in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases has been eliminated, subject to certain exemptions including for short-term or low-value leases, for which rental expenses continue to be considered operating expenses. Under the new standard, the lessee recognizes assets underlying all leases as right-to-use assets on the balance sheet, which depreciate over the term of the lease, and lease payments as a financial liability on the balance sheet, which reduces as payments are made, and operating lease expenses are replaced with depreciation and interest expenses on the income statement. IFRS 16 became effective for fiscal years commencing on or after January 1, 2019, which has impacted the reported assets and liabilities and income statement of the Group, and limited the comparability of our results for the six month periods ended June 30, 2018 and 2019.

We have adopted IFRS 16 from January 1, 2019, which has an impact on the reported assets, liabilities and income statement of the Group. In particular, as a consequence of IFRS 16 our total assets and liabilities are increased as the right of use asset associated with leases, and the corresponding liability, previously treated as operating leases were recognized on the balance sheet. In addition, rent expense were replaced with new depreciation and interest charges, and as a result, our EBITDA has increased. In order to develop our presence internationally, we regularly identify and acquire new sites from major fuel producers and/or refiners and other industry participants. As a result of the ownership status of the sites acquired, there are a significant number of lease arrangements across the Group which facilitate our core trading activities. As of June 30, 2019, excluding any RORO, DODO or authorized distributor sites, approximately 57% of our property portfolio is leasehold, comprising 2,613 sites. We also have approximately 451 vehicle leases and a number of lease arrangements with office and equipment suppliers.

On adoption of IFRS 16, we recognized lease liabilities, measured at the present value of the remaining lease payments and discounted using the lessee entities incremental borrowing rate as of January 1, 2019, and right-to-use assets. On completion of the FuelCo Acquisition on April 1, 2019, we recognized €432 million of additional lease liabilities and right-of-use assets. As a result of the adoption of IFRS 16, EBITDA, depreciation and finance costs increased by €61 million, €50 million and €21 million respectively in the six months ended June 30, 2019.

Had we adopted IFRS 16 on January 1, 2018, we estimate that based on our leases as of December 31, 2018, the implementation of IFRS 16 would have resulted in an increase of €0.7 billion in total assets, €0.6 billion in total liabilities and €0.1 billion in EBITDA per year, as of and for the year ended December 31, 2018. This information may not be indicative of the impact of the adoption of IFRS 16 on our total assets, total liabilities and EBITDA for the next financial year or any future period.

As at June 30, 2019, the effect of adoption IFRS 16 as of January 1, 2019 (increase/(decrease)) is as follows:

(in € million)	
Assets	
Right of use assets	757
Intangible assets	(105)
Other assets	(13)
Trade and other payables	**(9)**
Total assets	630
Liabilities	
Lease liabilities	654
Provisions	(24)
Total liabilities	630

There was no impact on retained earnings as a result of the Group's adoption of IFRS 16.

Description of Key Income Statement Items

Revenue

Our revenue mainly comprises sales of products and services to customers in the ordinary course of business and is stated net of discounts, VAT and other sales-related taxes. In the case of fuel revenue, fuel duty is an important component of such revenue. The treatment of fuel duty is determined by local laws and regulations as to when the duty becomes legally payable and who carries the risks and obligations to the tax authorities. Revenue is recognised gross of fuel duty where the obligation to pay the duty is at the point of purchase from the fuel supplier, therefore the Group's role in the transaction is that of principal. The fuel duty is set and payable at this point and the risk of recovering this element of the cost through the sale of fuel to the end customer lies with the Group. On the other hand, in some regions, the Group acts as an agent to collect the duty on behalf of the tax authority, and revenue is recognised net of fuel duty, as discussed in more detail below. Our revenue is heavily impacted by movements in wholesale fuel prices and therefore is not necessarily a reliable indicator for the performance of our business, as compared to key performance indicators such as gross margin, fuel margin and retail margin.

Revenue is recognized when the significant risks and rewards of ownership of the goods have transferred to the buyer, when it is probable that the economic benefits will reach us, when the associated costs can be measured reliably, when there is no continuing managerial involvement with the goods and when the amount of revenue can be measured reliably. Due to the nature of the products and services we sell, we do not experience material levels of returns.

We operate customer loyalty programs under which customers accumulate points for purchases made that subsequently entitle them to discounts on future purchases, and account for these programs in accordance with IFRIC 13 'Customer loyalty programs.' The cost of the loyalty initiative is part of the fair value of the consideration received and is deferred and subsequently recognized over the period that the awards are redeemed. The fair value of the points awarded is determined with reference to the fair value to the customer and considers factors such as redemption through rewards or discounts and the redemption rate.

Our revenue also includes franchise fees received from our non-COCO operations.

Cost of Sales

Cost of sales represents direct costs incurred in the sale of goods and services including, among other things, the purchase cost of fuel, convenience retail and FTG products supplied to our customers. We refer to supplier incentives, rebates and discounts (such as volume-related discounts from suppliers and income received from suppliers to support specific in-store promotional activities for supplier products) collectively as commercial income. Commercial income is recognized as a deduction from cost of sales on an accruals basis based on the expected entitlement that has been earned up to the balance sheet date for each relevant supplier contract. The accrued incentives, rebates and discounts receivable at the year or period end, as applicable, are included within trade and other receivables.

Distribution Costs

Distribution costs represent all direct costs of running our sites and include rental costs, the depreciation of property, plant and equipment, utilities, staff and maintenance costs, costs associated with transporting goods, including fuel, to our sites and site conversion costs.

Administrative Expenses

Administrative expenses represent the central and regional overhead costs of the business, such as, the cost of our head office functions, including those of our IT, finance and human resource functions and transaction costs related to acquisitions.

Other Operating Income, Net

Other operating income represents gains/losses on the disposal of property, plant and equipment and income received on the termination of concession arrangements.

Share of Profit/(Loss) of Equity Accounted Investments

Share of profit/(loss) of equity accounted investments represents amounts in joint ventures' and associates' financial statements prepared in accordance with IFRS adjusted by us for equity accounting purposes.

Finance Income

Finance income is recognized in the consolidated income statement in the year or period to which it relates using the effective interest rate method. Finance income comprises:

- interest receivable, which is recognized in the consolidated income statement as it accrues using the effective interest method; and
- foreign exchange gains arising on financing.

Finance Costs

Finance costs are recognized in the consolidated income statement in the year or period in which they occur. Finance costs comprise:

- interest payable;
- foreign exchange losses arising on financing;
- finance costs incurred on finance leases, which are recognized in profit or loss using the effective interest method; and
- the amortization of capitalized financing costs of raising debt.

Tax

Tax represents the sum of the tax currently payable, including corporation tax and deferred tax. Current tax is the expected tax payable or receivable on taxable profit or loss for the applicable year or period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods or items that are never taxable or deductible. Our liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is calculated at the tax rates that are expected to apply in the year or period when the liability is settled or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and when we intend to settle its current tax assets and liabilities on a net basis.

Results of Operations

The following table sets forth our consolidated statement of profit or loss for the periods indicated.

	17 months ended December 31,	Year ended December 31,		Six months ended June 30,	
	2016	2017	2018	2018	2019
		(in € million)			
Revenue	**3,162**	**5,156**	**12,005**	**4,353**	**9,003**
United Kingdom	2,918	2,225	2,375	1,147	1,213
Continental Europe	244	2,931	6,720	2,476	4,959
North America	—	—	2,910	730	2,103
Rest of World	—	—	—	—	728
Cost of sales	(2,766)	(4,406)	(10,512)	(3,798)	(7,965)
Gross profit	**396**	**750**	**1,493**	**555**	**1,038**
Distribution costs	(261)	(537)	(1,051)	(427)	(739)
Administrative expenses	(64)	(54)	(246)	(67)	(137)
Other operating income, net	30	—	45	4	3
Share of profit of equity accounted investments	—	1	1	—	—
Operating profit/(loss)	**101**	**160**	**242**	**65**	**165**
Finance income	2	13	12	8	2
Finance costs	(120)	(135)	(392)	(222)	(262)
Profit/(loss) before tax	**(17)**	**38**	**(138)**	**(149)**	**(95)**
Tax	7	(23)	—	(10)	3
Profit/(loss) for the year/period	**(10)**	**15**	**(138)**	**(159)**	**(92)**

Discussion and Analysis of EG Group's Results of Operations

Comparison of the Six Months Ended June 30, 2018 to the Six Months Ended June 30, 2019

	Six months ended June 30,		
	2018	2019	Change in %
Revenue	**4,353**	**9,003**	**106.8%**
United Kingdom	1,147	1,213	6%
Continental Europe	2,476	4,959	100%
North America	730	2,103	188.1%
Rest of World	—	728	
Cost of sales	(3,798)	(7,965)	109.7%
Gross profit	**555**	**1,038**	**87.0%**
Distribution costs	(427)	(739)	73.1%
Administrative expenses	(67)	(137)	104.5%
Other operating income, net	4	3	25.0%
Share of profit of equity accounted investments	—	—	—
Operating profit/(loss)	**65**	**165**	**153.8%**
Finance income	8	2	75.0%
Finance costs	(222)	(262)	18.0%
Profit/(loss) before tax	**(149)**	**(95)**	**36.2%**
Tax	(10)	3	130.0%
Profit/(loss) for the year/period	**(159)**	**(92)**	**42.1%**

Revenue

Revenue increased by €4,650 million from €4,353 million for the six months ended June 30, 2018 to €9,003 million for the six months ended June 30, 2019. This increase was primarily due to (i) a full six months of contribution from businesses acquired in the year ended December 31, 2018 being recognized for the six months ended June 30, 2019 and (ii) the contribution from the FuelCo Acquisition being recognized for the period between April 1, 2019 and June 30, 2019. Setting aside the impact of acquisitions, our revenue increased in our historic business by €123 million, or 4.7%, from €2,640 million for the six months ended June 30, 2018 to €2,763 million for the six months ended June 30, 2019.

United Kingdom

Revenue from our UK operations increased by €66 million, or 5.8%, from €1,147 million for the six months ended June 30, 2018 to €1,213 million for the six months ended June 30, 2019. This increase was due mainly to increased FTG sales attributable to our Little Chef sites, the conversion of which was completed in 2018, as well as the opening of NTI sites over the six months ended June 30, 2019.

Continental Europe

Revenue from our Continental European operations increased by €2,483, or 100%, from €2,476 million for the six months ended June 30, 2018 to €4,959 million for the six months ended June 30, 2019. This increase was primarily due to (i) increased fuel revenue, driven by increased fuel volumes as a result of the 2018 acquisitions of Esso Italy, NRG C-Stores and Esso Germany and (ii) increased convenience retail and FTG revenue, driven by an increased number of COCO sites acquired through the acquisitions of NRG C-Stores and Esso Germany and continued strong performance in Continental Europe. Setting aside the impact of acquisitions, fuel branding fees in the BeNeLux region, following the rebranding of our fuel offering in the region from Texaco to Esso, and the impact of delayed realization of synergies in France (resulting from the delay in receiving work council's approval for the restructuring of our office center in Cergy offset a portion of these increases) offset a portion of these increases.

North America

Revenue from our North American operations increased by €1,373 million, or 188.1%, from €730 million for the six months ended June 30, 2018 to €2,103 million for the six months ended June 30, 2019. This increase was primarily due to increased fuel revenue and convenience retail and FTG revenue, largely driven by the full six-month impact of the Kroger C-Stores and Minit Mart acquisitions.

Rest of World

Revenue from our Rest of World operations increased by €728 million from nil for the six months ended June 30, 2018 to €728 million for the six months ended June 30, 2019, as we expanded our network to Australia through the FuelCo Acquisition in April 2019 and did not have operations in Australia in the six months ended June 30, 2018.

Cost of Sales

Cost of sales increased by €4,167 million, or 109.7%, from €3,798 million for the six months ended June 30, 2018 to €7,965 million for the six months ended June 30, 2019. This increase was primarily due to increases in wholesale fuel prices, fuel volumes and convenience retail and FTG sales due to the full six-month impact of acquisitions completed in 2018 and the FuelCo Acquisition we completed in 2019.

Gross Profit

Gross profit increased by €483 million, or 87.0%, from €555 million for the six months ended June 30, 2018 to €1,038 million for the six months ended June 30, 2019. This increase was primarily due to increased fuel volumes and convenience retail and FTG sales from the full six-month impact of acquisitions completed in 2018 and the FuelCo Acquisition we completed in 2019.

Distribution Costs

Distribution costs increased by €312 million, or 73.1%, from €427 million for the six months ended June 30, 2018 to €739 million for the six months ended June 30, 2019. This increase was primarily due to the full six-month impact of acquisitions completed in 2018 and the FuelCo Acquisition we completed in 2019.

Administrative Expenses

Administrative expenses increased by €70 million, or 104.5%, from €67 million for the six months ended June 30, 2018 to €137 million for the six months ended June 30, 2019. This increase was primarily due to the full six-month impact of acquisitions completed in 2018 and the FuelCo Acquisition we completed in 2019 and also reflects costs associated with investment in our global service center in the United Kingdom, which serves all our geographic regions.

Other Operating Income

Other operating income decreased by €1 million, or 25.0%, from €4 million for the six months ended June 30, 2018 to €3 million for the six months ended June 30, 2019.

Share of Profit of Equity Accounted Investments

Share of profit of equity accounted investments were nil for the six months ended June 30, 2018 and 2019.

Operating Profit/(Loss)

Operating profit/(loss) increased by €100 million, or 153.8%, from €65 million for the six months ended June 30, 2018 to €165 million for the six months ended June 30, 2019 due to the factors mentioned above.

Finance Income

Finance income decreased by €6 million, or 75.0%, from €8 million for the six months ended June 30, 2018 to €2 million for the six months ended June 30, 2019. This decrease was primarily due to foreign exchange movements, impacting the value of the Group's cash and net debt balances.

Finance Costs

Finance costs increased by €40 million, or 18.0%, from €222 million for the six months ended June 30, 2018 to €262 million for the six months ended June 30, 2019. This increase was primarily due to (i) the recognition of additional finance costs due to the adoption of IFRS 16 and (ii) the additional loans and borrowings incurred to fund the Acquisitions.

Tax

Tax decreased by €13 million, or 130%, from a €10 million tax charge for the six months ended June 30, 2018 to a €3 million tax credit for the six months ended June 30, 2019. This decrease was primarily due to a reduction in the impact of the UK legislation restricting tax deductions in respect of interest costs.

Profit/(Loss) for the Year/Period

Profit/(loss) for the year/period increased by €67 million, or 42.1%, from €(159) million for the six months ended June 30, 2018 to €(92) million for the six months ended June 30, 2019 due to the factors mentioned above.

Comparison of the Year Ended December 31, 2017 to the Year Ended December 31, 2018

	Year ended December 31, 2017	Year ended December 31, 2018	Change in %
	(in € million)		
Revenue	**5,156**	**12,005**	**132.9%**
United Kingdom	2,225	2,375	6.7%
Continental Europe	2,931	6,720	129.3%
North America	—	2,910	100.0%
Rest of World	—	—	—
Cost of sales	(4,406)	(10,512)	138.5%
Gross profit	**750**	**1,493**	**99.1%**
Distribution costs	(537)	(1,051)	95.7%
Administrative expenses	(54)	(246)	355.0%
Other operating income, net	—	45	100.0%
Share of profit of equity accounted investments	1	1	0.0%
Operating profit/(loss)	**160**	**242**	**51.3%**
Finance income	13	12	(7.7)%
Finance costs	(135)	(392)	190.3%
Profit/(loss) before tax	**38**	**(138)**	**(463.2)%**
Tax	(23)	—	100.0%
Profit/(loss) for the year/period	**15**	**(138)**	**(1,020.0)%**

Revenue

Revenue increased by €6,849 million from €5,156 million for the year ended December 31, 2017 to €12,005 million for the year ended December 31, 2018. This increase was primarily due to the acquisitions we completed in 2018, namely the acquisitions of Esso Italy, NRG C-Stores, Kroger C-Stores, Esso Germany and Minit Mart.

United Kingdom

Revenue from our UK operations increased by €150 million, or 6.7%, from €2,225 million for the year ended December 31, 2017 to €2,375 million for the year ended December 31, 2018. This increase was primarily due to enhancements we have made to our UK forecourts, the brand partnerships we have continued to build and leverage and the consistency in quality customer service provided by our employees. In addition, fuel retail prices were generally higher during the year ended December 31, 2018, which more than offset a 2% reduction in fuel volumes compared to the year ended December 31, 2017.

Continental Europe

Revenue from our Continental European operations increased by €3,789 million from €2,931 million for the year ended December 31, 2017 to €6,720 million for the year ended December 31, 2018. This increase was primarily due to the increased number of C-Stores we had in Continental Europe in the year ended December 31, 2018, including as a result of the acquisitions of Esso Italy, NRG C-Stores and Esso Germany. Excluding the impact of these acquisitions, revenue in Continental Europe increased by 5% in the year ended December 31, 2018, primarily due to the increased investment in non-fuel activities across France and the BeNeLux region and the impact of higher retail fuel prices in the year ended December 31, 2018, which offset a 6.7% reduction in fuel volumes. The majority of the reduction in fuel volumes sold was a result of a combination of certain isolated events in France, which resulted in reduced fuel volumes sold. These events included the increase in fuel duty implemented in January 2018, the disruption from the "yellow vests" protests, the impact of the sale of 17 DODO sites in Corsica in October 2017 and decreased volume in the low margin EG Fuel supply division.

North America

Revenue from our North American operations increased by €2,910 million from nil for the year ended December 31, 2017 to €2,910 million for the year ended December 31, 2018, as we expanded our network to the United States through the Kroger C-Stores Acquisition in April 2018 and the acquisition of Minit Mart in December 2018 and did not have operations in North America in the year ended December 31, 2017.

Rest of World

We had no operations or revenue in our Rest of World segment for the year ended December 31, 2017 or the year ended December 31, 2018. We first acquired entities in this region in 2019 in connection with the FuelCo Acquisition.

Cost of Sales

Cost of sales increased by €6,106 million from €4,406 million for the year ended December 31, 2017 to €10,512 million for the year ended December 31, 2018. This increase was primarily due to increases in wholesale fuel prices, increased fuel volumes and convenience retail and FTG sales due to the acquisitions we completed in 2018, namely the acquisitions of Esso Italy, NRG C-Stores, Kroger C-Stores, Esso Germany and Minit Mart.

Gross Profit

Gross profit increased by €743 million from €750 million for the year ended December 31, 2017 to €1,493 million for the year ended December 31, 2018. This increase was primarily due to increased fuel volumes and convenience retail and FTG sales due to the acquisitions we completed in 2018, namely the acquisitions of Esso Italy, NRG C-Stores, Kroger C-Stores, Esso Germany and Minit Mart, partially offset by the dilutive effect on the overall group margin due to the structurally lower fuel margins per liter with certain of our acquired businesses, primarily in the United States and Germany and the lower convenience retail margins of NRG C-Stores, Kroger C-Stores, Esso Germany and Minit Mart. Gross profit in the United Kingdom increased by €26 million, or 8.3%, from €306 million in the year ended December 31, 2017 to €332 million in the year ended December 31, 2018, primarily due to an increase in fuel cents per liter and increased convenience retail and FTG revenue. Excluding the impact of our acquisitions, gross margin in Continental Europe increased by €22 million from €442 million to €464 million driven by increased investment in the non-fuel offering through COCO conversions and roll out of FTG concessions. Fuel margin across Continental Europe remained flat year on year with increases in Benelux offset by reductions in France due to reduced fuel volumes (which compressed margins) and the continued cost investment in non-fuel activities. In addition, generally higher retail prices in Italy adversely affected our margin.

Distribution Costs

Distribution costs increased by €514 million, or 95.7%, from €537 million for the year ended December 31, 2017 to €1,051 million for the year ended December 31, 2018. This increase was primarily due to the acquisitions we completed in 2018, namely the acquisitions of Esso Italy, NRG C-Stores, Kroger C-Stores, Esso Germany and Minit Mart, including the roll-out of FTG outlets and concessions at certain of these acquired sites, and the release in the year ended December 31, 2018, of €33.4 million of re-branding and other provisions recorded in prior fiscal years. Removing the impact of these acquisitions, distribution expenses in the United Kingdom increased by €22.5 million, or 10.7%, in the year ended December 31, 2018, due to the impact of underlying cost inflation, notably, increased labor costs as a result of the national living wage and increased rates, the full-year impact of the acquisition of Wolfson Trago Limited and Wycliffe Moore Limited, companies which together operated 77 Little Chef branded FTG sites across England, Wales and Scotland. Distribution expenses in Continental Europe increased by €40 million, or 12.5%, reflecting the impact of COCO conversions and the roll-out of FTG across France and the BeNeLux region in the year ended December 31, 2018.

Administrative Expenses

Administrative expenses increased by €192 million from €54 million for the year ended December 31, 2017 to €246 million for the year ended December 31, 2018. This increase was primarily due to the acquisitions of Esso Italy, NRG C-Stores, Kroger C-Stores, Esso Germany and Minit Mart. This increase was partially offset by cost savings resulting from the closure of various regional offices in the United States and Italy in order to create the Group shared service center to manage our global operations. Excluding the impact of these acquisitions, administrative expenses in the United Kingdom increased by €30 million, or 80.8%, due to significantly higher costs associated with these acquisitions and related financings in the year ended December 31, 2018, and the increased costs arising from the expansion of our shared service center in Blackburn to support international growth. In Continental Europe, administrative costs decreased by €17 million, primarily due to the impact of the restructuring undertaken in the BeNeLux region and the migration of roles and activities from the Breda office to Blackburn. This reduction was partly offset by severance costs totaling €9 million in relation to the restructuring undertaken in France and the BeNeLux region.

Other Operating Income

Other operating income increased by €45 million from nil for the year ended December 31, 2017 to €45 million for the year ended December 31, 2018. This increase was primarily due to several items in the year ended December 31, 2018, including €31 million of negative goodwill arising as part of the provisional acquisition accounting for the acquisition of Minit Mart, €8 million in income in relation to the transfer of a highway concession in the Netherlands and €4 million in profit arising from the sale of a site in France.

Share of Profit of Equity Accounted Investments

Share of profit of equity accounted investments remained the same at €1 million for the years ended December 31, 2017 and 2018.

Operating Profit/(Loss)

Operating profit/(loss) increased by €82 million, or 51.3%, from €160 million for the year ended December 31, 2017 to €242 million for the year ended December 31, 2018 due to the factors mentioned above.

Finance Income

Finance income decreased by €1 million, or 7.7%, from €13 million for the year ended December 31, 2017 to €12 million for the year ended December 31, 2018. This decrease was primarily due to a reduction in the fair value mark to market gains on our interest rate swaps in the year ended December 31, 2018.

Finance Costs

Finance costs increased by €257 million from €135 million for the year ended December 31, 2017 to €392 million for the year ended December 31, 2018. This increase was primarily due to the additional loans and borrowings incurred in the year ended December 31, 2018 to fund the acquisitions of Esso Italy, NRG C-Stores, Kroger C-Stores, Esso Germany and Minit Mart. In addition, following our refinancing in February 2018, we expensed €112 million representing the unamortized portion of capitalized transaction costs relating to the debt facilities that were repaid in full in such refinancing and refinancing fees.

Tax

Tax decreased by €23 million from €23 million for the year ended December 31, 2017 to nil for the year ended December 31, 2018. This decrease was primarily due to there being a reported profit before tax for the period ended December 31, 2017 of €38 million, compared to a reported loss before tax of €138 million for the period ended December 31, 2018. The deviation from the statutory tax rate for the year ended December 31, 2018 was due primarily to the effects of restrictions on the deductibility of interest costs, and non-deductible acquisition expenses.

Profit/(Loss) for the Year/Period

Profit/(loss) for the year/period decreased by €153 million from €15 million for the year ended December 31, 2017 to €(138) million for the year ended December 31, 2018 due to the factors mentioned above.

Comparison of the Year Ended December 31, 2017 to the 17 Months Ended December 31, 2016

	17 months ended December 31, 2016	Year ended December 31, 2017	Change in %
	(in € million)		
Revenue	**3,162**	**5,156**	**63.1%**
United Kingdom	2,918	2,225	(23.7)%
Continental Europe	244	2,931	1,101.2%
North America	—	—	—
Rest of World	—	—	—
Cost of sales	(2,766)	(4,406)	59.3%
Gross profit	**396**	**750**	**89.4%**
Distribution costs	(261)	(537)	105.7%
Administrative expenses	(64)	(54)	(15.6)%
Other operating income, net	30	—	100.0%
Share of profit of equity accounted investments	—	1	100.0%
Operating profit/(loss)	101	160	58.4%
Finance income	2	13	550.0%
Finance costs	(120)	(135)	12.5%
Profit/(loss) before tax	**(17)**	**38**	**323.5%**
Tax	7	(23)	428.5%
Profit/(loss) for the year/period	**(10)**	**15**	**250.0%**

Revenue

Revenue increased by €1,994 million, or 63.1%, from €3,162 million for the 17 months ended December 31, 2016 to €5,156 million for the year ended December 31, 2017. This increase was primarily due to a full twelve months of contribution from EFR being recognized for the year ended December 31, 2017, whereas for the 17 months ended December 31, 2016, EFR's contribution was recognized only for the period post-acquisition between November 17, 2016 and December 31, 2016. This increase was partly offset by the inclusion of an additional five months of results from our UK operations in the 17 months ended December 31, 2016.

United Kingdom

Revenue from our UK operations decreased by €693 million, or 23.7%, from €2,918 million for the 17 months ended December 31, 2016 to €2,225 million for the year ended December 31, 2017. This decrease was primarily due to the inclusion of an additional five months of results from our UK operations in the 17 months ended December 31, 2016. Without giving effect to the additional five months in the accounting period, revenue from our UK operations would have increased by €149 million, or 7.2%, primarily as a result of increased fuel volumes sold in the year ended December 31, 2017 and the continuous successful development of partnerships with brands including Starbucks, Subway, Greggs, Burger King, SPAR and KFC, with the number of concessions we had, and sales volumes for convenience retail and FTG products, in the United Kingdom increasing in the year ended December 31, 2017.

Continental Europe

Revenue from our Continental European operations increased by €2,687 million from €244 million for the 17 months ended December 31, 2016 to €2,931 million for the year ended December 31, 2017. This increase was primarily due to a full twelve months of contribution from EFR being recognized for the year ended December 31, 2017, whereas for the 17 months ended December 31, 2016, EFR's contribution was recognized only for the period between November 17, 2016 and December 31, 2016. Without giving effect to the acquisition of EFR and the additional five months in the accounting period, revenue from our Continental European operations would have increased by €521 million or 21.6%, from €2,410 million in the twelve months ended December 31, 2016 to €2,931 million in the twelve months ended December 31, 2017, largely due to rising retail fuel price, partially offset by a small reduction in volumes sold and an increase in convenience retail and FTG sales.

North America

We had no operations or revenue in our North America segment for the 17 months ended December 31, 2016 or the year ended December 31, 2017. We first acquired entities in this region in 2018 in connection with the acquisitions of the Kroger C-Stores and Minit Mart.

Rest of World

We had no operations or revenue in our Rest of World segment for the 17 months ended December 31, 2016 or the year ended December 31, 2017. We first acquired entities in this region in 2019 in connection with the FuelCo Acquisition.

Cost of Sales

Cost of sales increased by €1,640 million, or 59.3%, from €2,766 million for the 17 months ended December 31, 2016 to €4,406 million for the year ended December 31, 2017. This increase was primarily due to a full twelve months of contribution from EFR being recognized for the year ended December 31, 2017, whereas for the 17 months ended December 31, 2016, EFR's contribution was recognized only for the period between November 17, 2016 and December 31, 2016. This increase was partly offset by the inclusion of an additional five months of results from our UK operations in the 17 months ended December 31, 2016. Without giving effect to the acquisition of EFR and the additional five months in the accounting period, cost of sales for our UK operations would have increased by €114 million, or 6.3%, primarily as a result of increased fuel volumes and convenience retail and FTG sales in the twelve months ended December 31, 2017. Cost of sales for our Continental European operations would have increased by €496 million, or 24.9%, from €1,993 million in the twelve months ended December 31, 2016 to €2,488 million for our twelve months ended December 31, 2017, primarily due to rising retail fuel prices, partly offset by a small reduction in volumes sold.

Gross Profit

Gross profit increased by €354 million, or 89.4%, from €396 million for the 17 months ended December 31, 2016 to €750 million for the year ended December 31, 2017. This increase was primarily due to a full twelve months of contribution from EFR being recognized for the year ended December 31, 2017, whereas for the 17 months ended December 31, 2016, EFR's contribution was recognized only for the period between November 17, 2016 and December 31, 2016. This increase was partly offset by the inclusion of an additional five months of results from our UK operations in the 17 months ended December 31, 2016. Without giving effect to the acquisition of EFR and the additional five months in the accounting period, gross profit for our UK operations would have increased by €35 million, or 13.2%, from €264 million in the twelve months ended December 31, 2016, to €300 million, primarily as a result of an increase in convenience retail and FTG sales. Gross profit for our Continental European operations would have increased by €25 million, or 5.9%, from €418 million for the twelve months ended December 31, 2016 to €442 million for the twelve months ended December 31, 2017, primarily as a result of increased fuel margins, partly offset by reduced fuel volumes and increases in convenience retail and FTG sales and profit margins.

Distribution Costs

Distribution costs increased by €276 million, or 105.7%, from €261 million for the 17 months ended December 31, 2016 to €537 million for the year ended December 31, 2017. This increase was primarily due to a full twelve months of contribution from EFR being recognized for the year ended December 31, 2017, whereas for the 17 months ended December 31, 2016, EFR's contribution was recognized only for the period between November 17, 2016 and December 31, 2016. This increase was partly offset by the inclusion of an additional five months of results from our UK operations in the 17 months ended December 31, 2016. Without giving effect to the acquisition of EFR and the additional five months in the accounting period, distribution costs for our UK operations would have increased by €34 million, or 23.8%, primarily as a result of the continued roll-out of FTG outlets and concessions across our UK estate and the Little Chef acquisition we completed in February 2017 of 77 Little Chef and other branded FTG outlets and concessions across the United Kingdom.

Administrative Expenses

Administrative expenses decreased by €10 million, or 15.6%, from €64 million for the 17 months ended December 31, 2016 to €54 million for the year ended December 31, 2017. This decrease was primarily due to the

impact of significant exceptional items, which amounted to €38 million in the 17 months ended December 31, 2016, compared to €10 million in the year ended December 31, 2017. In the 17 months ended December 31, 2016, exceptional items primarily included acquisition and transaction related costs associated with the Shell Strawberry acquisition in the United Kingdom and costs associated with the acquisition of EFR in November 2016. In the year ended December 31, 2017, exceptional items included profit from the disposal of the Corsica business of €17 million, offset by acquisition and related transactions costs of €4 million, restructuring costs of €5 million and €17 million impairment of assets, mainly as part of the rebranding of sites in Continental Europe from Texaco to Esso. Administrative expenses, before exceptional items increased from €26 million for the 17 months ended December 31, 2016, to €44 million for the year ended December 31, 2017 which was primarily due to the acquisition of EFR, whose results have been consolidated since November 17, 2016, and the Little Chef acquisition in the United Kingdom in February 2017, partly offset by the inclusion of an additional five months of results from our UK operations in the 17 months ended December 31, 2016 and costs incurred in relation to the establishment of our shared service center in Blackburn, the United Kingdom.

Other Operating Income

Other operating income decreased by €30 million from €30 million for the 17 months ended December 31, 2016 to nil for the year ended December 31, 2017. This decrease was primarily due to negative goodwill arising from the Shell Strawberry and Esso South acquisition in the United Kingdom in the 17 months ended December 31, 2016.

Share of Profit of Equity Accounted Investments

Share of profit of equity accounted investments increased by €1 million from nil for the 17 months ended December 31, 2016 to €1 million for the year ended December 31, 2017. This increase was primarily due to investments in joint ventures in connection with the acquisition of EFR, whose results have been consolidated since November 17, 2016.

Operating Profit/(Loss)

Operating profit/(loss) increased by €59 million, or 58.4%, from €101 million for the 17 months ended December 31, 2016 to €160 million for the year ended December 31, 2017. This increase was primarily due to a full twelve months of contribution from EFR being recognized for the year ended December 31, 2017, whereas for the 17 months ended December 31, 2016, EFR's contribution was recognized only for the period between November 17, 2016 and December 31, 2016. This increase was partly offset by the inclusion of an additional five months of results from our UK operations in the 17 months ended December 31, 2016. Without giving effect to the acquisition of EFR and the additional five months in the accounting period, operating profit for our UK operations would have increased by €18 million, or 28.3%, from €64 million in the twelve months ended December 31, 2016 to €82 million in the twelve months ended December 31, 2017, primarily as a result of increased fuel volumes sold and increased convenience retail and FTG sales and profit margin. Operating profit from our Continental European operations increased by €23 million, or 34%, from €68 million for the twelve months ended December 31, 2016 to €91 million for the twelve months ended December 31, 2017, primarily as a result of increased fuel margins, partly offset by reduced fuel volumes, and increases in convenience retail and FTG sales and profit margins. In addition, exceptional costs were €10 million higher in Continental Europe in the 17 months ended December 31, 2016.

Finance Income

Finance income increased by €11 million from €2 million for the 17 months ended December 31, 2016 to €13 million for the year ended December 31, 2017, primarily as a result of positive fair value gains on our interest rate swaps and foreign exchange translation gains on our foreign currency cash balances.

Finance Costs

Finance costs increased by €15 million, or 12.5%, from €120 million for the 17 months ended December 31, 2016 to €135 million for the year ended December 31, 2017. This increase was primarily due to a full twelve months of contribution from EFR being recognized for the year ended December 31, 2017, whereas for the 17 months ended December 31, 2016, EFR's contribution was recognized only for the period between November 17, 2016 and December 31, 2016. This increase was partly offset by the inclusion of an additional five months of results from our UK operations in the 17 months ended December 31, 2016 and an exceptional write-off of €6 million of unamortized debt issuance costs as part of the refinancing we completed in November 2016. In the year ended December 31, 2017, we also incurred €14 million of foreign exchange losses on foreign currency borrowings due to a weakening of the pound sterling.

Profit/(Loss) Before Tax

Profit/(loss) before tax increased by €55 million from a loss of €17 million for the 17 months ended December 31, 2016, to a profit of €38 million for the year ended December 31, 2017, due to the factors mentioned above.

Tax

Tax increased by €30 million from a credit of €7 million for the 17 months ended December 31, 2016 to an expense of €23 million for the year ended December 31, 2017. This increase was due to a reported loss before tax of €17 million for the 17 months ended December 31, 2016, whereas we reported a profit before tax of €38 million in the year ended December 31, 2017. The deviations from the statutory tax rates were primarily due to non-deductible expenses and the effects of differences in tax rates in overseas territories.

Liquidity and Capital Resources

Historically, our principal sources of funds have been cash generated from our operating activities and borrowings under our Senior Credit Facilities, including our Revolving Credit Facilities. Our principal uses of cash are to complete acquisitions and to fund debt service obligations, working capital and capital expenditures. As of June 30, 2019, we had cash and cash equivalents of €594 million and we had €435 million (equivalent) available to draw under our Revolving Credit Facilities and no amount available to draw under our remaining Senior Term Facilities. On July 1, 2019, we completed (i) the acquisition of Fastrac for a consideration of €236 million (equivalent) and (ii) the sale of our European proprietary cards business, for a consideration of €235 million which generated a profit on the disposal of €154 million. On August 1, 2019, we completed the acquisition of Certified Oil for a consideration of €135 million (equivalent).

Our principal source of liquidity on an ongoing basis is expected to be our operating cash flows and borrowings under our Revolving Credit Facilities and Letter of Credit Facilities. Our ability to generate cash depends on our future operating performance, which, in turn, depends to some extent on general economic, financial, industry and other factors, many of which are beyond our control.

Cash Flows

The following table sets forth our consolidated statement of cash flows for the periods indicated.

	17 months ended December 31,	Year ended December 31,		Six months ended June 30,	
	2016	2017	2018	2018	2019
	(in € million)				
Net cash from operating activities	133	263	380	207	332
Net cash used in investing activities	(915)	(168)	(3,540)	(2,230)	(1,246)
Net cash (used in)/from financing activities	845	(7)	3,256	2,053	1,225
Net increase in cash and cash equivalents	**63**	**88**	**96**	**30**	**311**
Cash and cash equivalents at beginning of the year/period	31	89	172	172	269
Effect of foreign exchange rate changes	(5)	(5)	1	6	14
Cash and cash equivalents at end of the year/period	**89**	**172**	**269**	**208**	**594**

Cash Flows Used in/from Operating Activities

Comparison of the Six Months Ended June 30, 2018 and 2019

Net cash flows from operating activities increased by €168 million, or 81.2%, from €207 million for the six months ended June 30, 2018 to €375 million for the six months ended June 30, 2019. This increase was primarily due to the FuelCo Acquisition we completed in 2019, whose results have been consolidated since the date of the FuelCo Acquisition.

Comparison of the Years Ended December 31, 2017 and 2018

Net cash flows from operating activities increased by €117 million, or 44.5%, from €263 million for the year ended December 31, 2017 to €380 million for the year ended December 31, 2018. This increase was primarily due to the acquisitions we completed in 2018, namely the acquisitions of Esso Italy, NRG C-Stores, Kroger C-Stores, Esso Germany and Minit Mart, whose results have been consolidated since their respective date of acquisition. Cash flows used in operating activities in 2018 included a one-off working capital outflow of approximately €80 million following the acquisition of Esso Germany due to a change in payment terms on completion for fuel from Exxon Mobil for the business we acquired, which previously bought fuel on longer payment terms.

Comparison of the 17 Months Ended December 31, 2016 and the Year Ended December 31, 2017

Net cash flows from operating activities increased by €130 million, or 97.7%, from €133 million for the 17 months ended December 31, 2016 to €263 million for the year ended December 31, 2017. This increase was primarily due to the acquisition of EFR, whose results have been consolidated since November 17, 2016, partly offset by the inclusion of an additional five months of results from our UK operations in the 17 months ended December 31, 2016.

Cash Flows Used in/from Investing Activities

Comparison of the Six Months Ended June 30, 2018 and 2019

Net cash flows used in investing activities decreased by €984 million from €2,230 million for the six months ended June 30, 2018, to €1,246 million for the six months ended June 30, 2019. This decrease was primarily due to the cash flow impact of the FuelCo Acquisition.

Comparison of the Years Ended December 31, 2017 and 2018

Net cash flows used in investing activities increased by €3,372 million from €168 million for the year ended December 31, 2017 to €3,540 million for the year ended December 31, 2018. This increase was primarily due to the cash flow impact relating to our acquisitions of Esso Italy, NRG C-Stores, Kroger C-Stores, Esso Germany and Minit Mart.

Comparison of the 17 Months Ended December 31, 2016 and the Year Ended December 31, 2017

Net cash flows used in investing activities decreased by €747 million, or 81.6%, from €915 million for the 17 months ended December 31, 2016 to €168 million for the year ended December 31, 2017. This decrease was primarily due to the cash flow impact of €827 million in the 17 months ended December 31, 2016, relating to our acquisition of EFR in November 2016, the Shell Strawberry acquisition in October 2015 and our acquisition of the trade and assets of Esso South in September 2015. This decrease was partly offset by deposits in the amount of €33 million paid for Esso Italy and proceeds in the amount of €22 million received relating to the Corsica disposal in the year ended December 31, 2017, and cash consideration of €31 million paid for the acquisitions of the Orchard Group Limited, Wolfson Trago Limited, Wycliffe Moore Limited and the Velaine site in Belgium in the year ended December 31, 2017.

Cash Flows Used in/from Financing Activities

Comparison of the Six Months Ended June 30, 2018 and 2019

Net cash flows used in financing activities decreased by €783 million from €2,053 million for the six months ended June 30, 2018, to net cash from financing activities of €1,270 million for the six months ended June 30, 2019, primarily due to the borrowings used to finance the FuelCo Acquisition.

Comparison of the Years Ended December 31, 2017 and 2018

Net cash flows used in financing activities was €7 million for the year ended December 31, 2017, compared to net cash from financing activities of €3,256 million for the year ended December 31, 2018, primarily due to the additional borrowings to finance the acquisitions of Esso Italy, NRG C-Stores, Kroger C-Stores, Esso Germany and Minit Mart.

Comparison of the 17 Months Ended December 31, 2016 and the Year Ended December 31, 2017

Net cash flows from financing activities decreased by €852 million from €845 million for the 17 months ended December 31, 2016 to net cash flow used in financing activities of €7 million for the year ended December 31, 2017. This decrease was primarily due to the higher proceeds from borrowings after adjusting repayment of borrowings of €946 million in the 17 months ended December 31, 2016, compared to proceeds from borrowings after adjusting repayment of borrowings of €76 million in the year ended December 31, 2016, partly offset by an increase in interest paid in the 17 months ended December 31, 2016.

Working Capital

We typically have a negative working capital position reflecting creditor payment terms exceeding stock holding and debtor cash collection, as discussed in more detail below.

- Trade and other payables: The average trade payable days vary for the different products. We have different payment terms across our fuel suppliers varying between one and 21 days. There has been a trend in the reduction of payment days for fuel purchases due to a gradual shift to suppliers who offer fewer payment days, partly in return for more attractive purchasing costs per liter. Retail supplier payment days vary between twelve and 33 days and FTG payment days vary between 21 and 45 days.
- Inventories: Average stock days were 19 days for the six months ended June 30, 2019.

The table below sets forth a summary of cash movements in our working capital for the periods indicated, derived from our consolidated cash flow statements:

	17 months ended December 31,	Year ended December 31,		Six months ended June 30,
	2016	2017	2018	2019
	(in € million)			
(Increase)/Decrease in inventories	(24)	(16)	(28)	23
(Increase)/Decrease in receivables	33	(63)	2	(78)
Increase/(Decrease) in payables	(7)	58	19	32
Cash movements in working capital	**2**	**(21)**	**(7)**	**(23)**

Cash outflow from movements in working capital amounted to €(23) million for the six months ended June 30, 2019, and was primarily driven by timing differences with a decrease in inventories held, partly offset by increased payables.

Cash outflow from movements in working capital amounted to €(7) million for the year ended December 31, 2018, and was primarily driven by timing differences with an increase in inventories held, partly offset by increased payables.

Cash outflow from changes in working capital amounted to €21 million for the year ended December 31, 2017, and was primarily driven by timing differences with an increase in receivables and inventory held, partly offset by an increase in payables.

Cash inflow from movements in working capital amounted to €2 million for the 17 months ended December 31, 2016, and was primarily driven by timing differences with a decrease in receivables, partly offset by an increase in inventory held.

Capital Expenditures

Our capital expenditures for the 17 months ended December 31, 2016, the years ended December 31, 2017, and 2018 and the six months ended June 30, 2018 and 2019, relate primarily to (i) the refurbishment, change in the operating model and rebranding of some of our existing sites, (ii) roll-out programs, (iii) new-to-industry sites, (iv) the acquisition of new sites and new businesses and the integration of our newly acquired sites into our existing brands and formats, (v) the maintenance of the performance of our network, (vi) the knock-down and rebuilding of existing sites and (vii) highway concessions.

The table below sets forth our capital expenditures for the periods presented. None of the metrics set forth in the table below is a measurement of our financial performance under IFRS and should not be considered as alternatives to financial information presented in accordance with IFRS. We present these non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-IFRS measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. You should compensate for these limitations by relying primarily on our financial statements and using these non-IFRS financial measures only supplementally to evaluate our performance.

	17 months ended December 31,	Year ended December 31,		Six months ended June 30,	
	2016	2017	2018	2018	2019
	(in € million)				
Maintenance Capital Expenditure[(1)]	9	17	29	10	23
Growth Capital Expenditure:					
Capital Expenditure on Acquired Sites[(2)]	11	35	29	15	17
United Kingdom	N/A	26	23	13	13
Continental Europe	N/A	9	6	2	3
North America	—	—	—	—	1
Rest of World	—	—	—	—	—
Capital Expenditure on New Sites[(3)]	57	17	41	8	16
United Kingdom	N/A	9	20	7	10
Continental Europe	N/A	8	19	1	2
North America	—	—	2	—	3
Rest of World	—	—	—	—	1
Capital Expenditure on Existing Sites[(4)]	14	65	115	34	53
United Kingdom	N/A	39	58	18	23
Continental Europe	N/A	26	53	15	22
North America	—	—	4	1	8
Rest of World	—	—	—	—	—
Total Capital Expenditure[(5)]	**90**	**134**	**214**	**67**	**109**

(1) We define Maintenance Capital Expenditure as capital expenditure required to maintain the performance of our network.

(2) We define Capital Expenditure on Acquired Sites as capital expenditure on the acquisition of new sites and the integration of newly acquired sites into our existing brands and formats, including with respect to rebranding our acquired sites and implementing synergy programs.

(3) We define Capital Expenditure on New Sites as capital expenditure on new sites, such as new-to-industry sites and new highway PFS sites, including with respect to rolling out non-fuel offerings at these sites.

(4) We define Capital Expenditure on Existing Sites as capital expenditure on existing sites, including the refurbishment of existing sites, including extensions, minor refits of our existing PFS sites, the change in the operating model of some of our existing sites and the rebranding of our existing sites.

(5) Total Capital Expenditure represents the total cash paid for the purchases of property, plant and equipment and cash paid for the purchases of intangibles.

Capital expenditures for the six months ended June 30, 2019 were €109 million, an increase of €45 million, or 70%, from €64 million for the six months ended June 30, 2018. This increase was primarily due to the acquisition of new sites and the development of existing sites to expand non-fuel offerings in FTG and retail, and maintenance of the site portfolio.

Capital expenditures for the year ended December 31, 2018 were €214 million, an increase of €80 million, or 60%, from €134 million for the year ended December 31, 2017. This increase was primarily due to an expansion of FTG outlets and concessions as well as convenience retail stores in the United Kingdom, the United States and Continental Europe as we increased our purchases of motorway concessions and initiated PFS refits, including programs we conduct to achieve synergies.

Capital expenditures for the year ended December 31, 2017 were €134 million, an increase of €43 million, or 47%, from €91 million for the 17 months ended December 31, 2016. This increase was primarily due to our continued investment in our estate portfolio in the United Kingdom and Continental Europe in the year ended December 31, 2017.

We estimate that we will require capital expenditures of approximately €250 million for the year ending December 31, 2019, of which we expect approximately €90 million will consist of Maintenance Capital Expenditures. We estimate that we will require capital expenditures of approximately €300 million to €350 million for the year ending December 31, 2020, of which we expect approximately €90 million will consist of Maintenance Capital Expenditures. Our estimates with respect to such future capital expenditure requirements may vary based on changes in the pace of our roll-out of new-to-industry sites and FTG concessions.

Our capital expenditure requirements vary from year to year based on, among other factors, different capital intensity in different operations and markets, specific reinvestment requirements in relation to our sites and specific initiatives to develop our technologies, and as such, we cannot assure you that our level of capital expenditure will not increase significantly in the future.

Off-Balance Sheet Arrangements

Our off-balance sheet liabilities relate primarily to land, buildings and vehicles under various operating lease agreements. As of June 30, 2019, we recorded expense of €37 million for guarantees, payments under lease agreements not recorded on our balance sheet and expenses in relation to property, plants, equipment and vehicles.

Except as described above, we are not party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, revenue or expenses, results of operations, liquidity, capital expenditure or capital resources.

Quantitative and Qualitative Disclosures About Market Risk

In the ordinary course of business, we are exposed to a variety of market risks including credit risk, interest rate risk and liquidity risk. We monitor and manage these risks as a part of our overall risk management. The following section discusses the significant financial risks to which we are exposed. This discussion does not address other risks to which we are exposed in the ordinary course of business, such as operational risks.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Certain of our credit facilities bear interest at variable rates and therefore our earnings and cash flow are subject to fluctuation from changes in LIBOR and EURIBOR. Increases in short-term interest rates will increase debt service requirements and reduce earnings and net cash flows. We have historically managed our interest rate risk through the use of interest rate swaps. Hedging activities are evaluated regularly and reflect interest rate views and a defined risk appetite ensuring the most cost-effective hedging strategies are applied. While we may enter into additional hedging agreements in the future, we may also elect not to do so or the terms on which we hedge may not be satisfactory or may fail to adequately protect us from changes in interest rates.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. Sales to retail customers are settled in cash or using major credit cards.

Our trade receivable balances comprise a number of individually small amounts from unrelated customers, over a number of geographical areas. Concentration of risk is therefore limited.

We have adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. We regularly monitor our exposure and the credit ratings of our counterparties, taking into account, among other factors, the financial position of customers and our past experience.

We have no significant concentration of credit risk. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity Risk

Liquidity risk is the risk of not being able to fulfill present or future obligations if we do not have sufficient funds available to meet such obligations at the time they become due. Liquidity risk arises mostly in relation to cash flows generated and used in working capital and from financing activities, particularly by servicing our debt, in terms of both interest and principal, and our payment obligations relating to our ordinary business activities.

We believe we have established an appropriate liquidity risk management framework for the management of our short, medium and long-term funding and liquidity management requirements. We mitigate our liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by regularly monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. We also benefit from a structurally negative working capital cycle, which is regularly monitored by management.

Foreign Currency Risk

Our results of operations are subject to foreign currency translation and transaction effects because we have operations in Australia, Belgium, France, Germany, Italy, Luxembourg, the Netherlands, the United Kingdom and the United States, which are and will be conducted primarily in the respective local currency, and because we source products from suppliers worldwide. As we present our consolidated financial statements in euro, we must translate the assets, liabilities, revenue and expenses of all of our operations with a functional currency other than the euro into euro at then-applicable exchange rates. Consequently, increases or decreases in the value of these currencies against the euro may affect the value of our assets, liabilities, revenue and expenses with respect to our non-euro businesses in our consolidated financial statements, even if their value has not changed in their original currency, which creates translation risk.

We have or may have in the future intra-group and external loans where the denomination of the loan is in a currency other than the currency of the lender or borrower. As a result, we are and expect to be subject to certain shifts in currency valuations, such as the depreciation of the euro against the pound sterling, U.S. dollar or Australian dollar and vice versa.

The Debt Financing will be denominated in U.S. dollars and in euro, and changes in foreign exchange rates will therefore give rise to foreign exchange exposure with respect to the Debt Financing.

Where we consider necessary, we use foreign exchange forward contracts to hedge these exposures. While we may enter into additional hedging agreements in the future, we may also elect not to do so or the terms on which we hedge may not be satisfactory or may fail to adequately protect us from changes in foreign exchange rates.

Significant Accounting Policies

We adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. We elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. We also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

EG GROUP LIMITED

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE SIX MONTHS ENDED JUNE 30 2019 AND 2018

EG Group Limited

Condensed consolidated income statement
For the six month period ended June 30, 2019

	Note	6 months ended June 30, 2019 Before exceptional items €m	Exceptional items (note 3) €m	After exceptional items €m	6 months ended June 30, 2018 Before exceptional items €m	Exceptional items (note 3) €m	After exceptional items €m
Continuing operations							
Revenue	4	**9,003**	**—**	**9,003**	**4,353**	**—**	**4,353**
Cost of sales		(7,965)	—	(7,965)	(3,798)	—	(3,798)
Gross profit		**1,038**	**—**	**1,038**	**555**	**—**	**555**
Distribution costs		(739)	—	(739)	(427)	—	(427)
Administrative expenses		(103)	(34)	(137)	(16)	(51)	(67)
Other operating income		3	—	3	4	—	4
Operating profit/(loss)		**199**	**(34)**	**165**	**116**	**(51)**	**65**
Finance income		2	—	2	8	—	8
Finance costs		(247)	(15)	(262)	(110)	(112)	(222)
(Loss)/profit before tax		**(46)**	**(49)**	**(95)**	**14**	**(163)**	**(149)**
Tax		(3)	6	3	(4)	(6)	(10)
(Loss)/profit for the period		**(49)**	**(43)**	**(92)**	**10**	**(169)**	**(159)**

EG Group Limited

Condensed consolidated statement of comprehensive income
For the period ended June 30, 2019

	6 months ended June 30, 2019 €m	6 months ended June 30, 2018 €m
Loss for the period	**(92)**	**(159)**
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to income statement		
Exchange differences on translation of foreign operations	2	(1)
Items that will not be reclassified subsequently to income statement		
Re-measurements on defined benefit pension plan	(4)	—
Tax on items that will not be reclassified	—	—
Other comprehensive loss for the period	**(2)**	**(1)**
Total comprehensive loss for the period	**(94)**	**(160)**

EG Group Limited

Condensed consolidated balance sheet
For the period ended June 30, 2019

	Note	June 30, 2019 €m	December 31, 2018 €m
Non-current assets			
Goodwill	6	3,524	2,557
Other intangible assets	8	405	544
Property, plant and equipment	7	3,192	2,937
Right of use assets	2	1,138	—
Interests in joint ventures		7	—
Deferred tax asset		185	204
Financial assets		—	1
Trade and other receivables		136	69
		8,587	6,312
Current assets			
Inventories		404	293
Trade and other receivables		615	336
Current income tax assets		3	16
Assets classified as held for sale		81	365
Cash and cash equivalents		594	269
		1,697	1,279
Total assets		**10,284**	**7,591**
Current liabilities			
Trade and other payables		(1,363)	(795)
Current income tax liabilities		(13)	(21)
Borrowings	9	(143)	(355)
Lease liabilities	2	(125)	—
Provisions for other liabilities and charges	12	(26)	(26)
Liabilities classified as held for sale		—	(310)
Derivative financial instruments		—	(4)
Employee benefit obligations		(13)	—
		(1,683)	(1,511)
Net current assets/(liabilities)		14	(232)
Non-current liabilities			
Trade and other payables		(46)	(45)
Borrowings	9	(6,733)	(5,030)
Lease liabilities	2	(916)	—
Derivative financial instruments		(2)	—
Provisions for other liabilities and charges	12	(302)	(260)
Deferred tax liabilities		(294)	(351)
Employee benefit obligations		(34)	(26)
		(8,327)	(5,712)
Total liabilities		**(10,010)**	**(7,223)**
Net assets		**274**	**368**
Equity			
Share capital		—	—
Share premium account		1,587	1,587
Merger reserve		(1,188)	(1,188)
Currency translation reserve		(61)	(63)
(Accumulated deficit)/ retained earnings		(64)	32
Total equity		**274**	**368**

EG Group Limited

Condensed consolidated statement of changes in equity
For the period ended June 30, 2019

Equity attributable to equity holders of the Company

	Share capital €m	Share premium account €m	Merger reserve €m	Currency translation reserve €m	Retained earnings €m	Total equity €m
Balance at January 1, 2018	**—**	**1,587**	**(1,188)**	**(61)**	**169**	**507**
Loss for the period	—	—	—	—	(159)	(159)
Other comprehensive loss for the period	—	—	—	(1)	—	(1)
Total comprehensive loss	—	—	—	(1)	(159)	(160)
Balance at June 30, 2018	**—**	**1,587**	**(1,188)**	**(62)**	**10**	**347**
Balance at January 1, 2019	**—**	**1,587**	**(1,188)**	**(63)**	**32**	**368**
Loss for the period	—	—	—	—	(92)	(92)
Other comprehensive income/(loss) for the period	—	—	—	2	(4)	(2)
Total comprehensive income/(loss)	—	—	—	2	(96)	(94)
Balance at June 30, 2019	**—**	**1,587**	**(1,188)**	**(61)**	**(64)**	**(274)**

EG Group Limited

Condensed consolidated cash flow statement
For the six month period ended June 30, 2019

	Note	6 months ended June 30, 2019 €m	6 months ended June 30, 2018 €m
Net cash from operating activities		**332**	**207**
Investing activities			
Proceeds on disposal of property, plant and equipment		2	4
Purchases of property, plant and equipment		(109)	(64)
Purchases of intangibles		—	(3)
Acquisition of subsidiary, net of cash acquired	13	(1,063)	(1,903)
Acquisition of trade and assets, net of cash acquired	13	(5)	(264)
Deposits paid for acquisitions		(71)	—
Net cash used in investing activities		**(1,246)**	**(2,230)**
Financing activities			
Interest paid		(170)	(58)
Payment of lease liabilities		(69)	—
Loan issuance costs paid		(34)	(127)
Repayments of borrowings		(1,233)	(1,317)
Proceeds from new borrowings		2,731	3,555
Net cash from financing activities		**1,225**	**2,053**
Net increase in cash and cash equivalents		**311**	**30**
Cash and cash equivalents at beginning of the period		**269**	**172**
Effect of foreign exchange rate changes		14	6
Cash and cash equivalents at end of the period		**594**	**208**

1. General information and basis of preparation

EG Group Limited is a Company incorporated and domiciled in the United Kingdom under the Companies Act. The Company is a private Company limited by shares and is registered in England (Registration number 09826582), and the address of the registered office is Euro House, The Beehive Trading Park, Haslingden Road, Blackburn, Lancashire, BB1 2EE.

The principal activities of the Company and its subsidiaries ("the Group") are to operate as a forecourt retailer providing two primary categories of products: Fuel and Merchandise (including convenience retail and Food-to-Go "FtG") and an additional category of other services.

The interim consolidated financial statements (the 'interim financial statements') of the Group have been prepared for the six month period ended June 30, 2019. Comparative results are provided for the six month period ended June 30, 2018.

The interim financial statements are unaudited, and do not constitute financial statements within the meaning of Section 434 of the Companies Act 2006 and do not include all of the information and disclosures required for full annual financial statements.

The interim financial statements should be read in conjunction with the 2018 Annual Report and Financial Statements, which have been prepared in accordance with IFRSs as adopted by the European Union. The auditor reported on those accounts: their report was unqualified; did not draw attention to any matters by way of an emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. This is available to download from http://www.eurogarages.com/pdf/EG2018.pdf.

Basis of preparation

These unaudited consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union.

The interim financial statements are presented in Euro, rounded to the nearest million.

They are prepared on the historical cost basis, except for financial amounts that are measured at fair values at the end of each reporting period.

Going concern

The Directors have a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. In their consideration of going concern, the Directors have reviewed the Group's future cash flow forecasts and profit projections, on both a base case and sensitised basis, considering the principal risks and uncertainties of the Group.

These forecasts have been prepared based on market data, past experience and expected trading on newly acquired businesses. Furthermore, this review considered the implications of the changes to the Group's financing facilities as detailed in note 9 and the impact of the integration of the Groups acquisition activity. Under all scenarios there was sufficient headroom on covenants and cash headroom.

In arriving at their conclusion that the Group has adequate financial resources, the Directors were mindful of the level of borrowings and facilities as set out in note 9 and that the Group has a robust policy towards liquidity and cash flow management. The Directors are of the opinion that the Group's forecasts and projections, which take into account reasonably possible changes in trading performance, show that the Group is able to operate within its current facilities and comply with its banking covenants for the foreseeable future.

1. General information and basis of preparation (continued)

Going concern (continued)

Accordingly, the Directors have, at the time of approving these unaudited consolidated interim financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis of accounting.

Significant accounting policies, judgements and estimates

Except as described below, the accounting policies, judgements and estimates applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements in the 2018 Annual Report and Financial Statements.

Taxes on income in the interim periods are recognised based on the estimated weighted average effective annual tax rate expected for the full financial year.

The Group adopted IFRS 16: 'Leases' from January 1, 2019. Adoption represents a significant change in accounting for lease arrangements in which the Group is a lessee as the standard requires the on-balance sheet recognition of all lease liabilities and a corresponding right-of-use asset. An explanation of the new accounting policy adopted by the Group and the impact on the Group's Financial Statements is detailed in note 2.

2. New standards adopted by the Group

This note explains the impact of the adoption of IFRS 16: 'Leases' on the Group's financial statements and discloses the new accounting policies that have been applied from January 1, 2019.

The Group adopted IFRS 16 using the modified retrospective method of adoption, where the asset equals the liability on transition, with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Group utilised the recognition exemptions for both short-term leases applicable to machinery, property and vehicle assets that have a lease term of 12 months or less and for leases of low value assets, including IT equipment. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term.

The Group has also applied wherever applicable the following practical expedients:

- C10(a) application of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- C10(b) reliance on previous assessment of whether leases are onerous in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Asset's immediately before the date of initial application as an alternative to performing an impairment review;
- C10(c) election not to apply the measurement requirements of the standard to leases where the term ends within 12 months of the date of initial application;
- C10(d) exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Nature of the effect of adoption of IFRS 16

The Group leases forecourts, convenience stores, offices and cars. Rental contracts are typically made for fixed periods of 3 to 30 years but may have extension options as described below.

2. New standards adopted by the Group (continued)

Nature of the effect of adoption of IFRS 16 (continued)

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Adjustments recognized on adoption of IFRS 16

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee entities incremental borrowing rate as of January 1, 2019.

The Group's weighted average incremental borrowing rate applied to lease liabilities on January 1, 2019 ranges from 2.9% to 7.7%, determined by the country in which the lessee is located and the remaining term of the lease.

The effect of adoption IFRS 16 as at January 1, 2019 (increase/(decrease)) is as follows

	€m
Assets	
Right of use assets	757
Intangible assets	(105)
Other assets	(13)
Trade and other receivables	(9)
Total assets	**630**
Liabilities	
Lease liabilities	654
Provisions	(24)
Total liabilities	**630**

There was no impact to retained earnings as a result of the Group's adoption of IFRS 16 as at January 1, 2019.

The Group's opening lease liability of €654m is not directly comparable to the Group's total operating lease commitments at Dec 31, 2018, as disclosed in the EG Group 2018 Annual Report and Financial Statements. This is due to the impact of discounting the lease liability, assumed extension options included in the lease liability and the exclusion of liabilities relating to short term leases and low value assets in the opening lease liability.

On completion of the acquisition of the Woolworths Petrol Business in Australia on April 1, 2019, additional lease liabilities and right of use assets of €432m were recognized by the Group (see note 13).

2. New standards adopted by the Group (continued)

Summary of new accounting policies

Set out on the following pages are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accrual of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, restoration costs, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

2. New standards adopted by the Group (continued)

Summary of new accounting policies (continued)

Short-term leases and leases of low-value assets (continued)

It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Critical judgements in determining the lease term

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Amounts recognized in the balance sheet and income statement

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right of use assets			Lease liabilities
	Property €m	Vehicles €m	Total €m	€m
As at January 1, 2019	**755**	**2**	**757**	**(654)**
Additions/remeasurements	8	—	8	(8)
Additions from acquisition of subsidiaries	432	—	432	(432)
Depreciation expense	(50)	—	(50)	—
Interest expense	—	—	—	(21)
Payments	—	—	—	65
Exchange differences	(9)	—	(9)	9
At June 30, 2019	**1,136**	**2**	**1,138**	**(1,041)**

The Group recognized rent expenses from short-term leases of €4m, leases of low-value assets of €3m and variable lease payments of €30m for the six months ended June 30, 2019.

3. Exceptional items

In order to allow a better understanding of the underlying trading performance of the Group, items recognized in reported profit or loss before tax which, by virtue of their size and or nature, do not reflect the Group's underlying performance are shown as exceptional items. These items are as follows:

	6 months ended June 30, 2019 €m	6 months ended June 30, 2018 €m
Included within operating profit:		
Acquisition and transaction related costs	(30)	(53)
Profit arising on disposal of property plant and equipment and investments	—	4
Restructuring costs	(4)	(2)
	(34)	**(51)**
Included within finance costs:		
Transaction related finance costs	(1)	—
Loss on extinguishment of debt on refinancing	(14)	(112)
Tax on exceptional items	6	(6)
Total exceptional items	**(43)**	**(169)**

All items are shown gross, unless IFRS permits netting of such expenditure.

Tax on exceptional items has been calculated using the applicable statutory tax rate for taxable items.

For the six month period ended June 30, 2019

Exceptionals for the period primarily relate to acquisition and transaction related costs, incurred primarily as a result of the acquisition that completed in Australia, being €27.0m related to stamp duty costs and €2.7 m of acquisition related fees.

€0.7m professional fees are included in exceptionals relating to the sale of the proprietary cards business ("EG business"), a transaction that completed on July 1, 2019 (see note 14).

Restructuring costs of €4.0m relate to the restructuring of management and support teams in the US and Australia.

Following the Group's financing exercise to secure the necessary additional term loan funding for the 2019 acquisition in Australia, the arrangement fees and exit fees for the bridging loans totaling €14.2m were expensed in the period. The bridging loans were repaid with proceeds from the Group's debut issue of Senior Secured Notes on May 13, 2019.

For the six month period ended June 30, 2018

Exceptional items in the period ended June 30, 2018 primarily relate to acquisition and transaction related costs, incurred as a result of the acquisitions that completed in the period in Italy, the Netherlands ("NRG") and the USA (Kroger C-stores).

Profits arising on disposal and exit of properties, net of fees incurred, amounted to €3.7m.

Restructuring costs of €2.0m relate to the restructuring of management and support teams across the Group including associated legal costs.

Following the Group's refinancing in February 2018, for the purpose of funding the acquisitions, which have been accounted for as an extinguishment of the pre-existing debt, gave rise to an extinguishment loss of €112.0m.

4. Revenue

An analysis of the Group's revenue is as follows:

	6 months ended June 30, 2019	6 months ended June 30, 2018
Continuing operations		
Sale of goods		
Fuel sales	7,428	3,658
Convenience retail sales	1,204	541
Food-to-Go sales	172	124
Revenue from the provision of services	199	30
Revenue per income statement	**9,003**	**4,353**

Details on the accounting treatment of fuel duty, within fuel sales, is detailed in the Group accounting policies in the annual financial statements of EG Group Limited for the year ended December 31, 2018.

Revenue from the provision of services includes dealer and franchise revenues, commissions received for ancillary services and car wash revenues.

5. Operating segments

The reportable segments identified are the United Kingdom, Continental Europe, North America and the Rest of World, which reflect the way internal reporting is used by the Executive Directors to allocate resources. Benelux, France, Italy, Netherlands and Germany are combined into a single reporting segment because they show similar long-term economic performance, have comparable products, customers and distribution channels. The accounting policy for determination of operating segments and the reporting of transactions in each reportable segments are detailed in the Annual Report and Financial Statements of EG Group Limited for the year ended December 31, 2018. Segment profit represents the adjusted EBITDA earned by each segment. This is the measure used by Chief Executives for the purpose of resource allocation and assessment of segment performance. The segment results and the reconciliation of the segment measures to the loss after tax presented in the Consolidated Income Statement are as follows:

€m	6 months ended June 30, 2019					6 months ended June 30, 2018				
	UK	Europe	North America	Rest of world[3]	Group Total	UK	Europe[1]	North America[2]	Rest of world[3]	Group Total
Revenue										
Fuel	975	4,391	1,396	666	7,428	933	2,225	500	—	3,658
Convenience retail	124	364	654	62	1,204	120	206	215	—	541
Food-to-Go	108	38	26	—	172	88	29	7	—	124
Other	6	166	27	—	199	6	16	8	—	30
Total revenue	1,213	4,959	2,103	728	9,003	1,147	2,476	730	—	4,353
Adjusted EBITDA	80	168	125	33	406	62	105	35	—	202
Exceptional items[4]					(34)					(51)
Right of use asset depreciation					(50)					—
Depreciation and amortization					(158)					(86)
Finance income					2					8
Finance costs					(261)					(222)
Loss before tax					**(95)**					**(149)**
Tax charge					3					(10)
Loss after tax					**(92)**					**(159)**

5. Operating segments (continued)

1 The Europe comparatives incorporate the results of acquisitions in Italy, Germany and the Netherlands ("NRG"), from their respective acquisition dates
2 The first operations in North America (Kroger C-Stores) were acquired in April 2018. The above table reflects the results of the Kroger c-store business for the period from acquisition. Minit Mart was acquired in December 2018 so is reflected in 2019 only.
3 The first operations for the Rest of World were acquired in April 2019. The above table reflects the results of EG Australia from its acquisition date of April 1, 2019 to June 30, 2019.
4 Exceptional items presented reflect those impacting EBITDA, and therefore exclude exceptional finance costs and tax on exceptionals.

6. Goodwill

	€m
Cost	
At January 1, 2018	**947**
Recognized on acquisition of subsidiaries	1,690
Exchange differences	59
Transfer to disposal group classified as held for sale	(139)
At December 31, 2018	**2,557**
Remeasurement of 2018 acquisitions	9
At January 1, 2019	**2,566**
Recognized on acquisition of subsidiaries (see note 13)	896
Transfer from disposal group classified as held for sale (note 14)	80
Exchange differences	(18)
At June 30, 2019	**3,524**
Carrying amount	
At June 30, 2019	**3,524**
At December 31, 2018	**2,557**

Goodwill of €893m arose on acquisitions that completed in 2019, comprising additions in Australia (for the Woolworths Petrol business) of €893 and additions in the UK (for the Urban Origin Business) and the USA (for the East Earl site) totaling €3m. A measurement period adjustment of €9m, represents an increase to the goodwill arising on the 2018 Germany acquisition.

7. Property, plant and equipment

	Land and buildings €m	Fixtures and fittings €m	Assets under construction €m	Total €m
Cost				
At December 31, 2018	**2,339**	**905**	**46**	**3,290**
Transfer from disposal group classified as held for sale (note 14)	9	29	1	39
Additions	42	21	46	109
Additions from acquisition of subsidiaries	36	229	8	273
Disposals	(16)	(1)	—	(17)
Transfers	—	1	(1)	—
Exchange differences	(4)	(3)	—	(7)
At June 30, 2019	**2,406**	**1,181**	**100**	**3,687**
Accumulated depreciation and impairment				
At December 31, 2018	**(199)**	**(154)**	**—**	**(353)**
Transfer from disposal group classified as held for sale (note 14)	(1)	(15)	—	(16)
Charge for the period	(57)	(74)	—	(131)
Eliminated on disposals	4	1	—	5
At June 30, 2019	**(253)**	**(242)**	**—**	**(495)**
Carrying amount				
At June 30, 2019	**2,153**	**939**	**100**	**3,192**
At December 31, 2018	**2,140**	**751**	**46**	**2,937**

8. Other intangible assets

	Concession rights €m	Customer/ Dealer relationships €m	Trade names €m	Other intangible assets €m	Total €m
Cost					
At December 31, 2018	**101**	**232**	**214**	**76**	**623**
Reclassification to right of use assets on transition to IFRS 16	**(101)**	**—**	**—**	**(18)**	**(119)**
At January 1, 2019	**—**	**232**	**214**	**58**	**504**
Transfer from disposal group classified as held for sale (note 14)	**—**	**2**	**—**	**—**	**2**
Additions from separate acquisitions	—	—	—	1	1
Disposals	—	—	—	(9)	(9)
Exchange differences	—	1	1	(3)	(1)
At June 30, 2019	**—**	**235**	**215**	**47**	**497**
Accumulated amortization and impairment					
At December 31, 2018	**(12)**	**(38)**	**(8)**	**(21)**	**(79)**
Transfer to right of use assets on transition to IFRS 16	12	—	—	2	14
At January 1, 2019	**—**	**(38)**	**(8)**	**(19)**	**(65)**
Charge for the period	—	(17)	(6)	(4)	(27)
At June 30, 2019	**—**	**(55)**	**(14)**	**(23)**	**(92)**
Carrying amount					
At June 30, 2019	**—**	**180**	**201**	**24**	**405**
At December 31, 2018	**89**	**194**	**206**	**55**	**544**

9. Borrowings

	June 30, 2019 €m	December 31, 2018 €m
Secured borrowing at amortized cost		
Finance lease liabilities	—	(2)
Bank loans	(5,165)	(5,080)
Secured loan notes	(1,619)	—
Bank overdrafts	(57)	(45)
Revolving credit facilities	(35)	(259)
Transfer to disposal group classified as held for sale	—	1
	(6,876)	**(5,385)**
Total borrowings		
Amount due for settlement within 12 months	(143)	(355)
Amount due for settlement after 12 months	(6,733)	(5,030)
	(6,876)	**(5,385)**

On April 1, 2019 the Group successfully completed a financing exercise securing the necessary additional term loan funding for the 2019 acquisition in Australia. The Group secured additional €1,091m term loan funding, including €839m of bridge financing which was subsequently repaid with proceeds from the Group's debut issue of Senior Secured Notes on May 13, 2019.

9. Borrowings (continued)

Senior Secured Notes totaling €1,640m equivalent were raised which also financed the acquisitions of Fastrac Markets, LLC and Certified Oil Company, Inc. and enabled the Group to repay €289m equivalent of borrowings under the Revolving credit facilities and €150m equivalent under the Second Lien Facilities.

The terms of the Senior Secured notes are as follows;

(i) 6 year EUR senior secured loan notes of €670m repayable on maturity in 2025. The loan notes carry interest at 4.375% are secured on the assets of the Group.

(ii) 6 year USD senior secured loan notes of $750m repayable on maturity in 2025. The loan notes carry interest at 6.75% are secured on the assets of the Group.

(iii) 5 year EUR senior secured loan notes of €300m repayable on maturity in 2024. The loan notes carry interest at 3.625% are secured on the assets of the Group.

10. Notes to the cash flow statement

	6 months ended June 30, 2019	**6 months ended June 30, 2018**
Cash flows from operating activities		
Loss for the period	**(92)**	**(159)**
Adjustments for:		
Gain on disposal of property plant and equipment	(2)	(1)
Finance income	(2)	(8)
Finance costs	262	222
Income tax (credit)/expense	(3)	10
Depreciation	181	72
Amortization of intangible assets	27	14
Decrease in provisions	(13)	(26)
Operating cash flows before movements in working capital	**358**	**124**
Changes in working capital		
Increase in inventories	23	2
Increase in receivables	(78)	(75)
Increase in payables	32	185
Cash generated by operations	**335**	**236**
Income taxes paid	(3)	(29)
Net cash from operating activities	**332**	**207**

11. Financial instruments

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

	Carrying value		Fair value	
	June 30, 2019 €m	December 31, 2018 €m	June 30, 2019 €m	December 31, 2018 €m
Financial assets				
Financial assets held at amortised cost:				
– loans to related parties	27	58	27	58
– trade and other receivables	716	347	716	347
– guarantee deposits	8	5	8	5
Total	751	410	751	410
Financial liabilities				
Financial liabilities held at amortised cost:				
– bank borrowings	(5,257)	(5,384)	(5,264)	(5,520)
– secured loan notes	(1,619)	—	(1,617)	—
– loans from related parties	(2)	(2)	(2)	(2)
– trade and other payables	(1,407)	(1,104)	(1,407)	(1,104)
Total	(8,285)	(6,490)	(8,290)	(6,626)

12. Provisions

	Property €m	Other €m	Total €m
At December 31, 2018	**(185)**	**(101)**	**(286)**
Reclassification to right of use assets on transition to IFRS 16 (note 12)	**—**	**17**	**17**
At January 1, 2019	**(185)**	**(84)**	**(269)**
Transfer from disposal group classified as held for sale (note 14)	**(6)**	**—**	**(6)**
On acquisition of subsidiary	(66)	—	(66)
Additional provision in the period	(2)	(9)	(11)
Utilization of provision	1	14	15
Release of provision	8	2	10
Exchange differences	(1)	—	(1)
At June 30, 2019	**(251)**	**(77)**	**(328)**

The balances are analyzed as follows:

	June 30, 2019 €m	December 31, 2018 €m
Current	(26)	(26)
Non-current	(302)	(260)
	(328)	**(286)**

Property provisions comprise asset retirement obligation provisions, environmental provisions for remediation works at petrol fillings stations (“PFS”), debranding provisions and dilapidation provisions. Other provisions comprise legal provisions, dealer and agent related obligations and restructuring provisions,

13. Business combinations

Australia

On April 1, 2019, the Group acquired 100% of the share capital of the Woolworths Petrol Business, comprising 537 fuel convenience sites across Australia. The acquisition forms part of the Group's core growth strategy and enabled the Group to enter the Australian market.

Fair value of assets and liabilities

The amounts recognized in respect of the identifiable assets acquired and liabilities assumed are as set out in the table on the following page. At the date of approval of these financial statements a fair value exercise is in progress, but is not yet complete There are a number of judgements arising from the assessment of complex commercial contracts that management are in the progress of determining the impact on the fair value of the acquired assets and liabilities and accordingly these values remain provisional at the date of approval of these financial statements, but will be completed within the 12 month measuring period.

	Note	€m
Property, plant and equipment		268
Right of use assets		432
Deferred tax asset		18
Inventories		66
Cash and cash equivalents		9
Trade and other receivables		7
Trade and other payables		(109)
Provisions	i.	(66)
Lease liabilities		(432)
Employee benefit obligations		(14)
Total identifiable assets		**179**
Goodwill	ii.	**893**
Total consideration		**1,072**
Satisfied by:		
Cash		1,072
Net cash outflow arising on acquisition:		
Cash consideration		(1,072)
Less: cash and cash equivalent balances acquired		9
		(1,063)

i. Represents provisions for obligations to dismantle or restore leased sites.

ii. The valuation and the goodwill recognized remains provisional, and it is likely that the goodwill will change on completion of the fair value exercise. The goodwill arising on acquisition of €893m reflects the fact that the value of the acquired business is based on its existing cash generating potential rather than its existing assets and that many of its strengths such as scale and location do not represent intangible assets as defined by IFRS. None of the goodwill is expected to be deductible for income tax purposes.

Transaction costs of €27m relating to professional and legal fees have been recognized as administrative expenses in the Income Statement. These have been separately presented as exceptional costs as detailed in note 3.

The results of the Australia business have been consolidated from April 1, 2019 contributing €728m of revenue and €13m loss after tax between the date of acquisition and June 30, 2019.

13. Business combinations (continued)

Urban Origin Limited ("GB3")

On March 8, 2019, the Group completed the acquisition of all shares of Urban Origin Limited, an IT consultancy business in the United Kingdom. As part of this acquisition, net assets of €0.3m were acquired for consideration of €0.9m, generating goodwill of €0.6m.

East Earl

On March 8, 2019, the Group completed the acquisition of the trade and assets of a single convenience store site in East Earl, Pennsylvania, US. As part of this acquisition, net assets of €2.9m were acquired for consideration of €4.8m, generating goodwill of €1.9m.

If the 2019 acquisitions had been completed on the beginning of the Group's financial period, being 1 January 2019, then the effect on the Group revenue for the period would have been an increase of €687m and an increase to the Group profit after tax of €1m.

2018 Acquisitions

In 2018, the Group completed acquisitions in Italy, the Netherlands, the US (Kroger C-store and Minit Mart) and Germany.

Provisional fair values of identifiable assets and liabilities for the NRG, US Kroger, US Minit Mart and Germany acquisitions were reported in the financial statements for the year ended 31 December 2018. In finalising the fair value of identifiable assets and liabilities, the following updates have been made to the provisional fair values;

- For the Germany acquisition, a measurement period adjustment of €9m was recognised in the six month period ended June 30, 2019. Accordingly, the total goodwill recognised is €390m. The exercise to determine the fair value of the acquired assets and liabilities is now complete and full IFRS 3 disclosures of the final fair value will be presented in the Group Annual Report and Financial Statements for the year ending December 31, 2019.
- For the US Minit Mart acquisition the provisional negative Goodwill recognised in the Group 2018 Annual Report and Financial Statements remains unchanged. At the date of approval of these financial statements, an external valuation exercise to determine the fair value of the acquired property portfolio is in progress but not yet complete. Accordingly the fair values remain provisional at the date of approval of these financial statements but will be completed within the 12 month measuring period. It is possible that the goodwill will change on completion of the fair value exercise.

In respect of the NRG and US Kroger acquisitions, in finalising the fair value of identifiable assets and liabilities, no changes have been made to the provisional fair values.

Other acquisitions yet to be completed as at the balance sheet date

On July 1, 2019 the Group completed the acquisition the trade and assets of Fastrac Markets, LLC, comprising their 54 site network in the US for the purchase of their for a consideration of €236m ($270m).

On July 31, 2019 the Group announced it has entered into a binding agreement for the acquisition of Cumberland Farms, Inc in the US for €1,931m ($2,185m). Cumberland Farms, Inc operates approximately 600 convenience retail stores and fuel stations across seven north-east states and Florida. The acquisition is expected to complete in October 2019.

On August 1, 2019 the Group completed the acquisition of 100% of the share capital of Certified Oil Company, Inc. for a consideration of €135m ($155m). The company owns and operates 71 sites in the USA.

Due to the proximity of the acquisitions to the approval of these financial statements, further information is not yet available to include full IFRS 3 'Business Combinations' disclosures. The Group will provide full IFRS 3 disclosures in the Group's Annual Report and Financial Statements for the year ending December 31, 2019.

14. Non-current assets held for sale

European proprietary cards business

In the Group 2018 Annual Report and Financial Statements, the plan to sell its European proprietary cards business was disclosed. In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the assets and liabilities of the proprietary cards business were classified as a disposal group held for sale on the Group balance sheet.

On March 22, 2019, a put option was agreed with WEX Inc. pursuant to which the Group may exercise a sale of the proprietary cards business for €235m.

European fuel supply business

In the Group 2018 Annual Report and Financial Statements, the plan to sell its European fuel supply business was disclosed. In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the assets and liabilities of the European fuel supply business were classified as a disposal group held for sale on the Group balance sheet.

During 2019, the Board reversed this decision and is no longer committed to a plan to sell the European fuel supply business. Accordingly, the disposal group is no longer presented separately as held for sale on the Group balance sheet.

The balances of the disposal group have been measured at the lower of their recoverable amount and carrying value before being classified as held for sale, adjusted for the depreciation and amortization that would have been recognized had the disposal group not been held for sale. Such adjustments have been recognized within the profit or loss from continuing operations in the period in accordance with the Group accounting policies.

15. Related parties

Trading transactions

During the period, Group companies entered into the following arm's length transactions with related parties who are not members of the Group:

	Sale of goods/services		Purchase of goods/services	
	6 months ended June 30, 2019	6 months ended June 30, 2018	6 months ended June 30, 2019	6 months ended June 30, 2018
De Pooter Olie B.V.	9	9	—	(1)
Petroleum Products Storage & Transport Company S.A.	—	—	(1)	(1)
Depot Petrolier de Lyon S.A.S.	—	—	(1)	—
Clearsky 1 LP	—	—	(1)	—
Total	9	9	(3)	(2)

In addition to those in the table above, an amount of €0.2m (6 months ended June 30, 2018: €0.2m) was payable in total to Monte Blackburn Limited, an entity controlled by M Issa and Z Issa (Directors of the Company) relating to property lease costs.

15. Related parties (continued)

Trading transactions (continued)

The following amounts were outstanding at the balance sheet date:

	Amounts owed by related parties		Amounts owed to related parties	
	June 30, 2019 €m	December 31, 2018 €m	June 30, 2019 €m	December 31, 2018 €m
De Pooter Olie B.V.	—	—	—	—
Petroleum Products Storage & Transport Company S.A.	—	1	—	—
Clearsky 1 LP	3	2	—	—
Clearsky 2 LP	6	37	—	—
Optima Bidco (Jersey) Limited	18	18	(2)	(2)
Total	27	58	(2)	(2)

16. Post balance sheet events

On July 1, 2019 the Group completed the sale of the European proprietary cards business (see note 14), generating a profit on disposal of €154m.

On July 1, 2019 the Group completed the acquisition the trade and assets of Fastrac Markets, LLC, comprising their 54 site network in the US for the purchase of their for a consideration of €236m ($270m).

On July 31, 2019 the Group announced it has entered into a binding agreement for the acquisition of Cumberland Farms, Inc in the US for €1,920m ($2,185m), subject to post closing adjustments. Cumberland Farms, Inc operates approximately 600 convenience retail stores and fuel stations across seven north-east states and Florida. The acquisition is expected to complete in October 2019.

On August 1, 2019 the Group completed the acquisition of 100% of the share capital of Certified Oil Company, Inc. for a consideration of €135m ($156m). The company owns and operates 71 sites in the USA.

Due to the proximity of the acquisitions to the approval of these financial statements, further information is not yet available to include full IFRS 3 'Business Combinations' disclosures. The Group will provide full IFRS 3 disclosures in the the Group Annual Report & Financial Statements for the year ending December 31, 2019.

CUMBERLAND FARMS' MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion and analysis below provides information that we believe is relevant to an assessment and understanding of the historical consolidated financial position and results of operations of Cumberland Farms.

This section includes forward-looking statements, including those concerning future sales, costs, capital expenditures, acquisitions and financial condition. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause Cumberland Farms' actual results to differ materially from those expressed or implied by such forward-looking statements. Results of operations for prior years are not necessarily indicative of the results to be expected for any future period.

The following discussion of Cumberland Farms results of operations also makes reference to certain non-GAAP financial measures. You should bear in mind that these non-GAAP measures are not financial measures defined in accordance with U.S. GAAP or IFRS, may not be comparable to other similarly titled measures of other companies, may have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of Cumberland Farms' operating results as reported under U.S. GAAP.

Key Factors Affecting Results of Operations and Financial Condition

Cumberland Farms' results of operations are impacted by several factors, including factors that influence the convenience retail market as a whole. Such factors primarily include general economic conditions, consumer spending levels, consumer preferences and premium pricing opportunities.

Set forth below is a description of the other key factors that affected Cumberland Farms' results of operations during the periods presented.

Expanded Foodservice Offerings

In recent years, we have seen trends toward increasing and improving in-store foodservice offerings, including fresh foods, and proprietary food offerings within the convenience store industry. We believe that consumers are more likely to patronize convenience stores that provide such offerings, which leads to increased inside merchandise sales and fuel sales for such stores. To capitalize on this trend, Cumberland Farms has improved its in-store food offerings and continued its initiative to transform its older, legacy stores to its new accelerate in-store mix ("AIM") format. Cumberland Farms' AIM stores offer numerous new fresh food items such as hot freshly prepared pizza, breakfast sandwiches, sides and other traditional convenience store packaged products (such as ice cream, chocolate, ground coffee beans and salty snacks). As of June 30, 2019, approximately 70% of Cumberland Farms' convenience stores offer our new AIM format and provide hot fresh foods.

Since 2014, much of Cumberland Farms' fresh and frozen food offerings have been sourced from its vertically integrated food production facility. In addition, Cumberland Farms has built a well-established and growing private label offering under the *Cumberland Farms, Farmhouse* and *Farmhouse Premium* labels. The margin for these products is substantially greater than the margin achieved with sales of national brands, and sales of these products represented approximately 10% of in-store sales during Cumberland Farms' 2018 fiscal year.

Declining Demand for Cigarettes

During the nine months ended June 30, 2019, cigarette and other tobacco product sales accounted for approximately 41% of merchandise revenues from its AIM stores. Significant increases in wholesale cigarette costs and tax increases on cigarettes as well as national and local campaigns to further regulate and discourage smoking in the United States have had, and are expected to continue to have, an adverse effect on the demand for cigarettes sold in Cumberland Farms' stores. Although increased cigarette costs may be passed to customers in some cases, competitive pressures in specific markets may prevent us from doing so in every case. These factors could materially impact the retail price of cigarettes, the gross profit obtained from the cigarette category, the volume of cigarettes sold by stores, and overall customer traffic.

The recent growth in the popularity of alternative tobacco products has offset the decline in the demand for cigarettes to some extent, but the long-term impact of newer electronic nicotine devices as a supplement to or replacement for tobacco remains uncertain, and the applicable regulatory regimes are still developing in the jurisdictions in which Cumberland Farms operates.

In response to these long-term U.S. market trends, Cumberland Farms has been focused on shifting its merchandise mix towards other higher-margin items by introducing new product lines and merchandising programs to improve sales turnover and profit margins. Categories such as "snacks" and "fresh bakery items" have recently experienced a tremendous wave of innovation around flavors, healthy alternatives, and consumer friendly packing (*e.g.*, non-spill or resealable containers). Additionally, items such as gourmet sandwiches and wraps, specialty drinks and juices, and yogurts offer new growth areas and alternatives to declining cigarette sales.

Minimum Wages

Increases in the minimum wage will increase our labor costs. We believe the total impact of these increases will be magnified by Cumberland Farms' current practice of raising the rate of all non-exempt employees by the spread between the new and previous minimum wage in order to maintain equity in pay. In addition, changes to overtime rules and other rulings by the U.S. Department of Labor and certain state agencies could impact our labor costs.

Wholesale Fuel Prices

Wholesale fuel prices affect our results of operations as a direct cost of selling fuel. In addition, given the dynamics of the market in which we operate, volatility in the wholesale price of fuel may also have an effect on our results of operations. Movements in wholesale fuel prices do not translate immediately into movements in retail fuel prices. Instead, retail fuel prices exhibit some degree of price rigidity when wholesale fuel prices change. The delay between changes in wholesale and retail prices can lead to a period of margin expansion or margin compression if changes in our cost base are not matched by corresponding changes in revenue. For example, a rapid decrease in wholesale fuel prices in November and December of 2018 led to a period of fuel margin expansion for Cumberland Farms, which had a significant effect on its net income and Adjusted EBITDA for the nine months ended June 30, 2019 and the three months ended December 31, 2018.

The Cumberland Farms Financial Statements

Cumberland Farms' fiscal year begins on October 1 and ends on September 30 of the following calendar year. Our fiscal year corresponds to the calendar year. As a result, our financial information for the years ended December 31, 2017 and 2018 is not directly comparable to Cumberland Farms' financial information for their corresponding fiscal year. In addition, the Cumberland Farms Audited Financial Statements and the Cumberland Farms Interim Financial Statements that are presented elsewhere in this document and discussed below have been prepared in accordance with U.S. GAAP and presented in U.S. dollars. Accordingly, the Cumberland Farms Audited Financial Statements and Cumberland Farms Interim Financial Statements are not directly comparable to the corresponding historical financial statements of EG Group Limited, which have been prepared in accordance with IFRS and presented in euro.

U.S. GAAP differs in several respects from IFRS, including notable differences in the treatment of leases under IFRS 16 (*Leases*), which we adopted on January 1, 2019. Under U.S. GAAP, leases may be classified as either operating leases or finance leases. Payments made under operating leases are accounted for as an operating expense, and no liability is recognized on the balance sheet for future lease payment obligations that are not yet payable. Historically, the majority of Cumberland Farms' leases have been classified as operating leases under U.S. GAAP.

Under IFRS 16 (*Leases*), nearly all leases are recognized on the balance sheet as a right-of-use assets valued at the present value of remaining lease payments and a corresponding lease liability of equal value. When lease payments are made, a portion of each payment is allocated to the lease liability with the remaining portion recognized as a finance cost. The right-of-use asset depreciates over the shorter of the asset's useful life and the lease term on a straight line basis.

Typically, applying IFRS 16 (*Leases*) to the accounts of companies with significant operating leases results in the following:

- an increase in EBITDA resulting from a reduction in operating expenses related to the rent payments that were previously recognized in connection with the operating leases,
- an increase in finance costs related to the portion of lease payments so allocated,
- an increase in amortization expenses related to the amortization of the right-of-use asset,

- an increase in total assets resulting from the recognition of the right-of-use asset relating to the outstanding lease payments and
- an increase in total liabilities resulting from the recognition of the lease liability.

We have analyzed the effect application of IFRS 16 (*Leases*) would have had on the Cumberland Farms' financial position and results of operations as of and for the nine months ended June 30, 2019 if it had been adopted on January 1, 2019, and the key impacts included recognition of $134 million in right-of-use assets and a corresponding non-current lease liability of $135 million, recognition of a current lease liability of $13 million, a reduction in other long term liabilities of $14 million, a reduction in operating, selling, general and administrative expenses of $6 million (including $3 million in depreciation costs in respect to the right of use assets) with a corresponding increase in finance costs.

Results of Operations

Consolidated Results

The following table presents financial information for the fiscal years ended September 30, 2017 and 2018 and for the nine months ended June 30, 2018 and 2019.

Consolidated Statement of Operations Data	Year ended September 30,		Nine months Ended June 30,	
	2017	2018	2018	2019
	(dollars in millions)			
Revenues:				
Merchandise	1,180.0	1.229.9	892.0	944.0
Retail fuel	2,337.2	2,782.0	2,023.7	2,094.0
Property management	3.1	2.650	2.0	1.7
Total revenues	3,520.3	4,014.6	2,917.7	3,039.7
Gross Profit:				
Merchandise(1)	369.4	392.8	281.2	289.2
Retail fuel(2)	236.3	290.0	209.9	282.7
Property management(3)	3.1	2.7	2.0	1.7
Total gross profit	608.8	685.5	493.2	573.6
Operating, selling, general and administrative expenses	593.8	644.5	473.5	499.9
Gain on disposal of property and equipment, net	(7.6)	(8.7)	(1.0)	(0.7)
Income from operations	22.6	49.7	20.7	74.4
Other income (expense):				
Investment income, net	0.2	0.3	0.3	0.6
Interest expense, net(4)	(12.3)	22.6	(17.1)	(17.5)
Other income(5)	9.8	9.8	7.2	8.5
Total other (expense) income	(2.2)	(12.5)	(9.7)	8.5
Income from continuing operations before provision for income taxes, and discontinued operations	20.4	37.1	11.0	66.0
(Benefit from)/provision for income taxes	0.5	1.4	0.3	3.5
Income from continuing operations before discontinued operations	20.5	35.7	10.7	62.5
Income) from discontinued operations	1.8	—	—	—
Net income.	22.2	35.7	10.7	62.5

(1) Merchandise gross profit refers to the gross sales price of merchandise less the direct cost of good and shortages, including spoilage and theft. Merchandise includes all in-store products, lottery commissions and money order income but excludes cooperative income for services provided at the stores by third party vendors, such as automated teller machines and air machines, for which we receive a portion of the revenues. Cooperative income from these sources is recognized as "other income."

(2) Retail fuel gross profit refers to the gross sales price of motor fuel less the cost of the fuel sold.

(3) Property management gross profit represents income received primarily from Cumberland Farms' retail tenants.

(4) Interest expense, net is primarily comprised of interest on our long-term debt and capital lease obligations.

(5) Other income represents primarily cooperative income for services provided at the stores by third party vendors, such as ATMs and air machines, for which we receive a portion of the revenues.

Nine Months Ended June 30, 2019 Compared to the Nine Months Ended June 30, 2018

Total revenues. Total revenues increased by $122.1 million, or 4.2%, from $2,917.7 million for the nine months ended June 30, 2018 to $3,039.7 million for the nine months ended June 30, 2019. The increase was primarily attributable to an increase in merchandise and retail fuel revenues, as further described below.

- ***Merchandise revenues.*** Merchandise revenues for the nine months ended June 30, 2019 increased by $52.1 million, or 5.8%, from $892.0 million for the nine months ended June 30, 2018 to $944.0 million for the nine months ended June 30, 2019 primarily due to increases in merchandise revenue from foodservice, other tobacco products, dispensed beverage, packaged beverage and snack categories, with new or AIM converted stores driving a $56.1 million increase in merchandise revenue in the nine months ended June 30, 2019 compared to the nine months June 30, 2018, partially offset by the impact of stores closed during the same time frame resulting in lost merchandise revenue of $19.0 million.
- ***Retail fuel revenues.*** Retail fuel revenues for the nine months ended June 30, 2019 increased by $70.3 million, or 3.5%, from $2,023.7 million for the nine months ended June 30, 2018 to $2,094.0 million for the nine months ended June 30, 2019 primarily due to an increase in gallons sold from 760.0 million in the nine months ended June 30, 2018 to 796.1 million in the nine months ended June 30, 2019.

Total gross profits. Total gross profits increased by $80.5 million, or 16.3%, from $493.2 million for the nine months ended June 30, 2018 to $573.6 million for the nine months ended June 30, 2019. The increase was primarily attributable to an increase in merchandise and retail fuel gross profits, as further described below.

- ***Merchandise gross profits.*** Merchandise gross profits for the nine months ended June 30, 2019 increased by $8.0 million, or 2.9%, from $281.2 million for the nine months ended June 30, 2018 to $289.2 million for the nine months ended June 30, 2019 primarily due to the overall sales increase driven by the increase in AIM stores, which have a sales mix that favor higher gross profit items, from 364 as of June 30, 2018 to 400 as of June 30, 2019.
- ***Retail fuel gross profits.*** Retail fuel gross profits for the nine months ended June 30, 2019 increased by $72.8 million, or 34.7%, from $209.9 million for the nine months ended June 30, 2018 to $282.7 million for the nine months ended June 30, 2019 primarily due to an increase in gallons sold and fuel gross margin per gallon. Gallons sold increased from 760.0 million in the nine months ended June 30, 2018 to 796.1 million in the nine months ended June 30, 2019 and fuel gross margin per gallon increased from 27.6 cents in the nine months ended June 30, 2018 to 35.5 cents in the nine months ended June 30, 2019.

Operating, selling, general and administrative expenses. Total operating, selling, general and administrative expenses increased by $26.4 million, or 5.6%, from $473.5 million for the nine months ended June 30, 2018 to $499.9 million for the nine months ended June 30, 2019. The increase was primarily due to a change in accounting estimate associated with the Company's environmental obligations of $7.4 million, $3.0 million in nonrecurring severance and related benefit expenses resulting from a reassessment of business operations in the second quarter of fiscal year 2019, an increase in performance pay of $5.5 million due to year to date results, and an increase in payroll and benefits of $9.2 million.

Gain on disposal of property and equipment, net. Net gain on disposal of property and equipment decreased by $0.3 million, or 28.2%, from $1.0 million for the nine months ended June 30, 2018 to $0.7 million for the nine months ended June 30, 2019. The decrease was primarily due to a higher average value of properties sold. There were seven properties sold in the nine months ended June 30, 2019, compared to six properties sold in the three months ended June 30, 2018.

Interest expense. Interest expense increased by $0.5 million, or 2.7%, from $17.1 million for the nine months ended June 30, 2018 to $17.5 million for the nine months ended June 30, 2019. The increase was primarily due to a decrease in capitalized interest in the nine months ended June 30, 2019 compared with the nine months ended June 30, 2018 due to the decrease in capital expenditures.

Investment income, net. Net investment income increased by $0.4 million from $0.3 million for the nine months ended June 30, 2018 to $0.6 million for the nine months ended June 30, 2019. The increase was primarily due to an increase in the fair market value of investments in the Cumberland Farms deferred compensation plan.

Other income. Other income increased by $1.3 million, or 18.0%, from $7.1 million for the nine months ended June 30, 2018 to $8.5 million for the nine months ended June 30, 2019. The increase was primarily due to an increase in car wash income and ATM fees.

Provision for income taxes. Provision for income taxes increased by $3.1 million from $0.3 million for the nine months ended June 30, 2018 to $3.5 million for the nine months ended June 30, 2019. The increase was primarily due to a $55.0 million increase in income from operations in addition to an increase in the effective income tax rate.

Fiscal Year Ended September 30, 2018 Compared to the Fiscal Year Ended September 30, 2017

Total revenues. Total revenues increased by $494.4 million, or 14.0%, from $3,520.3 million for the fiscal year ended September 30, 2017 to $4,014.6 million for the fiscal year ended September 30, 2018. The increase was primarily attributable to increases in merchandise revenues and retail fuel revenues as further described below.

- ***Merchandise revenues***. Merchandise revenues increased by $49.9 million, or 4.2%, from $1,180.0 million for the fiscal year ended September 30, 2017 to $1,229.9 million for the fiscal year ended September 30, 2018. Increased revenue from foodservice, tobacco, dispensed beverages and packaged beverage categories were the principal drivers of this increase. A $59.0 million increase in merchandise revenues from new or AIM converted stores for the 2018 fiscal year was partially offset by lost merchandise revenues from stores Cumberland Farms closed over the same period.
- ***Retail fuel revenues***. Retail fuel revenues increased by $444.9 million, or 19.0%, from $2,337.2 million for the fiscal year ended September 30, 2017 to $2,782.0 million for the fiscal year ended September 30, 2018. This revenue increase was driven by a higher average price per gallon of fuel and greater sales volumes for the 2018 fiscal year as compared to the 2017 fiscal year, primarily at new sites and those at which recent capital improvements had taken place.

Total gross profits. Total gross profits increased by $76.7 million, or 12.6%, from $608.8 million for the fiscal year ended September 30, 2017 to $685.5 million for the fiscal year ended September 30, 2018. The increase was primarily attributable to increases in merchandise revenues and retail fuel revenues as further described below.

- ***Merchandise gross profits***. Merchandise gross profits increased by $23.5 million, or 6.4%, from $369.4 million for the fiscal year ended September 30, 2017 to $392.8 million for the fiscal year ended September 30, 2018. This increase was largely driven by the increase in the number of AIM stores, which have a sales mix that favors items with higher gross margins, from 348 AIM stores as of September 30, 2017 to 384 AIM stores as of September 30, 2018. Cumberland Farms' gross merchandise margin also increased to 31.9% for the 2018 fiscal year from 31.3% for the prior fiscal year.
- ***Retail fuel gross profits***. Retail fuel gross profits increased by $53.6 million, or 22.7%, from $236.3 million for the fiscal year ended September 30, 2017 to $289.9 million for the fiscal year ended September 30, 2018. This increase was driven by an increase in Cumberland Farms' fuel gross margin of $0.05 per gallon as well as greater sales volumes (particularly at Cumberland Farms' new or recently improved sites)

Operating, selling, general and administrative expenses. Total operating, selling, general and administrative expenses increased $50.7 million, or 8.5%, from $593.8 million for the fiscal year ended September 30, 2017 to $644.5 million for the fiscal year ended September 30, 2018. This increase was primarily due to increases in wage costs of $15.2 million, depreciation of $10.5 million, employee benefits and payroll taxes of $5.7 million, credit card processing fees of $4.6 million due to increased revenues, utilities of $3.5 million, information technology subscriptions and services of $2.3 million, rent expense of $2.2 million, professional services of $1.9 million and insurance of $1.2 million.

Gain on disposal of property and equipment, net. Net gain on disposal of property and equipment increased by $1.1 million, or 13.8%, from $7.6 million for the fiscal year ended September 30, 2017 to $8.7 million for the fiscal year ended September 30, 2018. There were 14 sites sold in the fiscal year ended September 30, 2018, compared to 27 sites sold in the fiscal year ended September 30, 2017, and the sites sold in fiscal year 2018 had significantly higher gains compared to the sites sold in fiscal year 2017.

Total other income (expenses). Total other expenses increased by $10.3 million from $2.2 million for the fiscal year ended September 30, 2017 to $12.5 million for the fiscal year ended September 30, 2018. This increase was primarily due to the inclusion of a full twelve months of interest expense in respect of Cumberland Farms' outstanding 6¾% Senior Notes due 2025, which were issued in the third quarter of Cumberland Farms' 2017 fiscal year.

Provision for income taxes. Provision for income taxes increased $1.5 million from a benefit of less than $0.1 million for the fiscal year ended September 30, 2017 to a provision of $1.4 million for the fiscal year ended September 30, 2018. The increase in the provision for income taxes was primarily due to an increase in book income.

Income from discontinued operations before noncontrolling interest, net of tax. Income from discontinued operations before noncontrolling interest, net of tax decreased by $1.8 million from $1.8 million for the fiscal year ended September 30, 2017 to nil for the fiscal year ended September 30, 2018. The income from discontinued operations for the 2017 fiscal year was derived from Cumberland Farms' Gulf Oil and Assured Dealers division, the disposals of which were completed on December 29, 2015.

Liquidity and Capital Resources

Sources of Liquidity

Cumberland Farms' principal source of funds has been cash generated from its operating activities. Cumberland Farms' principal uses of cash historically have included debt service and funding working capital and capital expenditures. As of June 30, 2019, Cumberland Farms had cash and cash equivalents of $34.9 million.

As of June 30, 2019, $300.0 million in aggregate principal amount of Cumberland Farms' 6¾% Senior Notes due 2025 were outstanding, and Cumberland Farms had borrowings of $10.5 million outstanding under its revolving credit facility and had letters of credit outstanding in the amount of $14.2 million. In connection with the Cumberland Farms Acquisition, the Cumberland Farms' 6¾% Senior Notes due 2025 will be redeemed, all amounts outstanding under its revolving credit facility will be repaid and its revolving credit facility will be cancelled.

Capital Expenditures

Cumberland Farms' operations require investment to expand, upgrade and enhance existing operations, and to comply with federal, state and local laws and regulations relating to environmental, health and safety, employment and other matters. Maintenance capital expenditures represent capital expenditures to repair or replace partially or fully depreciated assets to maintain the operational capacity of, or revenues generated by, existing assets and extend their useful lives. Maintenance capital expenditures also include expenditures required to maintain equipment reliability, storage tankage and safety and to address government regulations. Discretionary capital expenditures represent capital expenditures related to new store developments and existing store improvements and typically include store remodeling, fuel imaging, merchandising projects, and information technology enhancements.

Cumberland Farms expended $13.6 million, $8.8 million and $6.9 million in maintenance capital expenditures, respectively, for the fiscal year ended September 30, 2018, the nine months ended June 30, 2018 and the nine months ended June 30, 2019. Discretionary capital expenditures were $184.8 million, $112.9 million and $82.2 million, respectively, for the fiscal year ended September 30, 2018, the nine months ended June 30, 2018 and the nine months ended June 30, 2019. During the fiscal year ended September 30, 2018 Cumberland Farms converted seven legacy stores to the AIM format, opened 18 new stores and razed and rebuilt 12 existing stores, and during the nine months ended June 30, 2019 Cumberland Farms opened 11 new AIM stores and razed and rebuilt 5 existing stores.

Cash Flows

The following table summarizes Cumberland Farms' cash flows from continuing operations for the fiscal years ended September 30, 2017 and 2018 and for the nine months ended June 30, 2018 and 2019:

Consolidated Condensed Statement of Cash Flows	Year ended September 30,		Nine months Ended June 30,	
	2017	2018	2018	2019
	(dollars in thousands)			
Net cash provided by operating activities from continuing operations	42,781	191,278	68,226	156,323
Net cash used in investing activities from continuing operations	(160,634)	(186,849)	(119,634)	(85,602)
Net cash provided by (used in) financing activities from continuing operations	131,566	(7,852)	59,329	(61,328)

Cash Flows from Operating Activities from Continuing Operations

Cash provided by operating activities from continuing operations for the nine months ended June 30, 2018 and 2019 was $68.2 million and $156.3 million, respectively. The increase in cash flows from operations for the nine months ended June 30, 2019 compared to the nine months ended June 30, 2018 was primarily due to to an increase in net income, adjusted to exclude depreciation and loss on disposal of property and equipment, of $63.1 million, an increase in other long-term liabilities of $10.9 million offset by an increase in other assets of $3.5 million associated with the change in accounting estimate for environmental obligations, and an increase in working capital of $17.4 million.

Cash provided by operating activities from continuing operations for the fiscal years ended September 30, 2017 and 2018 was $42.8 million and $191.3 million, respectively. The increase in cash flows from operations in Cumberland Farms' 2018 fiscal year compared to its 2017 fiscal year was primarily due to an increase in income from continuing operations, adjusted to exclude depreciation and gain on disposal of property and equipment, of $24.7 million and an increase in the changes in prepaid expenses primarily due to a $63.5 million tax deposit made with the Internal Revenue Service during the same period in the prior fiscal year.

Cash Flows from Investing Activities

Cash used in investing activities from continuing operations for the nine months ended June 30, 2018 and 2019 was $119.6 million and $85.6 million, respectively. The decrease in cash flows used in investing for the nine months ended June 30, 2019 compared to the nine months ended June 30, 2018 was primarily due to a decrease in capital expenditures for property and equipment of $32.6 million and an increase in proceeds from sales of property and equipment of $1.9 million. The increase in proceeds was due to one additional property sold and receipt of funds from a settlement as compensation in connection with a taking of real property by eminent domain that occurred in the fiscal year ended 2018.

Cash used in investing activities from continuing operations for the fiscal years ending September 30, 2017 and 2018 was $160.6 million and $186.8 million, respectively. The increase in cash flows used in investing activities in Cumberland Farms' 2018 fiscal year compared to its 2017 fiscal year was primarily due to an increase in capital expenditures of $23.3 million due to an increase in construction projects and a decrease in proceeds from sales of property and equipment of $1.8 million.

Cash Flows from Financing Activities

Cash provided by financing activities from continuing operations for the nine months ended June 30, 2018 was $59.3 million, and cash used in financing activities from continuing operations for the nine months ended June 30, 2019 was $61.3 million. The changes in cash flows from financing for the nine months ended June 30, 2019 compared to the nine months ended June 30, 2018 was primarily due to $118.0 million in net payments on the revolving line of credit coupled with additional tax distributions of $2.2 million

Cash used in financing activities from continuing operations for the 2018 fiscal year was $7.9 million compared to $131.6 million of cash provided by financing activities from continuing operations for the 2017 fiscal year 2017. The decrease in cash provided by financing activities from continuing operations in the 2018 fiscal year compared to the 2017 fiscal year was primarily due to a decrease of $83.9 million in net borrowings and an increase in distributions to shareholders of $56.2 million.

Off-Balance Sheet Arrangements

Off-balance sheet arrangements comprise those arrangements that may potentially impact our liquidity, capital resources and results of operations, even though such arrangements are not recorded as liabilities under GAAP. As of June 30, 2019, Cumberland Farms' only off-balance sheet arrangements that had or are reasonably likely to have a material current or future effect on our financial position, results of operations or cash flows are its leases. Following the Cumberland Farms Acquisition, we will apply IFRS 16 (*Leases*), which we adopted on January 1, 2019, to these off-balance sheet lease obligations. Consequently, a right of use asset representing the value of Cumberland Farms' leased property and a lease liability representing the discounted sum of the payments required over the life of theses leases will be recognized in our consolidated accounts.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board or other standard setting bodies that may have an impact on Cumberland Farms' accounting and reporting.

In May 2014, the Financial Accounting Standards Board "FASB" issued Accounting Standards Update "ASU" No. 2014- 09, "Revenue from Contracts with Customers (Topic 606)", which will replace existing revenue recognition standards and significantly expand disclosure requirements for revenue arrangements. The new standard is effective for Cumberland Farms for the fiscal year ended September 30, 2020. Early adoption is permitted.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)", to increase the transparency and comparability of leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. The standard is effective for the Cumberland Farms for the fiscal year ended September 30, 2021. Early adoption is permitted.

Evaluation of the impact of these new standard on Cumberland Farms' consolidated financial statements and disclosures is ongoing.

Inflation

Wholesale fuel prices were volatile during the past several fiscal years, and we expect that they will remain volatile into the foreseeable future. During the nine months ended June 30, 2019, wholesale crude oil prices were approximately $65 per barrel in October, which was also the highest over the nine month period. During Cumberland Farms' 2018 fiscal year, wholesale crude oil prices began the year at approximately $49 per barrel in October and reached a high of approximately $67 per barrel in July. During Cumberland Farms' 2017 fiscal year, wholesale crude oil prices began the year at approximately $45 per barrel in October 2016 and reaching a high of approximately $49 per barrel in February 2017.

Historically, Cumberland Farms has attempted to pass along wholesale fuel cost changes to its customers through retail price changes; however, it has not always able to do so. The timing of any related increase or decrease in retail prices is affected by competitive conditions. As a result, fuel gross margins tend to decrease during periods of rising wholesale costs and increase during periods of falling wholesale costs. There can be no assurance that significant volatility in fuel wholesale prices will not adversely affect fuel gross margins or demand for fuel in the markets in which Cumberland Farms operates. The General Consumer Price Index, excluding food and energy, increased 2.2% and 1.7% during fiscal years ended September 30, 2018 and 2017, respectively. While Cumberland Farms has generally been able to pass cost increases to its customers in the past, but there can be no assurance that continued inflation will not have a material adverse effect on Cumberland Farms' sales and gross profit.

Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices. Following the Cumberland Farms Acquisition, the principal market risk to which we expect Cumberland Farms to be exposed is commodity risk. Historically, Cumberland Farms has used derivative instruments, which include swaps and futures to reduce its exposure to fluctuations in commodity prices. Upon completion of the Cumberland Farms Acquisition, the hedging philosophy described above will be reviewed and may not continue.

Commodity Risk

Cumberland has historically hedged its exposure to price fluctuations with respect to certain fuel purchases and coffee products and expected purchases and sales of these commodities. Its policy has generally been to purchase only products for which there is a market and to structure its sales contracts so that price fluctuations do not materially affect Cumberland Farms' profit. While this policy is designed to minimize market risk, some degree of exposure to unforeseen fluctuations in market conditions remains. Cumberland Farms has not acquired or held futures contracts or other derivative products for the purpose of speculating on price changes that might expose Cumberland Farms to indeterminable losses.

Cumberland Farms has generally used exchange-traded futures contracts to minimize its net position of fuel throughput inventories and minimize exposure to increases in the price of green coffee. In addition, Cumberland Farms acquires Renewable Identification Numbers ("RINs") through its purchases of ethanol at throughput

locations, and once the ethanol is blended with gasoline, these RINs become separated from the ethanol and eligible to be sold to third parties for use in complying with certain U.S. environmental regulations. There is an established market for RINs with quoted market prices.

The exchange-traded futures contracts are recorded at fair value in Cumberland Farms' consolidated balance sheets. The fair value of the exchange-traded futures contracts is based on the market prices obtained from the applicable exchange quotation as stipulated in the contracts. The recorded value of the exchange-traded futures includes unrealized gains and losses. Unrealized gains and losses reflect amounts that would be received from or paid by its brokers upon liquidation of these contracts.

The RINs are recognized as a current asset recorded at the lesser of their weighted average cost or market price.

The notional values of Cumberland Farms' futures contracts as of June 30, 2019 were as follows:

	Units	Unit of Measure
Fuel commodity contract purchases	121,000	Barrels
Fuel commodity contract sales	462,000	Barrels
Coffee commodity contract purchases	4,987,500	Pounds
RINs sales	3,250,000	RINs

Cumberland Farms has typically closed all exchange positions rather than to make or receive physical deliveries. Futures contracts are traded on regulated exchanges, which greatly reduce potential credit risks.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following tables and the notes thereto present our Unaudited Pro Forma Consolidated Financial Information consisting of (i) the 2018 Full-Year Unaudited Pro Forma Consolidated Income Statement, (ii) the 2018 Interim Unaudited Pro Forma Consolidated Income Statement and (iii) the 2019 Interim Unaudited Pro Forma Consolidated Income Statement, each of which gives *pro forma* effect to the Cumberland Farms Acquisition, the Debt Financing, the Cumberland Refinancing, the FuelCo Acquisition, the May 2019 Offering and the Kroger Acquisition as if these events occurred on January 1, 2018 and (iv) our Unaudited Pro Forma Consolidated Balance Sheet, which gives *pro forma* effect to the Cumberland Farms Acquisition, the Cumberland Refinancing and the Debt Financing as if these events occurred as of June 30, 2019.

The Unaudited Pro Forma Consolidated Financial Information is presented to illustrate the effects of Cumberland Farms Acquisition, the Debt Financing, the Cumberland Refinancing, the FuelCo Acquisition, the May 2019 Offering and the Kroger Acquisition on our historical financial position and results of operations as of each date and for each of the periods below, as applicable.

The Unaudited Pro Forma Consolidated Financial Information does not give *pro forma* effect to the acquisitions of Esso Italy, which closed on February 14, 2018, the NRG C-Stores, which closed on April 18, 2018, Esso Germany, which closed on October 1, 2018, Minit Mart, which closed on December 5, 2018, Fastrac, which closed on July 1, 2019 or Certified Oil, which closed on August 1, 2019, nor does it give *pro forma* effect to the sale of our proprietary fuel cards business managed by EG Business, which was completed on July 1, 2019.

The 2018 Full-Year Unaudited Pro Forma Consolidated Income Statement has been derived by (i) the mathematical addition of the results from the 2018 EG Group Audited Financial Statements, the financial information of the Kroger C-Stores for the period from December 28, 2017 to April 19, 2018, the financial information of FuelCo for the 52 weeks ended December 30, 2018 and the financial information of Cumberland Farms for the year ended December 31, 2018, (ii) adjustments to the historical financial information of the Kroger C-Stores, FuelCo and Cumberland Farms to give effect to the Kroger C-Stores Acquisition, the FuelCo Acquisition, and the Cumberland Farms Acquisition, including adjustments to conform the historical financial information of the Kroger C-Stores, FuelCo and Cumberland Farms to the presentation and basis of preparation of the historical financial statements of EG Group and (iii) adjustments to give effect to the Debt Financing, the Cumberland Refinancing and the May 2019 Offering and use of proceeds therefrom.

The 2018 Interim Unaudited Pro Forma Consolidated Income Statement has been derived by (i) the mathematical addition of the results for the six months ended June 30, 2018 from the EG Group Interim Financial Statements, the financial information of the Kroger C-Stores for the period from December 28, 2017 to April 19, 2018, the financial information of FuelCo for the 27 weeks ended June 30, 2018 and the financial information of Cumberland Farms for the six months ended June 30, 2018, (ii) adjustments to the historical financial information of the Kroger C-Stores, FuelCo and Cumberland Farms to give effect to the Kroger C-Stores Acquisition, the FuelCo Acquisition, and the Cumberland Farms Acquisition, including adjustments to conform the historical financial information of the Kroger C-Stores, FuelCo and Cumberland Farms to the presentation and basis of preparation of the historical financial statements of EG Group and (iii) adjustments to give effect to the Debt Financing, the Cumberland Refinancing and the May 2019 Offering and use of proceeds therefrom.

The 2019 Interim Unaudited Pro Forma Consolidated Income Statement has been derived by (i) the mathematical addition of the results for the six months ended June 30, 2019 from the EG Group Interim Financial Statements, the financial information of FuelCo for the 13 weeks ended March 31, 2018 and the financial information of Cumberland Farms for the six months ended June 30, 2019, (ii) adjustments to the historical financial information of FuelCo and Cumberland Farms to give effect to the FuelCo Acquisition and the Cumberland Farms Acquisition, including adjustments to conform the historical financial information of FuelCo and Cumberland Farms to the presentation and basis of preparation of the historical financial statements of EG Group and (iii) adjustments to give effect to the Debt Financing, the Cumberland Refinancing and the May 2019 Offering and use of proceeds therefrom.

The Unaudited Pro Forma Consolidated Financial Information is based upon available information and certain assumptions that we believe to be reasonable. The Cumberland Farms Acquisition and the FuelCo Acquisition will be accounted for using the acquisition method of accounting, which requires determination of the fair values of identifiable assets and liabilities as of the closing date, and allocation of the purchase price based on such fair values. As of the date hereof, we have not performed the valuation analyses necessary to estimate the fair values of the identifiable assets acquired and liabilities assumed of Cumberland Farms and FuelCo and the related allocation of the applicable purchase price. Accordingly, the excess of the purchase price over the historical book

value of identifiable assets acquired and liabilities assumed of Cumberland Farms and FuelCo has been allocated to goodwill in the Unaudited Pro Forma Consolidated Balance Sheet. Ultimately, we expect that a significant portion of the purchase price of Cumberland Farms and FuelCo may be allocated to identifiable intangible assets with finite lives, and to property, plant and equipment, which may materially increase our depreciation and amortization expense. We are unable to estimate these *pro forma* amounts as we have not completed the initial valuation of such assets and have not reflected an increase in depreciation and amortization expense in the Unaudited Pro Forma Consolidated Financial Information. The assumptions and estimates underlying the Unaudited Pro Forma Consolidated Financial Information are described in the accompanying notes thereto, which should be read together with the Unaudited Pro Forma Consolidated Financial Information.

The historical financial information of the Kroger C-Stores and of Cumberland Farms were prepared in accordance with U.S. GAAP. We prepare our financial statements in accordance with IFRS. U.S. GAAP differs in several respects from IFRS.

Based on financial analyses and procedures conducted by management, we believe that there are no material differences between IFRS as applied in the EG Group Audited Financial Statements and U.S. GAAP as applied by the Kroger C-Stores. Accordingly, no *pro forma* adjustments were necessary to conform the historical financial information of the Kroger C-Stores that was used in the preparation of the Unaudited Pro Forma Consolidated Financial Information to IFRS as applied by the EG Group.

As of the date hereof, we have not completed our financial analyses and procedures to identify and quantify all of the differences between IFRS as applied in the historical EG Group Financial Statements and U.S. GAAP as applied to the Cumberland Farms Financial Information. Based on primarily financial analyses and procedures, we made certain adjustments to the Cumberland Farms' financial information to conform the historical financial information of Cumberland Farms with our financial information prepared in accordance with IFRS, including adjustments to give effect to IFRS 16 (*Leases)* as if Cumberland Farms had adopted this accounting policy as of January 1, 2019.

The historical financial information of FuelCo was prepared in accordance with Australian GAAP which complies with IFRS as issued by the International Accounting Standards Board. Accordingly, no adjustments to the historical financial information of FuelCo have been made to convert such financial information to IFRS except for the adjustment to FuelCo's financial information for the 13 weeks ended March 31, 2019 to give effect to IFRS 16 (*Leases*) as if FuelCo had adopted this standard as of January 1, 2019. See Note 2 to the Unaudited Pro Forma Consolidated Financial Information below.

The 2018 Full-Year Unaudited Pro Forma Consolidated Income Statement and the 2018 Interim Unaudited Pro Forma Consolidated Income Statement reflect the historical amount of the Kroger C-Stores' and FuelCo's corporate costs allocated to them in accordance with the preparation of their financial statements on a carve-out basis. These allocations have not been adjusted for recurring cost savings expected from the separation from The Kroger Co. (in the case of the Kroger C-Stores) and Woolworths Group Ltd. (in the case of FuelCo) and integration with EG Group. The *pro forma* profit/(loss) for the year/period has not been adjusted for non-recurring income and expense historically recorded (other than those directly related to the acquisition of the Kroger C-Stores, the FuelCo Acquisition and the May 2019 Offering), or for any expected cost savings and synergies.

For the financial information below of the Kroger C-Stores for the period from December 28, 2017, to April 19, 2018, the historical financial information of the Kroger C-Stores have been converted from U.S. dollar to euro at the rate of $1.00 per €0.8138, which was the average exchange rate for that period.

The financial information below of FuelCo for the 52 weeks ended December 30, 2018, was derived by subtracting the financial information of FuelCo for the 27 weeks ended December 31, 2017, from the financial information of FuelCo for the 52 weeks ended June 24, 2018, and adding the financial information of FuelCo for the 27 weeks ended December 30, 2018. The financial information of FuelCo for the 25 weeks ended June 24, 2018 presented in this document was derived by subtracting the financial information of FuelCo for the 27 weeks ended December 31, 2017, from the financial information of FuelCo for the 52 weeks ended June 24, 2018. The financial information below of FuelCo for the 52 weeks ended December 30, 2018 and for the 25 weeks ended June 24, 2018 have been translated from Australian dollar to euro at the rate of A$1.00 per €0.6328, which was the average exchange rate for the year ended December 31, 2018. The financial information of FuelCo derived as described above for the 52 weeks ended December 30, 2018 has been prepared for illustrative purposes only and is not necessarily representative of the results of operations of FuelCo for any future period or our financial condition at any future date. This information has not been audited or reviewed by any auditors.

The financial information of Cumberland Farms for the year ended December 30, 2018 presented herein was derived by subtracting the financial information of Cumberland Farms for the three months ended December 31, 2017 from the financial information of Cumberland Farms for the fiscal year ended September 30, 2018, and adding the financial information of Cumberland Farms for the three months ended December 30, 2018. The financial information of Cumberland Farms for the six months ended June 30, 2019 was derived by subtracting the financial information of Cumberland Farms for the three months ended December 31, 2018 from the financial information of Cumberland Farms for the nine months ended June 30, 2019. The financial information of Cumberland Farms for the six months ended June 30, 2018 was derived by subtracting the financial information of Cumberland Farms for the three months ended December 31, 2017 from the financial information of Cumberland Farms for the nine months ended June 30, 2018. The financial information of Cumberland Farms derived as described above for the year ended December 31, 2018 and the six months ended June 30, 2019 and 2018 has been prepared for illustrative purposes only and is not necessarily representative of the results of operations of Cumberland Farms for any future period or our financial condition at any future date. This information has not been audited or reviewed by any auditors.

The historical financial results of Cumberland Farms for the financial year ended September 30, 2018, the three months ended December 31, 2018, the three months ended December 31, 2017, the nine months ended June 30, 2019 and the nine months ended June 30, 2018, have been converted from U.S. dollar to euro at the rate of €0.8404 per $1.00, €0.8763 per $1.00, €0.8491 per $1.00, €0.8824 per $1.00 and €0.8340 per $1.00, respectively, which were the average exchange rate over these periods.

The historical balance sheet information of Cumberland Farms has been extracted from the Cumberland Farms Interim Financial Statements as of and for the nine months ended June 30, 2019. The financial information below of Cumberland Farms as of June 30, 2019, has been translated from U.S. dollars to euro at the rate of €0.8787 per $1.00, which was the U.S. dollar to euro exchange rate in effect on June 30, 2019.

The Unaudited Pro Forma Consolidated Financial Information has not been prepared in accordance with the requirements of Regulation S-X of the Securities Act, the Prospectus Regulation or any generally accepted accounting standards. The Unaudited Pro Forma Consolidated Financial Information is for informational purposes only and should not be considered indicative of actual results that would have been achieved had the Cumberland Farms Acquisition, the Debt Financing, the Cumberland Refinancing, the FuelCo Acquisition, the May 2019 Offering and the Kroger Acquisition have been consummated on the dates indicated and does not purport to indicate our future consolidated results of operations or financial position.

Unaudited Pro Forma Consolidated Balance Sheet as of June 30, 2019

	As of June 30, 2019	As of June 30, 2019			As of June 30, 2019
	Note 2		*Note 3*		*Pro forma*
	EG Group	Cumberland Farms	*Pro forma acquisition adjustments*	*Pro forma financing adjustments*	Consolidated Group
			(in € million)		
Goodwill	3,524	9	1,195	—	4,728
Other intangible assets	405	—	—	—	405
Property, plant and equipment	3,192	824	—	—	4,016
Right of use assets	1,138	118	—	—	1,256
Interests in joint ventures	7	—	—	—	7
Deferred tax asset	185	—	—	—	185
Financial assets	—	4	—	—	4
Trade and other receivables	136	8	—	—	144
Non-current assets	**8,587**	**963**	**1,195**	**—**	**10,745**
Inventories	404	130	—	—	534
Trade and other receivables	615	31	—	—	645
Current income tax assets	3	—	—	—	3
Assets classified as held for sale	81	2	—	—	84
Cash and cash equivalents	594	60	—	(413)*(Note 4a)*	241
Current assets	**1,697**	**223**	—	**(413)**	**1,507**
Total assets	**10,284**	**1,186**	**1,195**	**(413)**	**12,252**
Trade and other payables	(1,363)	(159)	—	3*(Note 4b)*	(1,519)
Current income tax liabilities	(13)	(1)	—	—	(14)
Borrowings	(143)	(14)	—	8*(Note 4a)*	(149)
Lease liabilities	(125)	(12)	—	—	(137)
Provisions for other liabilities and charges	(26)	(14)	—	—	(40)
Employee benefit obligations	(13)	—	—	—	(13)
Current liabilities	**(1,683)**	**(200)**	—	**11**	**(1,872)**
Trade and other payables	(46)	(9)	—	—	(55)
Borrowings	(6,733)	(258)	—	(978)*(Note 4b)*	(7,969)
Lease liabilities	(916)	(122)	—	—	(1,038)
Derivative financial instruments	(2)	—	—	—	(2)
Provisions for other liabilities and charges	(302)	(38)	—	—	(340)
Deferred tax liabilities	(294)	(4)	—	—	(298)
Employee benefit obligations	(34)	(6)	—	—	(40)
Non-current liabilities	**(8,327)**	**(437)**	—	**(978)**	**(9,742)**
Total liabilities	**(10,010)**	**(637)**	—	**(967)**	**(11,614)**
Net assets	**274**	**549**	**1,195**	**(1,380)**	**638**
Share capital	—	(5)	5	—	—
Share premium account	1,587	9	(9)	400*(Note 4c)*	1,987
Merger reserve	(1,188)	—	—	—	(1,188)
Currency translation reserve	(61)	—	—	—	(61)
Retained earnings	(64)	545	(558)	(23)*(Note 4c)*	(100)
Total equity	**274**	**549**	**(562)**	**377**	**638**

See accompanying notes to the Unaudited Pro Forma Consolidated Financial Information

2018 Full-Year Unaudited Pro Forma Consolidated Income Statement

	Year ended December 31, 2018	Period from December 28, 2017 to April 19, 2018	52 weeks ended December 30, 2018	Year ended December 31, 2018		Year ended December 31, 2018
		Note 2				**Pro forma**
	EG Group	**Kroger C-Stores**	**FuelCo**	**Cumberland Farms**	***Pro forma Adjustments***	**Consolidated Group**
			(in € million)			
Revenue	**12,005**	**1,060**	**3,052**	**3,471**	**—**	**19,589**
Cost of sales	(10,512)	(917)	(2,729)	(2,864)	—	(17,022)
Gross profit	**1,493**	**143**	**323**	**607**	**—**	**2,567**
Distribution costs	(1,051)	(100)	(214)	(447)	—	(1,812)
Administrative expenses	(246)	(37)	(32)	(80)	25*(Note 5a)*	(370)
Other operating income, net	45	13	1	8	—	67
Share of profit of equity accounted investments	1	—	—	—	—	1
Operating profit/(loss)	**242**	**20**	**78**	**88**	**25**	**453**
Finance income	12	—	—	0	—	12
Finance costs	(392)	—	—	(19)	(235)*(Note 5b)*	(646)
Profit/(loss) before tax	**(138)**	**20**	**78**	**69**	**(210)**	**(181)**
Tax	—	(6)	(23)	(2)	13*(Note 5c)*	(18)
Profit/(loss) for the year/ period	**(138)**	**14**	**55**	**67**	**(197)**	**(199)**

See accompanying notes to the Unaudited Pro Forma Consolidated Financial Information

2018 Interim Unaudited Pro Forma Consolidated Income Statement

	Six months ended June 30, 2018	Period from December 28, 2017 to April 19, 2018	25 weeks ended June 30, 2018	Six months ended June 30, 2018		Six months ended June 30, 2018
		Note 1				***Pro forma***
	EG Group	**Kroger C-Stores**	**FuelCo**	**Cumberland Farms**	***Pro forma Adjustments***	**Consolidated Group**
			(in € million)			
Revenue	**4,353**	**1,060**	**1,446**	**1,634**	**—**	**8,493**
Cost of sales	(3,798)	(917)	(1,292)	(1,376)	—	(7,383)
Gross profit	**555**	**143**	**154**	**258**	**—**	**1,110**
Distribution costs	(427)	(100)	(104)	(215)	—	(846)
Administrative expenses	(67)	(37)	(15)	(37)	25*(Note 5a)*	(130)
Other operating income, net	4	13	—	1	—	19
Share of profit of equity accounted investments	0	—	—	—	—	0
Operating profit/(loss)	**66**	**20**	**36**	**6**	**25**	**153**
Finance income	8	—	—	0	—	8
Finance costs	(222)	—	—	(10)	(138)*(Note 5b)*	(370)
Profit/(loss) before tax	**(149)**	**20**	**36**	**(3)**	**(113)**	**(209)**
Tax	(10)	(6)	(11)	0	8*(Note 5c)*	(19)
Profit/(loss) for the year/ period	**(159)**	**14**	**25**	**(3)**	**(105)**	**(228)**

See accompanying notes to the Unaudited Pro Forma Consolidated Financial Information

2019 Interim Unaudited Pro Forma Consolidated Income Statement

	Six months ended June 30, 2019	13 weeks ended March 31, 2019	Six months ended June 30, 2019		Six months ended June 30, 2019
		Note 1			*Pro forma*
	EG Group	FuelCo	Cumberland Farms	*Pro forma Adjustments*	Consolidated Group
			(in € million)		
Revenue	**9,003**	**687**	**1,794**	**—**	**11,485**
Cost of sales	(7,965)	(612)	(1,449)	—	(10,026)
Gross profit	**1,038**	**75**	**345**	**—**	**1,459**
Distribution costs	(739)	(50)	(280)	—	(1,069)
Administrative expenses	(137)	(9)	(42)	28*(Note 5d)*	(160)
Other operating income, net	3	—	1	—	4
Share of profit of equity accounted investments	0	—	—	—	0
Operating profit/(loss)	**165**	**16**	**24**	**28**	**234**
Finance income	2	—	0	—	2
Finance costs	(262)	(7)	(16)	(56)*(Note 5b)*	(341)
Profit/(loss) before tax	**(95)**	**9**	**9**	**(28)**	**(105)**
Tax	4	(4)	(2)	(0)(Note 5c)	(2)
Profit/(loss) for the year/period	**(91)**	**5**	**7**	**(28)**	**(107)**

See accompanying notes to the Unaudited Pro Forma Consolidated Financial Information

Notes to the Unaudited Pro Forma Consolidated Financial Information

Note 1: Basis of Preparation

The derived historical financial information (see Note 2) has been adjusted in the Unaudited Pro Forma Consolidated Financial Information to give effect to pro forma events that are (1) directly attributable to the Cumberland Farms Acquisition, the Debt Financing, the Cumberland Refinancing, the FuelCo Acquisition, the May 2019 Offering and the Kroger C- Stores Acquisition, (2) factually supportable and (3) with respect to the Unaudited Pro Forma Consolidated Income Statements, expected to have a continuing impact on the results following the Cumberland Farms Acquisition, the Debt Financing, the Cumberland Refinancing, the FuelCo Acquisition, the May 2019 Offering and the Kroger C- Stores Acquisition.

The Kroger C- Stores Acquisition, the Cumberland Farms Acquisition and the FuelCo Acquisition are accounted for under the acquisition method in accordance with IFRS 3 *Business Combinations*. As of the date hereof, we have not performed the valuations and analyses necessary to estimate the fair values of the identifiable assets acquired and liabilities assumed in the FuelCo and Cumberland Farms Acquisition. Accordingly, the excess of the purchase price over the historical book value of identifiable assets acquired and liabilities assume of FuelCo and Cumberland Farms has been allocated to goodwill in the Unaudited Pro Forma Consolidated Balance Sheet. Ultimately, we expect that a significant portion of the purchase price may be allocated to identifiable intangible assets with finite lives, and to property, plant and equipment, which may materially increase our depreciation and amortization expense. We are unable to estimate these pro forma amounts as we have not completed the valuation of such assets. Accordingly, the continuing impact of the incremental expenses that will likely result from this purchase price allocation exercise are not reflected in these pro forma results.

We have made certain reclassifications and adjustments to the derived historical financial information of Kroger C-Stores, FuelCo and Cumberland Farms to conform our historical financial information presentation and accounting policies (see Note 2).

The historical financial statements of Kroger C- Stores and Cumberland Farms were presented in U.S. Dollars and the historical financial statements of FuelCo were presented in Australian dollars. The historical financial information was translated from U.S. Dollars and Australian Dollars to Euro using the following exchange rates:

	$/€	AUD/€
Exchange rate as of June 30, 2019 (Balance sheet)	0.8787	
Exchange rate for period December 28, 2017 to April 19, 2018	0.8138	
Exchange rate for the financial year ended September 30, 2018	0.8404	
Exchange rate for the three months ended December 31, 2018	0.8763	
Exchange rate for the three months ended December 31, 2017	0.8491	
Exchange rate for the nine months ended June 30, 2019	0.8824	
Exchange rate for the nine months ended June 30, 2018	0.8340	
Exchange rate for the 52 weeks ended December 30, 2018		0.6328
Exchange rate for the 25 weeks ended June 24, 2018		0.6328
Exchange rate for the 13 weeks ended March 31, 2019		0.6275

The Unaudited Pro Forma Consolidated Financial Information has not been prepared in accordance with the requirements of Regulation S-X of the Securities Act, the Prospectus Regulation or any generally accepted accounting standards. The Unaudited Pro Forma Consolidated Financial Information is for informational purposes only and should not be considered indicative of actual results that would have been achieved had the Cumberland Farms Acquisition, the Debt Financing, the Cumberland Refinancing, the FuelCo Acquisition, the May 2019 Offering and the Kroger C- Stores Acquisition been consummated on the dates indicated and does not purport to indicate our future consolidated results of operations or financial position.

The amounts set out in the Unaudited Pro Forma Consolidated Financial Information have been subject to rounding adjustments and, as a result, the totals may slightly vary from the arithmetic totals due to rounding.

Note 2: Historical Financial Information

The Unaudited Pro Forma Consolidated Financial Information is based on the historical financial information of EG Group, the Kroger C-Stores, FuelCo and Cumberland Farms, as follows:

EG Group

The historical information we present for the EG Group as of and for the six months ended June 30, 2019 and 2018 were derived from the EG Group Interim Financial Statements. The historical financial information we present for the EG Group for the year ended December 31, 2018 was derived from the 2018 EG Group Audited Financial Statements.

The results of operations of the Kroger C-Stores are included in our consolidated results of operations from April 20, 2018 and the results of operations of FuelCo are included in our consolidated results of operations from April 1, 2019, which were the respective acquisition dates for Kroger C-Stores and FuelCo.

As of the date hereof, we have not performed the valuations and analyses necessary to estimate the fair values of the identifiable assets acquired and liabilities assumed in the FuelCo Acquisition. Accordingly, the excess of the purchase price over the historical book value of identifiable assets acquired and liabilities assumed of FuelCo has been allocated to goodwill in the historical financial statements of EG Group as of and for the six months ended June 30, 2019. Ultimately, we expect that a significant portion of the purchase price may be allocated to identifiable intangible assets with finite lives, and to property, plant and equipment.

Kroger C-Stores

The historical information we present for the Kroger C-Stores was derived from the unaudited condensed consolidated financial statements of the Kroger C-Stores for the period from December 28, 2017 to April 19, 2018.

We reclassified the historical presentation of the financial information of Kroger C-Stores to conform it to the historical financial information presentation of EG Group. A summary of these reclassifications follows below:

	Period from December 28, 2017 to April 19, 2018	Reclassification of depreciation and amortization	Reclassification of rent	Reclassification of operating general and administrative expenses	EG Group classification as presented in the pro forma financial information	
Sales	1,060	—	—	—	1,060	Revenue
Merchandise cost including advertising and transportation excluding items shown separately	(917)	—	—	—	(917)	Cost of sales
		—	**—**	**—**	**143**	**Gross profit**
		(13)	(6)	(81)	(100)	Distribution costs
		—	—	(37)	(37)	Administrative expenses
Operating, general and administrative	(105)	—	—	105	—	
Rent	(6)	—	6	—	—	
Depreciation and amortization	(13)	13	—	—	—	
		—	—	13	13	Other operating income
		—	—	—	—	Share of profits of equity accounted investments
Operating profit	**19**	**—**	**—**	**—**	**19**	**Operating profit/(loss)**
		—	—	—	—	Finance income
Interest expense	—	—	—	—	—	Finance costs
Earnings before tax	**19**	**—**	**—**	**—**	**19**	**Profit/(loss) before tax**
Income tax expense	(5)	—	—	—	(5)	Tax
Net earnings	**14**	**—**	**—**	**—**	**14**	**Profit/(loss) for the period**

The historical financial statements of the Kroger C-Stores were prepared in accordance with U.S. GAAP and have never been converted to IFRS, which is the accounting framework we use to prepare the financial statements for EG Group. However, based on financial analyses and procedures conducted by management, there are no material differences between IFRS as applied in our financial statements as of and for the year ending December 31, 2018 and the six months ending June 30, 2018 and U.S. GAAP as applied by the Kroger C-Stores.

FuelCo

The historical financial information of FuelCo has been extracted on a carve-out basis from the accounting records of Woolworths Group Limited and reflects the assets, liabilities, revenue and expenses directly attributable to FuelCo as well as allocations deemed reasonable by EG Group. The Woolworths Group does not, and officers or employees of the Woolworths Group do not, accept any liability or responsibility for, and make no express or implied representation or warranty and give no other assurance, to any person in respect of the accuracy, appropriateness, basis of preparation and/or completeness of the historical financial information of FuelCo.

The historical financial information of FuelCo for the year ended December 31, 2018 was derived by subtracting the historical financial information of FuelCo as of and for the 27 weeks ended December 31, 2017, from the historical financial information of FuelCo as of and for the 52 weeks ended June 24, 2018, and adding the historical financial information of FuelCo as of and for the 27 weeks ended December 30, 2018, as summarized below:

	FuelCo			
	52 weeks ended June 24, 2018	27 weeks ended December 31, 2017	27 weeks ended December 30, 2018	52 weeks ended December 30, 2018
	(in € millions)			
Revenue	**2,973**	**1,527**	**1,606**	**3,052**
Cost of sales	(2,649)	(1,357)	(1,437)	(2,729)
Gross profit	**324**	**170**	**169**	**323**
Branch expenses	(212)	(108)	(110)	(214)
Administration expenses	(28)	(14)	(18)	(32)
Other revenue	1	1	1	1
Profit for the period	**85**	**49**	**42**	**78**
Income tax expense	(26)	(15)	(12)	(23)
Profit/(loss) for the year/period	**59**	**34**	**30**	**55**

The financial information of FuelCo for the 25 weeks ended June 24, 2018 was derived by subtracting the financial information of FuelCo for the 27 weeks ended December 31, 2017, from the financial information of FuelCo for the 52 weeks ended June 24, 2018, as summarized below:

	FuelCo		
	52 weeks ended June 24, 2018	27 weeks ended December 31, 2017	25 weeks ended June 30, 2018
	(in € millions)		
Revenue	**2,973**	**1,527**	**1,446**
Cost of sales	(2,649)	(1,357)	(1,292)
Gross profit	**324**	**170**	**154**
Branch expenses	(212)	(108)	(104)
Administration expenses	(28)	(14)	(15)
Other revenue	1	1	—
Profit for the period	**85**	**49**	**36**
Income tax expense	(26)	(15)	(11)
Profit/(loss) for the year/period	**59**	**34**	**25**

The historical financial information of FuelCo has been prepared in accordance with Australian GAAP, which complies with IFRS as issued by the International Accounting Standards Board, and therefore we neither describe the differences between IFRS and Australian GAAP nor make adjustments to the historical financial information of FuelCo for any period ended prior to January 1, 2019.

The historical financial information of FuelCo for the 13 weeks ended March 31, 2019 has been extracted on a 'carve-out' basis from the accounting records of Woolworths Group Limited and reflects the assets, liabilities, revenue and expenses directly attributable to FuelCo as well as allocations deemed reasonable by EG Group. We made an adjustment to the historical financial information of FuelCo for the 13 weeks ended March 31, 2019 to give effect to IFRS 16 (*Leases*) as if FuelCo had adopted this standard on January 1, 2019. A summary of the adjustments we made to give effect to IFRS 16 (*Leases*) follows below:

	FuelCo			
	For the 13 weeks ended March 31, 2019	IFRS 16 adjustment[(i)]	As adjusted for 13 weeks ended March 31, 2018	As adjusted for 13 weeks ended March 31, 2018
	(in AUD millions)			(in € millions)
Revenue	**1,095**	**—**	**1,095**	**687**
Cost of sales	(975)	—	(975)	(612)
Gross profit	**120**	**—**	**120**	**75**
Branch expenses	(86)	6	(80)	(50)
Administration expenses	(14)	—	(14)	(9)
Other revenue	—	—	—	—
Operating profit for the period	**20**	**6**	**26**	**16**
Finance costs	—	(11)	(11)	(7)
Profit/(loss) before tax	**20**	**(5)**	**15**	**9**
Income tax expense	(6)	—	(6)	(4)
Profit/(loss) for the year/period	**14**	**(5)**	**9**	**5**

(i) The IFRS 16 adjustment reflects the estimated decrease in rent expense by AUD 18 million and an increase in depreciation expense of AUD 12 million resulting in a net decrease of Branch expenses by AUD 6 million and an estimated increase in finance costs, each as a result of recognizing the leases as a right-of-use asset and a corresponding liability.

Branch expenses have been presented within distribution costs and other revenue has been presented within other operating income, net, to conform the historical presentation of FuelCo to the financial presentation of EG Group in the Unaudited Pro Forma Consolidated Income Statements.

Cumberland Farms

The historical financial information of Cumberland Farms for the year ended December 31, 2018 was derived by subtracting the financial information of Cumberland Farms for the three months ended December 31, 2017 from the financial information of Cumberland Farms for the fiscal year ended September 30, 2018, and adding the financial information of Cumberland Farms for the three months ended December 30, 2018, as summarized below:

	Cumberland Farms			
	Year ended September 30, 2018	Three months ended December 31, 2017	Three months ended December 31, 2018	Year ended December 31, 2018
	(in $ millions)			
Revenues	4,015	946	1,018	4,087
Expenses:				
Cost of sales	(3,329)	(772)	(794)	(3,352)
Operating, selling, general and administrative expenses	(644)	(152)	(162)	(654)
Gain on disposal of property and equipment, net	9	(0)	(0)	9
Income from operations	**50**	**22**	**62**	**90**
Other income (expense)				
Interest expense	(23)	(6)	(6)	(23)
Investment income—net	0	0	0	0
Other income	10	2	3	11
Income from operations before provision for income taxes	**37**	**19**	**59**	**78**
Provision for income taxes	(1)	(1)	(2)	(3)
Net income	**36**	**19**	**58**	**75**

The historical financial information of Cumberland Farms for the six months ended June 30, 2018 was derived by subtracting the financial information of Cumberland Farms for the three months ended December 31, 2017 from the financial information of Cumberland Farms for the nine months ended June 30, 2018, as summarized below:

	Cumberland Farms		
	Nine months ended June 30, 2018	Three months ended December 31, 2017	Six months ended June 30, 2018
		(in $ millions)	
Revenues	2,918	946	**1,972**
Expenses:			
Cost of sales	(2,425)	(772)	(1,653)
Operating, selling, general and administrative expenses	(473)	(152)	(321)
Gain on disposal of property and equipment, net	1	(0)	1
Income from operations	**21**	**22**	**(0)**
Other income (expense)			
Interest expense	(17)	(6)	(12)
Investment income - net	0	0	
Other income	**7**	2	**6**
Income from operations before provision for income taxes	**11**	**19**	**(8)**
Provision for income taxes	(0)	(1)	(0)
Net income	**11**	**19**	**(8)**

The historical financial information of Cumberland Farms for the six months ended June 30, 2019 was derived by subtracting the financial information of Cumberland Farms for the three months ended December 31, 2018 from the financial information of Cumberland Farms for the nine months ended June 30, 2019, as summarized below:

	Cumberland Farms		
	Nine months ended June 30, 2019	Three months ended December 31, 2018	Six months ended June 30, 2019
		(in $ millions)	
Revenues	3,040	1,018	**2,022**
Expenses:			
Cost of sales	(2,466)	(794)	(1,672)
Operating, selling, general and administrative expenses	(500)	(162)	(338)
Gain on disposal of property and equipment, net	1	(0)	1
Income from operations	**74**	**62**	**12**
Other income (expense)			
Interest expense	(18)	(6)	(12)
Investment income - net	1	0	0
Other income	8	3	**6**
Income from operations before provision for income taxes	**66**	**59**	**7**
Provision for income taxes	(3)	(2)	(2)
Net income	**63**	**58**	**5**

We reclassified the derived historical presentation of Cumberland Farms' financial information for the year ended December 31, 2018 and for the six months ended June 30, 2019 and 2018 to conform to the historical financial information presentation of EG Group. A summary of the reclassifications and adjustments we made to the Cumberland Farms' derived historical financial information for the year ended December 31, 2018 follows in the table below:

Cumberland Farms Income Statement

			Reclassifications[(ii)]					
	For the year ended December 31, 2018	**U.S. GAAP to IFRS adjustment[(i)]**	**Site related income**	**Fuel delivery costs**	**Other Mapping**	**EG Group classification as presented in the pro forma financial information**	**EG Group classification as presented in the pro forma financial information (converted)**	
				($ millions)			**(€ millions)**	
Revenue	**4,087**	**—**	**9**	**—**	**—**	**4,096**	**3,471**	**Revenue**
Expenses:								
Cost of sales	(3,352)	2	—	(31)	—	(3,381)	(2,864)	Cost of sales
		2	**9**	**(31)**	**—**	**715**	**607**	**Gross profit**
Operating, selling, general and administrative expenses	(654)	1	—	31	95	(528)	(447)	Distribution costs
					(95)	(95)	(80)	Administrative expenses
Gain on disposal of property and equipment, net	9	—	—	—	(9)			
Income from operations	**90**							
Other income (expense):								
Interest expense	(23)	—	—	—	23			
Investment income - net	0	—	—	—	0			
Other income	11		(9)		9	10	8	Other operating income, net
		—	—	—	—	—	—	Share of profit of equity accounted investments
		3	**0**	**0**	**23**	**103**	**88**	**Operating profit/(loss)**
		—	—	—	—	0	0	Finance income
		—	—	—	(23)	(23)	(19)	Finance costs
Income from operations before provision for income taxes	**78**	**3**	**0**	**0**	**0**	**80**	**69**	**Profit/(loss) before tax**
Provision for income taxes	(3)	—	—	—	—	(3)	(2)	Tax
Net income	**75**	**3**	**0**	**0**	**0**	**78**	**67**	**Profit/(loss) for the year/period**

(i) The historical financial information of Cumberland Farms was prepared in accordance with U.S. GAAP and has never been converted to IFRS, which is the accounting framework used by EG Group. In order to present the results of operation of Cumberland Farms for the year ended December 31, 2018, we made the following adjustments to conform the accounting policies of Cumberland Farms to those of EG Group.

- *LIFO adjustment* – Cumberland Farms values certain inventory at the lower of cost, using the last-in, first-out (LIFO) inventory method, or market price. IFRS does not permit the use of the LIFO method. We adjusted Cumberland Farms' costs of sales to reflect the effect our inventory accounting policies and procedures would have had on the value of the inventory used in operations over the period.

- *Goodwill amortization adjustment* – Cumberland Farms has elected to use the accounting alternative from subsequent measurement of goodwill and amortizes goodwill on a straight-line basis over 10 years. Amortization of goodwill is not permitted under IFRS. Under IFRS, EG Group is required to test goodwill for impairment by comparing its recoverable amount with its carrying amount annually, and whenever there is an indication that goodwill may be impaired. We adjusted Cumberland Farms' operating, selling, general and administrative expenses to reverse amortization expenses recognized over the period that were related to goodwill.

(ii) In order to align Cumberland Farms' results of operations for the fiscal year ended September 30, 2018 with our presentation of financial information, we reclassified certain Cumberland Farms' income and expenses as follows:

- Site related rental income, which was classified as other income for Cumberland Farms, was reclassified as revenue.
- The cost of carriage inward, which was classified as an operating, selling, general and administrative expense for Cumberland Farms, was reclassified as cost of sales.
- Cumberland Farms' operating, selling, general and administrative expenses that were not reclassified as described above were allocated to distribution costs and administrative expenses according to the nature of the expense.
- Cumberland Farms' gain on disposal of property and equipment, net, was reclassified as other operating income, net.

A summary of the reclassifications and adjustments we made to the Cumberland Farms' derived historical financial information for the six months ended June 30, 2018 follows in the table below.

Cumberland Farms Income Statement

			Reclassifications[(ii)]					
	For the six months ended June 30, 2018	**U.S. GAAP to IFRS adjustment[(i)]**	**Site related income**	**Fuel delivery costs**	**Other Mapping**	**EG Group classification as presented in the pro forma financial information**	**EG Group classification as presented in the pro forma financial information (converted)**	
				($ millions)			**(€ millions)**	
Revenue	**1,972**	**—**	**4**		**—**	**1,976**	**1,634**	**Revenue**
Expenses:								
Cost of sales	(1,653)	4	—	(16)	—	(1,665)	(1,376)	Cost of sales
		4	**4**	**(16)**	**—**	**312**	**258**	**Gross profit**
Operating, selling, general and administrative expenses	(321)	1	—	16	45	(260)	(215)	Distribution costs
		—	—	—	(45)	(45)	(37)	Administrative expenses
Gain on disposal of property and equipment, net	1	—	—	—	(1)			
Income from operations	**(0)**	—	—	—				
Other income (expense):								
Interest expense	(12)	—	—	—	12			
Investment income - net	0	—	—	—	0			
Other income	6	—	(4)	—	1	1	1	Other operating income, net
		—	—	—	—	—	—	Share of profit of equity accounted investments
		5	**0**	**0**	**12**	**8**	**6**	**Operating profit/(loss)**
		—	—	—	—	0	0	Finance income
		—	—	—	(12)	(12)	(10)	Finance costs
Income from operations before provision for income taxes	**(8)**	**5**	**0**	**0**	**0**	**(3)**	**(3)**	**Profit/(loss) before tax**
Provision for income taxes	0			—	—	0	0	Tax
Net income	**(8)**	**5**	**—**	**—**	**—**	**(3)**	**(3)**	**Profit/(loss) for the year/period**

(i) The historical financial information of Cumberland Farms was prepared in accordance with U.S. GAAP and have never been converted to IFRS, which is the accounting framework used by EG Group. In order to present the results of operation of Cumberland Farms for the six months ended June 30, 2018, we made the following adjustments to conform the accounting policies of Cumberland Farms to those of EG Group.

- *LIFO adjustment* – Cumberland Farms values certain inventory at the lower of cost, using the last-in, first-out (LIFO) inventory method, or market price. IFRS does not permit the use of the LIFO method. We adjusted Cumberland Farms' costs of sales to

reflect the effect of our inventory accounting policies and procedures would have had on the value of the inventory used in operations over the period.

- *Goodwill amortization adjustment* – Cumberland Farms has elected to use the accounting alternative from subsequent measurement of goodwill and amortizes goodwill on a straight-line basis over 10 years. Amortization of goodwill is not permitted under IFRS. Under IFRS, EG Group is required to test goodwill for impairment by comparing its recoverable amount with its carrying amount annually, and whenever there is an indication that goodwill may be impaired. We adjusted Cumberland Farms' operating, selling, general and administrative expenses to reverse amortization expenses recognized over the period that were related to goodwill.

(ii) In order to align Cumberland Farms' results of operations for the six months ended June 30, 2018 with our presentation of financial information, we reclassified certain Cumberland Farms' income and expenses as follows:

- Site related rental income, which was classified as other income for Cumberland Farms, was reclassified as revenue.
- The cost of carriage inward, which was classified as an operating, selling, general and administrative expense for Cumberland Farms, was reclassified as cost of sales.
- Cumberland Farms' operating, selling, general and administrative expenses that were not reclassified as described above were allocated to distribution costs and administrative expenses according to the nature of the expense.
- Cumberland Farms' gain on disposal of property and equipment, net, was reclassified as other operating income, net.

A summary of the reclassifications and adjustments we made to the Cumberland Farms' derived historical financial information for the six months ended June 30, 2019 follows in the table below.

Cumberland Farms Income Statement

	For the six months ended June 30, 2019	U.S. GAAP to IFRS adjustment(i)	Reclassifications(ii) Site related income	Fuel delivery costs	Other Mapping	EG Group classification as presented in the pro forma financial information	EG Group classification as presented in the pro forma financial information (converted)	
				($ millions)			(€ millions)	
Revenue	**2,022**	**—**	**5**		**—**	**2,027**	**1,794**	**Revenue**
Expenses:								
Cost of sales	(1,672)	3	—	32	—	(1,637)	(1,449)	Cost of sales
		3	**5**	**32**	**—**	**390**	**345**	**Gross profit**
Operating, selling, general and administrative expenses	(338)	7	—	(32)	47	(316)	(280)	Distribution costs
		—	—	—	(47)	(47)	(42)	Administrative expenses
Gain on disposal of property and equipment, net	1	—	—	—	(1)			
Income from operations	**12**	—	—	—				
Other income (expense):								
Interest expense	(12)	—	—	—	12			
Investment income - net	0	—	—	—	0			
Other income	6	—	(5)	—	1	1	1	Other operating income, net
		—	—	—	—	—	—	Share of profit of equity accounted investments
		10	**—**	**—**	**12**	**28**	**24**	**Operating profit/(loss)**
		—	—	—	—	0	0	Finance income
		(6)	—	—	(12)	(18)	(16)	Finance costs
Income from operations before provision for income taxes	**7**	**4**	**—**	**—**	**—**	**11**	**9**	**Profit/(loss) before tax**

	For the six months ended June 30, 2019	U.S. GAAP to IFRS adjustment(i)	Reclassifications(ii) Site related income	Fuel delivery costs	Other Mapping	EG Group classification as presented in the pro forma financial information	EG Group classification as presented in the pro forma financial information (converted)	
	($ millions)						(€ millions)	
Provision for income taxes	(2)			—	—	(2)	(2)	Tax
Net income	**5**	**4**	**—**	**—**	**—**	**9**	**7**	**Profit/(loss) for the year/period**

(i) The historical financial information of Cumberland Farms was prepared in accordance with U.S. GAAP and have never been converted to IFRS, which is the accounting framework used by EG Group. In order to present the results of operation of Cumberland Farms for the six months ended June 30, 2019, we made the following adjustments to conform the accounting policies of Cumberland Farms to those of EG Group.

- *LIFO adjustment* – Cumberland Farms values certain inventory at the lower of cost, using the last-in, first-out (LIFO) inventory method, or market price. IFRS does not permit the use of the LIFO method. We adjusted Cumberland Farms' costs of sales to reflect the effect of our inventory accounting policies and procedures would have had on the value of the inventory used in operations over the period.

- *Goodwill amortization adjustment* – Cumberland Farms has elected to use the accounting alternative from subsequent measurement of goodwill and amortizes goodwill on a straight-line basis over 10 years. Amortization of goodwill is not permitted under IFRS. Under IFRS, EG Group is required to test goodwill for impairment by comparing its recoverable amount with its carrying amount annually, and whenever there is an indication that goodwill may be impaired. We adjusted Cumberland Farms' operating, selling, general and administrative expenses to reverse amortization expenses recognized over the period that were related to goodwill.

- *IFRS 16 lease adjustments* – For the Cumberland Farms financial information as of and for the six months ended June 30, 2019, we adjusted the balance sheet and income statement financial information to give effect to IFRS 16 (*Leases*) as if Cumberland Farms had adopted this accounting policy on January 1, 2019. To give effect to IFRS 16 (*Leases*) for the period, we adjusted operating, selling, general and administrative expenses to remove rent expenses and adjusted finance costs to include the portion of lease payments over the period allocated to finance costs in accordance with our accounting policies and procedures.

(ii) In order to align Cumberland Farms' results of operations for the six months ended June 30, 2019 with our presentation of financial information, we reclassified certain Cumberland Farms' income and expenses as follows:

- Site related rental income, which was classified as other income for Cumberland Farms, was reclassified as revenue.

- The cost of carriage inward, which was classified as an operating, selling, general and administrative expense for Cumberland Farms, was reclassified as cost of sales.

- Cumberland Farms' operating, selling, general and administrative expenses that were not reclassified as described above were allocated to distribution costs and administrative expenses according to the nature of the expense.

- Cumberland Farms' gain on disposal of property and equipment, net, was reclassified as other operating income, net.

We reclassified and adjusted certain balance sheet items in Cumberland Farms' historical financial information to conform to the historical presentation and accounting policies of EG Group's. A summary of these reclassifications and adjustments we made to Cumberland Farms Balance Sheet is as follows:

Cumberland Farms Balance Sheet

			Reclassifications[ii]							
	As of June 30, 2019	**U.S. GAAP to IFRS adjustment[i]**	**Card receivables**	**Accruals**	**RCF**	**Direct taxes to current tax liabilities**	**Employee benefit obligations**	**EG Group classification as presented in the pro forma financial information**	**EG Group classification as presented in the pro forma financial information**	
				($ millions)					**(€ millions)**	
Goodwill – net	5	6	—	—	—	—	—	11	9	Goodwill
		—	—	—	—	—	—	—		Other intangible assets
Property and equipment – Net	938	—	—	—	—	—	—	938	824	Property, plant and equipment
		134	—	—	—	—	—	134	118	Right of use assets
		—	—	—	—	—	—	—		Interests in joint ventures
		—	—	—	—	—	—	—		Deferred tax asset
Available-for-sale securities	4	—	—	—	—	—	—	4	4	Financial assets
Other assets	12	(3)	—	—	—	—	—	10	8	Trade and other receivables
		137	—	—	—	—	—	**1,097**	**963**	**Non-current assets**
Inventories – net	78	70	—	—	—	—	—	148	130	Inventories
Prepaid expenses and other current assets	22	—	12	—	—	—	—	35	31	Trade and other receivables
Accounts and credit card receivables – net of allowance for doubtful accounts	46	—	(46)	—	—	—	—			
		—	—	—	—	—	—	—		Current income tax assets
Current assets held for sale	2	—	—	—	—	—	—	2	2	Assets classified as held for sale
Cash and cash equivalents	35	—	34	—	—	—	—	68	60	Cash and cash equivalents
Total current assets	**183**	**70**	—	—	—	—	—	**253**	**223**	**Current assets**
Total	**1,142**	**207**	—	—	—	—	—	**1,350**	**1,186**	**Total assets**
Accounts payable and accrued expenses	(198)	—	—	16	—	1	—	(181)	(159)	Trade and other payables

Cumberland Farms Balance Sheet

	As of June 30, 2019	U.S. GAAP to IFRS adjustment[(i)]	Reclassifications[(ii)] Card receivables	Accruals	RCF	Direct taxes to current tax liabilities	Employee benefit obligations	EG Group classification as presented in the pro forma financial information	EG Group classification as presented in the pro forma financial information	
	($ millions)								(€ millions)	
		—	—	—	—	(1)	—	(1)	(1)	Current income tax liabilities
Cash overdraft and current portion of long-term debt	(5)	—	—	—	(11)	—	—	(16)	(14)	Borrowings
Current portion of obligations under capital leases	(1)	(13)	—	—	—	—	—	(14)	(12)	Lease liabilities
		—	—	(16)	—	—	—	(16)	(14)	Provisions for other liabilities and charges
Total current liabilities	**(204)**	**(13)**	—	—	**(11)**	—	—	**(228)**		**Current liabilities**
Other long-term liabilities	(76)	14	—	46	—	—	6	(10)	(9)	Trade and other payables
Borrowings under revolving line of credit	(11)	—	—	—	11	—	—			
Long-term debt – net of current portion	(295)	2	—	—	—	—	—	(293)	(258)	Borrowings
Obligations under capital leases	(4)	(135)	—	—	—	—	—	(139)	(122)	Lease liabilities
		—	—	—	—	—	—	—		Derivative financial instruments
		2	—	(46)	—	—	—	(44)	(38)	Provisions for other liabilities and charges
Deferred income tax liabilities	(4)	—	—	—	—	—	—	(4)	(4)	Deferred tax liabilities
		—	—	—	—	—	(6)	(6)	(6)	Employee benefit obligations
		(117)	**—**	—	11	—	—	**(497)**		**Non-current liabilities**
		(130)	**—**	—	—	—	—	**(725)**		**Total liabilities**
Treasury Stock	(6)	—	—	—	—	—	—	(6)	(5)	Share capital

Cumberland Farms Balance Sheet

	As of June 30, 2019	U.S. GAAP to IFRS adjustment(i)	Reclassifications(ii) Card receivables	Accruals	RCF	Direct taxes to current tax liabilities	Employee benefit obligations	EG Group classification as presented in the pro forma financial information	EG Group classification as presented in the pro forma financial information	
				($ millions)					(€ millions)	
Additional paid-in capital . .	10	—	—	—	—	—	—	10	9	Share premium account
		—	—	—	—	—	—	—		Merger reserve
		—	—	—	—	—	—	—		Currency translation reserve
Retained earnings and Accumulated other comprehensive loss	543	78	—	—	—	—	—	621	545	Retained earnings
Total equity . . .	**547**	**78**						**625**		**Total equity**

(i) [3]The historical financial information of Cumberland Farms was prepared in accordance with U.S. GAAP. We prepare EG Group's financial information in accordance with IFRS. In order to present the historical financial information of Cumberland Farms on a basis consistent with the basis of preparation for our historical financial information, we made the following adjustments to Cumberland Farms' assets, liabilities and equity.

- *LIFO adjustment* – Cumberland Farms values certain inventory at the lower of cost, using the last-in, first-out (LIFO) inventory method, or market price. IFRS does not permit the use of the LIFO method. We adjusted the value of Cumberland Farms' inventory to reflect the effect of applying our inventory accounting policies and procedures as described in the EG Group Audited Financial Statements found elsewhere in this document.
- *Goodwill amortization adjustment* – Cumberland Farms has elected to amortize goodwill under U.S. GAAP. Amortization of goodwill is not permitted under IFRS, which instead requires goodwill to be tested for impairment annually. We adjusted Cumberland Farms' goodwill to reverse the effect of the amortization of its goodwill.

- *IFRS 16 lease adjustments* — For the Cumberland Farms financial information as of and for the six months ended June 30, 2019, we adjusted the balance sheet and income statement financial information to effect to IFRS 16 (*Leases*) as if Cumberland Farms had adopted this accounting policy on January 1, 2019. As a result of this adjustment, we recognized a right of use asset for Cumberland Farms in the amount of $134 million, a current lease liability for Cumberland Farms in the amount of $13 million and a non-current lease liability for Cumberland Farms in the amount of $135 million and an adjustment decreasing trade and other payables in the amount of $14 million.

- *Borrowing costs adjustment* – Under U.S. GAAP, Cumberland Farms recognized the unamortized borrowing costs associated with its revolving credit facility as "other assets." In accordance with IFRS, we show borrowings net of unamortized borrowing costs, and we adjusted the relevant items in Cumberland Farms' historical financial information accordingly.
- *Discounting environmental reserves* – Under U.S. GAAP, general loss contingencies are not discounted unless the amount and timing of payments in respect of the liability are determinable. Accordingly, Cumberland Farms did not discount its environmental reserves. Under IFRS, discounting of these reserves would be required. We adjusted provisions for other liabilities and charges to reflect the cumulative effect of such discounting with a corresponding adjustment made to retained earnings.

(ii) In order to align Cumberland Farms' historical financial information with our presentation of financial information, we reclassified items from Cumberland Farms' balance sheet as follows:

- Amounts in accounts and credit card receivables were reclassified as cash and cash equivalents.
- The amount outstanding under Cumberland Farms' revolving credit facility was reclassified from borrowings under revolving line of credit to cash overdraft and current portion of long term debt.
- Accruals to casualty, environmental and asset retirement provisions were reclassified from accounts payable and accrued expenses and other long term liabilities into provisions for other liabilities and charges.

[3] Notes to the balance sheet adjustment table to be discussed.

- Direct tax liabilities were reclassified from accounts payable and other expenses to current tax liabilities.
- Employee benefit obligations, net of assets, were reclassified from other long-term liabilities to employee benefit obligations.

Note 3: Cumberland Farms Acquisition Adjustment

We will account for the Cumberland Farms Acquisition under the acquisition method of accounting in accordance with IFRS 3 "Business Combination" and will accordingly recognize identifiable assets acquired and liabilities assumed at fair value as of the closing date of the Cumberland Farms Acquisition. As of the date hereof, the Cumberland Acquisition has not been completed. Accordingly, for purposes of this *pro forma* information, we have assumed that the excess of the purchase consideration paid over the historical book value of identifiable assets we expect to acquire and liabilities we expect to assume will be allocated in full to goodwill. The final purchase price allocation will be determined when management has completed these valuations and calculations following the Completion Date. Ultimately, a portion of the purchase price may be allocated to identifiable intangible assets and property, plant and equipment, resulting in an increase in depreciation and amortization expense that could have a material effect on the Unaudited Pro Forma Consolidated Financial Information.

The following table summarizes the allocation of the preliminary purchase price:

	(in € million)
Goodwill1[(1)]	1,204
Net assets acquired	801
Total consideration	**2,005**

(1) *Pro forma* acquisition adjustment in the Unaudited Pro Forma Consolidated Balance sheet represent €1,204 million calculated as above net of €9 million recognized in Cumberland Farms historical financial statements.

The following table summarizes the components of the estimated total consideration:

	(in € million)
Base purchase price	1,920
Surplus property	34
Estimated cash balance at closing	60
Unpaid transaction expenses	(9)
Total consideration	**2,005**

The total consideration payable may be subject to post-closing adjustments based on the final determination of net working capital as of the Completion Date.

The following table summarizes the assets acquired and liabilities assumed:

	(in € million)
Property, plant and equipment	824
Right of use asset	118
Financial assets	4
Trade and other receivables	38
Inventories	130
Assets classified as held for sale	3
Cash and cash equivalents	52
Trade and other payables	(165)
Current tax liabilities	(1)
Borrowings	(6)
Lease liabilities	(134)
Provisions for other liabilities and charges	(38)
Deferred tax liabilities	(4)
Employee benefit obligations	(6)
Net assets acquired	**801**

The elimination of the historical equity of Cumberland Farms is as follows:

	(in € million)
Total historical equity of Cumberland Farms as of June 30, 2019	549
Add: Estimated transaction costs in connection with the Cumberland Acquisition	13
Pro Forma adjustment to total equity	**562**

Note 4: Debt Financing and Cumberland Refinancing Adjustments

(a) Represents (a) the €384 million (equivalent) cash and cash equivalents used to finance the Cumberland Acquisition, complete the redemption of the Cumberland Notes and pay related fees and expenses plus (b) €8 million (equivalent) used to settle Cumberland Farms' revolving credit facility plus (c) the make whole premium €21 million (equivalent) as if the Cumberland Farms Acquisition and repayment of the revolving credit facility had occurred on June 30, 2019.

(b) The net increase in borrowings (non-current) reflects the €1,260 million (euro equivalent) aggregate principal of the Debt Financing net of estimated fees and expenses of €26 million incurred to acquire Cumberland Farms, less the effect of the redemption of the Cumberland Notes and write off unamortized fees on the revolving credit facility:

	(in € million)
Increase for issuance of Debt Financing (euro equivalent)	(1,234)
Decrease for repayment of Cumberland Notes (euro equivalent)	258
Elimination of unamortized debt issuance cost on Cumberland Farms revolving credit facility	(2)
Net adjustment to borrowings	**(978)**

The decrease in trade and other payables represents the payment of accrued interest of €3 million (equivalent) on the Cumberland Notes.

See "*The Transactions*" for further discussion of the Debt Financing and the uses of proceeds therefrom.

(c) The pro forma adjustment to total equity represents the effect of EG Midco 1 Limited contribution in cash to the equity of EG Group to fund, in part, the Cumberland Farms Acquisition, complete the Cumberland Refinancing and pay related fees and expenses. See "*The Transactions*" for further discussion of the Equity Contribution, net of unamortized debt issuance cost of €2 million (equivalent) on Cumberland Farms revolving credit facility and €21 million make whole premium on the Cumberland Notes.

Note 5: Income Statements—Pro Forma Adjustments

(a) Represents the elimination of nonrecurring transaction costs that are directly related to the acquisition of the Kroger C-Stores that are included in the historical income statements of EG Group for the year ended December 31, 2018 and for the six months ended June 30, 2018.

(b) Represents the net increase in finance costs resulting from the Kroger Acquisition, the May 2019 Offering, the FuelCo Acquisition the Debt Financing and the Cumberland Refinancing, as applicable, for the year ended December 31, 2018 and the six months ended June 30, 2018 and 2019.

For the year ended December 31, 2018, the six months ended June 3, 2018 and the six months ended June 30, 2019, this net increase was calculated as follows:

	For the year ended December 31, 2018	For the six months ended June 30,	
		2018	2019
	(in € million)		
Finance cost adjustment in respect of the Kroger acquisition facilities[(i)]	(42)	(42)	—
Finance cost adjustment in respect of the Existing Notes[(ii)]	(87)	(43)	(32)
Finance cost adjustment in respect of our A$400 million term loan[(iii)]	(47)	(23)	(12)
Estimated finance costs in respect of the Debt Financing[(iv)]	(92)	(46)	(46)
Adjustment to give effect to repayments of second lien debt with the proceeds of the May 2019 Offering[(v)]	16	8	6
Adjustment to give effect to the bridge facility finance costs[(vi)]	—	—	18
Adjustment to give effect to the redemption of the Cumberland Notes[(vii)]	17	9	9
Net adjustment to borrowings	**(235)**	**(138)**	**(56)**

(i) Reflects the finance costs (including amortization of related debt issuance cost) in respect of our €200 million second lien term loan, $1.7 billion term loan and $245 million second lien term loan that we would have incurred between January 1, 2018 and April 19, 2018 if the acquisition of the Kroger C-Stores and the related financing transactions had occurred January 1, 2018. We subsequently repaid a portion of the outstanding principal amount of the second lien term loans using the proceeds from the May 2019 Offering. See note (iv) below.

(ii) Reflects the finance costs (including amortization of related fees and expenses) resulting from interest on the Existing Notes that we would have incurred if the May 2019 Offering had occurred January 1, 2018.

(iii) Reflects the finance costs (including amortization of related debt issuance cost) we would have incurred if the FuelCo Acquisition occurred on January 1, 2018 rather than April 1, 2019.

(iv) Reflects the finance costs (including amortization of related debt issuance cost) resulting from the Debt Financing for the Cumberland Farms Acquisition, complete the Cumberland Refinancing and pay related fees and expenses. We have used assumed interest rates and an assumed euro equivalent of aggregate principal amount of the dollar tranche of the Debt Financing to calculate the finance costs.

(v) We used a portion of the proceeds from the May 2019 Offering to repay €75 million of the principal amount outstanding under our euro denominated Second Lien Credit Facility and $86 million of the principal amount outstanding under our U.S. dollar denominated Second Lien Credit Facility. This adjustment eliminates finance costs in respect of the portion of the Second Lien Credit Facilities we repaid as if this repayment occurred on January 1, 2018.

(vi) We used a portion of the proceeds from the May 2019 Offering to repay bridge financing facilities that were drawn on March 27, 2019 to provide the initial financing for the FuelCo Acquisition. This adjustment eliminates finance costs in respect of this bridge financing facilities from our finance costs for the six months ended June 30, 2019.

(vii) Reflects elimination of finance costs (including amortization of related debt issuance cost) on the Cumberland Notes included in the derived historical financial information of Cumberland Farms as if the repayment of the Cumberland Notes occurred on January 1, 2018.

(c) Represents the income tax effect of the *pro forma* adjustments based on the applicable statutory tax rates. No tax adjustments have been reflected in relation to the interest expense on the Debt Financing or the Existing Notes. The interest expense is expected to be deductible for tax purposes subject to ongoing monitoring under the UK interest restriction rules.

(d) Represents the elimination of nonrecurring transaction costs that are directly related to the FuelCo Acquisition that are included in the historical income statements of EG Group for the six months ended June 30, 2019.

Note 6 – Other supplementary information

The depreciation and amortization included in profit/(loss) for the period is as follows:

	For the year ended December 31, 2018	For the six months ended June 30,	
		2018	2019
	(in € million)		
Depreciation of property, plant & equipment	312	131	169
Depreciation of right-of-use assets	—	—	60
Amortization of intangibles assets	63	14	38
Exceptional items	35	27	9

Finance cost for the six months ended June 30, 2019 includes €34 million interest on finance lease liabilities.

SYNERGIES

The following is a discussion of the expected impact of certain cost saving and profit margin synergies, which we have estimated based on certain assumptions regarding the impact of actions that we have taken or intend to take in the future, including in connection with our acquisitions of EFR, Esso Italy, NRG C-Stores, the Kroger C-Stores, Esso Germany, Minit Mart, FuelCo, Fastrac, Certified Oil and Cumberland Farms. This forward-looking information is based on data prepared, as well as assumptions, judgments and estimates made by us, in reliance on information available to us. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Forward-looking information is by its nature subject to significant uncertainty. We cannot assure you that the information on which we have based our assumptions will not change or that we will be able to realize any of the synergies described herein. Our ability to realize cost saving and profit margin synergies in connection with our acquisitions of EFR, Esso Italy, NRG C-Stores, the Kroger C-Stores and, in particular, Minit Mart, Esso Germany, FuelCo, Fastrac, Certified Oil and Cumberland Farms may be affected by a number of known and unknown risks and uncertainties, including a deterioration of general retail market conditions, adverse regulatory changes, our inability to meet customers' changing preferences or shopping patterns, increased competition and inaccuracies in our due diligence of the target businesses prior to completing the relevant acquisitions, as well as other factors. Furthermore, we may not be able to realize these synergies, either in the amount or within the timeframe we currently anticipate, or at all, and the costs we incur in trying to realize these synergies may be substantially higher than our current estimates and may outweigh any benefit.

Neither our independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

Overview

We have been successful in integrating acquired businesses in the past and we have achieved meaningful synergies that have resulted in increased profit margins, profitability and free cash flow. In respect of acquisitions we have completed, we have a track record of effective integration, including by realizing synergies beyond initial targets. We plan to continue to apply our integration and synergy realization strategy to the businesses we have recently acquired and to Cumberland Farms following the Completion Date.

We generally seek to realize two categories of synergies: cost saving synergies and profit margin synergies, as described in "—*Cost Saving Synergies*" and "—*Profit Margin Synergies.*" We expect to realize annualized cost saving and profit margin synergies resulting from the acquisitions of EFR, Esso Italy, NRG C-Stores, the Kroger C-Stores, Esso Germany, Minit Mart, FuelCo, Fastrac, Certified Oil and Cumberland Farms of approximately €480.3 million (equivalent) by the end of 2021. Before June 30, 2019, we estimate that we have realized €114.1 million (equivalent) of these cost saving and profit margin synergies, which is 23.7% of our total expected synergies.

Cost Saving Synergies

Cost saving synergies are comprised of on-site savings and above-site savings, as described below:

- ***On-site savings.*** On-site savings are comprised of (i) in-store labor savings and (ii) overhead savings.

  In-store labor savings. We seek to realize in-store labor savings by (i) assessing staffing hours, particularly overtime hours, on a site-by-site basis for our global operations under a model that is based on our scheduling approach developed in our more established UK operations, (ii) reducing employee expenses, especially including reduction of overtime, by applying our disciplined labor scheduling approach and (iii) incentivizing site managers to maintain efficient staffing, including with bonuses.

  Overhead savings. We seek to realize overhead savings by (i) reducing repair and maintenance expenses through better use of in-house versus outsourced resources; (ii) leveraging our scale to procure better terms for utility expenses and supplies as well as site and IT maintenance; (iii) improving cost control through increased budget monitoring; (iv) reducing advertisement costs globally by taking strategic advantage of the advertising of our third-party branded products and services that is independently carried out by brand partners and (v) reviewing, among other things, any liability claims, bank services, tax license fees and provision of third-party services related to inventory checks following each acquisition.

- ***Above-site savings.*** We seek to realize above-site savings by (i) reducing expenses through the utilization of shared service centers and removal of redundant regional offices and other sites, (ii) rationalizing and refocusing management functions as a result of streamlined administrative processes and more standardized decision-making processes, (iii) transferring head office responsibilities, such as human resources tasks, to regional offices, (iv) reducing outside consultancy and advisory costs as a result of greater use of our in-house resources, (v) eliminating redundant positions and moving certain above-site roles and services on-site, (vi) negotiating better economic and other terms for utility services at the level of both our regional offices and our head office, (vii) moving janitorial and other maintenance and housekeeping functions in-house (rather than outsourcing them to outside contractors), (viii) reducing IT expenses through the introduction of a simplified group-wide approach to IT services, (ix) reviewing and reducing inventory service, liability claims, bank service fees and tax and license fees in acquired businesses thanks to economies of scale, and (x) removing any other unnecessary above-site costs that we may identify from time to time as part of our ongoing review of our operations.

Profit Margin Synergies

Profit margin synergies comprise fuel margin synergies and retail margin synergies, as described below.

- ***Fuel margin synergies***. We seek to realize fuel margin synergies by (i) optimizing retail pricing through the introduction of our bespoke flexible pricing strategy consisting of site-by-site basis daily pricing, differentiation between peak and off-peak hours, as well as premium pricing (our tailor-made strategy is implemented through the use of Price Advantage, a third-party pricing software, which we have customized with our own algorithms based on data collected across the Group), (ii) further developing our relationships with partner brands, with a view toward improving our contractual terms with them and (iii) consolidating fuel supply contracts at the Group-level in order to leverage economies of scale and increase purchasing power and efficiencies, including through entering into medium-term supply agreements to ensure improved contractual terms.
- ***Retail margin synergies.*** We seek to realize retail margin synergies by (i) rolling out convenience retail stores with well-known brand partnerships to attract customers and drive footfall to such sites, (ii) optimizing the layout of our convenience retail stores with improved product displays and more diverse offerings to enhance the customer experience and encourage impulse buys, (iii) reviewing our convenience retail product range and pricing to include higher margin products and services in our offering, (iv) improving our waste control measures by reducing or removing the number of expiring and unsold items from our shelves and better managing delivery schedules, and (v) pursuing other income opportunities such as car washes, “beer caves” and enhanced coffee offerings at our convenience retail stores.

Our Expected Synergies by Acquisition and Category

The following table sets forth an overview of (i) expected synergies resulting from the acquisitions of EFR, Esso Italy, NRG C-Stores, the Kroger C-Stores, Esso Germany, Minit Mart, FuelCo, Fastrac, Certified Oil and Cumberland Farms as of June 30, 2019, and (ii) to the extent applicable, the synergies resulting from these acquisitions realized during the year ended December 31, 2018 and during the twelve months ended June 30, 2019.

	Synergies	Category of Synergies	Total Expected Synergies(1)	Synergies Actioned and Realized before December 31, 2018(2)	Synergies Actioned and Realized before June 30, 2019(3)	Synergies Actioned before June 30, 2019 and Not Fully Realized(4)	Synergies Identified but Not Actioned before June 30, 2019(5)	Cost(6)
			(in € million)					
Pre-2018 Acquisitions Business	Overhead savings	Cost saving	19.6	15.8	18.5	1.1	—	0.1
	Above-site savings	Cost saving	13.4	8.1	8.4	5.0	—	6.8
	Fuel margin synergies	Profit margin	1.9	1.7	1.9	—	—	—
Kroger C-Stores(7)	In-store labor savings	Cost saving	26.3	13.3	18.5	7.8	—	—
	Overhead savings	Cost saving	17.5	—	6.4	11.1	—	0.1
	Above-site savings	Cost saving	26.3	3.5	9.2	17.1	—	9.0
	Fuel margin synergies	Profit margin	21.9	2.7	5.3	7.4	9.2	—
	Retail margin synergies	Profit margin	32.0	6.1	12.3	19.7	—	—
Esso Italy	Overhead savings	Cost saving	4.0	—	0.7	3.3	—	—
	Above-site savings	Cost saving	1.5	—	0.5	1.0	—	1.0
	Fuel margin synergies	Profit margin	15.0	5.0	9.0	6.0	—	—
NRG C-Stores	Overhead savings	Cost saving	10.2	3.7	7.1	2.8	0.3	—
	Above-site savings	Cost saving	4.2	1.7	3.8	0.4	—	1.0
Esso Germany	Overhead savings	Cost saving	17.9	—	4.0	13.9	—	—
	Retail margin synergies	Profit margin	27.1	—	4.8	15.3	7.0	—
Minit Mart(7)	In-store labor savings	Cost saving	4.9	—	1.3	3.6	—	—
	Overhead savings	Cost saving	4.5	—	0.2	1.6	2.7	—
	Fuel margin synergies	Profit margin	7.4	—	—	0.4	7.0	—
	Retail margin synergies	Profit margin	18.1	—	2.2	3.0	12.9	28.8
FuelCo(7)	In-store labor savings	Cost saving	2.5	—	—	1.2	1.3	—
	Overhead savings	Cost saving	5.6	—	—	1.9	3.7	—
	Above-site savings	Cost saving	6.9	—	—	3.2	3.7	—
	Fuel margin synergies	Profit margin	11.8	—	—	2.5	9.3	—
	Retail margin synergies	Profit margin	35.5	—	—	11.8	23.7	31.2
Fastrac(7)	Overhead savings	Cost saving	3.5	—	—	—	3.5	—
	Fuel margin synergies	Profit margin	1.7	—	—	—	1.7	—
	Retail margin synergies	Profit margin	2.4	—	—	—	2.4	—
Certified Oil(7)	Overhead savings	Cost saving	1.7	—	—	—	1.7	—
	Retail margin synergies	Profit margin	3.5	—	—	—	3.5	—
Cumberland Farms(7)	In-store labor savings	Cost saving	33.3	—	—	—	33.3	—
	Overhead savings	Cost saving	18.4	—	—	—	18.4	—
	Above-site savings	Cost saving	44.7	—	—	—	44.7	8.8-17.6
	Fuel margin synergies	Profit margin	8.8	—	—	—	8.8	—
	Retail margin synergies	Profit margin	26.3	—	—	—	26.3	—

(1) Represents the total of "Synergies Actioned and Realized before June 30, 2019", "Synergies Actioned before June 30, 2019 and Not Fully Realized" and "Synergies Identified but Not Actioned before June 30, 2019".

(2) Represents the portion of annualized cost saving and profit margin synergies that we realized prior to December 31, 2018 as a result of initiatives that we implemented prior to December 31, 2018. For cost saving or profit margin synergies from particular initiatives that were fully realized over a full twelve month period before December 31, 2018, we reflect such synergies in full in our income statement for such period. For cost saving or profit margin synergies that have not been fully realized over a full twelve month period before December 31, 2018, we reflect in our income statement for such period solely the portion of such synergies realized before December 31, 2018.

(3) Represents the portion of annualized cost saving and profit margin synergies that we have realized prior to June 30, 2019 as a result of initiatives that we implemented prior to June 30, 2019. For cost saving or profit margin synergies from particular initiatives that were fully realized over a full twelve month period before June 30, 2019, we reflect such synergies in full in our income statement for such period. For cost saving or profit margin synergies that have not been fully realized over a full twelve month period before June 30, 2019, we reflect in our income statement for such period solely the portion of such synergies realized before June 30, 2019.

(4) Represents the portion of annualized cost saving and profit margin synergies that we expect to realize in periods subsequent to June 30, 2019 as a result of initiatives that we implemented prior to June 30, 2019. For synergies that were not fully realized over a full twelve month period before June 30, 2019, we include in this category the portion of such synergies expected to be realized after June 30, 2019, which we have not yet reflected in our income statement. For further information about these actioned but not yet realized cost saving and profit margin synergies, please refer to the following table.

Synergies Actioned as of June 30, 2019 and Not Fully Realized – expected to be fully realized within 12-18 months of June 30, 2019

	Actioned Synergy[(a)]	Amount (€m)	Description	Actions Remaining[(b)]
Pre 2018 Acquisitions (€6.1 million)	Procurement department	1.0	Wage savings from employee redundancies	None
	EFR operational savings	0.7	Operational contract savings, including those relating to maintenance, landscaping and pest control	None
	Cergy reorganization – wages	2.1	Wage savings from employee redundancies already identified but previously on hold due to works council negotiations	None
	Cergy reorganization – operations	1.5	Above site operational cost savings which were delayed pending works council sign-off	None
	Cergy operational savings (site level)	0.4	Site level operational savings related to contracts	None
Esso Italy (€10.3 million)	Italy dealer negotiations	1.5	Contract savings already agreed	None
	Italy head office savings	1.0	Reduced regional office costs and employee savings related to management redundancies	None
	Italy fuel margin	4.5	Actions have been implemented that have resulted in fuel margin uplift of approximately 0.3 cpl	None. Management assumes improved margins will be maintained as phase-in continues
	Italy maintenance savings	3.3	Savings associated with already agreed and renegotiated maintenance contracts	None
NRG C-Stores (€3.2 million)	NRG head office savings – wages	0.4	Wage savings from employee redundancies	None
	NRG operational savings	2.8	Operational contract savings, including those relating to maintenance. Majority of contracts agreed	None
Esso Germany (€29.2 million)	Germany retail margin improvement	15.3	Lower retail margins than the rest of the Group given high tobacco sales mix. Actions have been implemented to optimize retail sales mix which has driven an increase in margins of approximately 7%	None. Management assumes improved margins will be maintained
	Germany repair and maintenance saving	13.9	New repair and maintenance supplier contracts agreed in the six months ended June 30, 2019	None
Kroger C-Stores (€63.1 million)	US site labor and overtime	7.8	Reducing labor hours worked on site	None
	US regional and head office saving	17.1	Savings arising from headcount reductions at both regional and head office levels	None
	US operational cost saving	11.1	Renegotiation of contracts related to maintenance, landscaping, marketing costs, etc.	None
	US retail margin improvement	19.7	Similar to Germany, uplift in retail margin resulting from improved retail sales mix	None

	Actioned Synergy[a]	Amount (€m)	Description	Actions Remaining[b]
	US fuel margin improvement	7.4	New Tom Thumb agreement (fuel procurement saving) started in February 2019	None. Management assumes improved margins will be maintained
Minit Mart (€8.6 million)	Fuel margin uplift	0.4	Initiatives have been implemented to optimize fuel margin	None
	Non-fuel margin uplift	3.0	New agreement with a third-party distributor providing improved terms effective end of January 2019	None
	Site operations	1.6	Operational contract savings, including those relating to maintenance. Contracts agreed	None
	Site labor	3.6	Reducing labor hours worked on site	None

(a) Excludes certain less significant actioned but not yet fully realized synergies for our Pre-2018 Acquisitions Business. The estimated aggregate value of the excluded synergies is less than €350,000.

(b) Lists the significant actions, if any, that management intends to take to fully realize the relevant synergy. In many cases, the actions necessary to achieve the full benefit have already been taken, and the passage of time is only outstanding requirement for realization. For these synergies, "None" has been entered into this column of the table.

(5) Represents the annualized cost saving and profit margin synergies that we have identified but not yet actioned prior to June 30, 2019.

(6) Represents the estimated costs and expenses associated with realizing the expected cost saving and profit margin synergies.

(7) The amounts presented in the table above which relate to our businesses that have non-euro functional currencies are converted into euro, as applicable, at the rate of $1.00 per €0.8770, which was the average U.S. dollar to euro foreign exchange rate during the twelve months ended June 30, 2019, or at the rate of A$1.00 per €0.6230, which was the average Australian dollar to euro foreign exchange rate during the twelve months ended June 30, 2019.

Pre-2018 Acquisitions Business

We expect to realize total annualized cost saving and profit margin synergies resulting from our acquisition of EFR of approximately €34.9 million (equivalent) by 2020.

As of June 30, 2019, we have actioned all of our cost saving and profit margin synergies in our Pre-2018 Acquisitions Business. The following table summarizes the synergies we realized before June 30, 2019 and the synergies we expect to realize after June 30, 2019 in connection with our Pre-2018 Acquisitions Business.

Pre-2018 Acquisitions Business Synergies[1]	Category of Synergies	Synergies Actioned and Realized before June 30, 2019	Synergies Actioned before June 30, 2019 and Not Fully Realized	Synergies Identified but Not Actioned before June 30, 2019	Total Expected Synergies as of June 30, 2019
Overhead savings	Cost saving	18.5	1.1	—	19.6
Above-site savings	Cost saving	8.4	5.0		13.4
Fuel margin synergies	Profit margin	1.9	—	—	1.9
Total		**28.8**	**6.1**	**—**	**34.9**

(1) For a description of each category of synergies, see "*Synergies—Our Expected Synergies by Acquisition and Category*".

Cost Saving Synergies

On-Site Savings

Overhead Savings

We identified total estimated on-site overhead savings of €19.6 million (equivalent), of which we estimate we realized €18.5 million (equivalent) prior to June 30, 2019. Our on-site overhead savings in our Pre-2018 Acquisitions Business result primarily from savings from (i) integrating individualized insurance policies on a per site basis with a Group-wide insurance policy and (ii) rationalizing operational expenses, including IT overhead and procurement cost as well as repair and maintenance services. We expect to realize a further €1.1 million (equivalent) of on-site overhead savings in our Pre-2018 Acquisitions Business as a result of the actions we had taken by June 30, 2019.

We expect to incur costs of €0.1 million (equivalent) in connection with on-site overhead savings in the Pre-2018 Acquisitions Business by the end of 2019.

Above-Site Savings

We identified and actioned total estimated above-site savings of €13.4 million (equivalent), of which we estimate that we realized €8.4 million (equivalent) prior to June 30, 2019. Our above-site savings in our Pre-2018 Acquisitions Business result primarily from (i) headcount reductions in local management in Breda, Netherlands, from the transfer of functions to our shared service center in Blackburn, United Kingdom and (ii) a rationalization of above-site operations in Cergy, France, based on a restructuring and certain other labor initiatives that were approved by the works council, the trade unions and the government in France in the fourth quarter of the financial year ended December 31, 2018, and largely actioned in the first quarter of 2019. We expect to realize a further €5.0 million (equivalent) of above-site savings in our Pre-2018 Acquisitions Business as a result of these initiatives, primarily those relating to our above-site operations in Cergy.

In the year ended December 31, 2017, we incurred costs of €4.0 million (equivalent) in connection with the realization of above-site savings in the Pre-2018 Acquisitions Business due to termination fees associated with the headcount reductions. With respect to the pending termination of certain employment relationships in connection with the restructuring of our Cergy operations we expect to incur total costs of €6.8 million. We gave further notice of such termination before June 30, 2019 but for some of the affected employees we expect to incur the related severance costs after June 30, 2019. We do not expect to incur any significant costs in connection with these initiatives going forward.

Profit Margin Synergies

Fuel Margin Synergies

We estimate that we have realized total fuel margin synergies of €1.9 million (equivalent) prior to June 30, 2019. Fuel margin synergies in our Pre-2018 Acquisitions Business result from an improved contract with BP.

We have not incurred, and do not expect to incur, any significant costs in connection with these initiatives.

Kroger C-Stores

We expect to realize annualized cost saving and profit margin synergies resulting from the Kroger C-Stores Acquisition of approximately €124.0 million (equivalent) by the end of 2020, representing an increase of 81.3% from our initial estimate of €68.4 million (equivalent). Our initial estimate was based on cost saving synergies since we conservatively opted to exclude profit margin synergies pending our more detailed assessment of the Kroger C-Stores Acquisition. Since completing the Kroger C-Stores Acquisition, we have identified fuel margin synergies, due to, among other factors, improved pricing strategies and better procurement terms, as well as retail margin synergies, as a result of reduced wastage, improved pricing compared to that of our competitors, improvements in our in-store layout and product offering, and reductions in the number and frequency of out-of-stock products. The following table summarizes the synergies we realized before June 30, 2019 and the synergies we expect to realize after June 30, 2019 in connection with the Kroger C-Stores Acquisition.

Kroger C-Stores Synergies[1]	Category of Synergies	Synergies Actioned and Realized before June 30, 2019	Synergies Actioned before June 30, 2019 and Not Fully Realized	Synergies Identified but Not Actioned before June 30, 2019	Total Expected Synergies as of June 30, 2019
In-store labor savings	Cost saving	18.5	7.8	—	26.3
Overhead savings	Cost saving	6.4	11.1	—	17.5
Above-site savings	Cost saving	9.2	17.1	—	26.3
Fuel margin synergies	Profit margin	5.3	7.4	9.2	21.9
Retail margin synergies	Profit margin	12.3	19.7	—	32.0
Total		**51.7**	**63.1**	**9.2**	**124.0**

(1) For a description of each category of synergies, see "*Synergies—Our Expected Synergies by Acquisition and Category*".

As of June 30, 2019, we estimate that we have realized €51.7 million (equivalent) of annualized cost saving and profit margin synergies in the Kroger C-Stores, representing 41.7% of our total expected synergies in the Kroger C-Stores. As of June 30, 2019, we actioned 92.6% of our total expected cost savings and profit margin synergies in the Kroger C-Stores.

Cost Saving Synergies

On-Site Savings

In-Store Labor Savings

We identified and actioned total estimated in-store labor savings of €26.3 million (equivalent) as of June 30, 2019, mainly as a result of reducing the number of (i) in-store working hours for employees in the Kroger C-Stores from approximately 234,000 hours per week at the time of the Kroger C-Stores Acquisition to approximately 205,000 hours per week in April 2019; and (ii) overtime hours for our employees in the Kroger C-Stores by 6,000 to 8,000 hours per week since the Kroger C-Stores Acquisition. We believe that in-store labor hours at the Kroger C-Stores have stabilized around 205,000 hours per week and that our customer service levels have not declined as a result of these changes. In addition, we identified and actioned in-store labor savings through better delivery scheduling, which contributes to reducing in-store labor hours. We estimate that before June 30, 2019, we realized €18.5 million (equivalent) of these actioned in-store labor savings. We expect to realize a further €7.8 million (equivalent) of in-store labor savings in the Kroger C-Stores as a result of these actions taken as of June 30, 2018.

We have not incurred, and do not expect to incur, any significant costs in connection with these initiatives.

Overhead Savings

We identified and actioned total estimated overhead savings of €17.5 million (equivalent), of which we estimate we realized €9.2 million (equivalent) before June 30, 2019, mainly as a result of greater cash control leading to a reduction in expenses related to advertising and marketing, utilities, occupancy, repair and maintenance, landscaping, supplies and inventory services, including through renegotiated contracts with our suppliers, based on a cost review we began in July 2018.

In addition, we have identified and actioned a further €11.1 million (equivalent) of estimated overhead savings in the Kroger C-Stores, mainly relating to lowering expenses related to repair and maintenance, marketing, landscaping and inventory services, which we expect to realize by the end of 2019.

In the twelve months ended June 30, 2019, we incurred €0.1 million (equivalent) in costs in connection with these initiatives.

Above-Site Savings

We identified total above-site savings of €26.3 million (equivalent), of which we estimate we realized €9.2 million (equivalent) during the twelve months ended June 30, 2019, mainly as a result of creating the shared service center in Cincinnati, Ohio, which manages the corporate office functions of our North American operations and replaces the Kroger C-Stores' corporate office and five separate regional head offices. We expect to realize a further €17.1 million (equivalent), mainly as a result of further headcount reductions at both regional and head office levels (including rationalisation of regional maintenance teams and severing over 60 employees). Following the Cumberland Farms Acquisition, we expect to move the shared service center in Cincinnati, Ohio to Westborough, Massachusetts, to realize further cost saving synergies.

In the twelve months ended June 30, 2019, we incurred costs of €8.2 million (equivalent) in connection with the realization of above-site savings in the Kroger C-Stores due to termination fees associated with the headcount reductions. We implemented all planned initiatives related to above-site savings in the Kroger C-Stores and, therefore, do not expect to incur any additional costs that are significant in connection with the realization of above-site savings in the Kroger C-Stores.

Profit Margin Synergies

Fuel Margin Synergies

We identified total estimated fuel margin synergies of €21.9 million (equivalent) in the Kroger C-Stores, primarily as a result of (i) better pricing on renegotiated contracts with our fuel suppliers as a result of growing economies of scale and (ii) optimized retail pump margins due to the roll-out of our fuel pricing system to the PFS sites acquired through the Kroger C-Stores Acquisition, assuming a margin uplift of €0.005 equivalent per liter on approximately 4.6 billion liters sold in the year ending December 31, 2019. Our contract negotiations with Shell in connection with the Tom Thumb estate have led to better supply pricing terms, resulting in €10.9 million (equivalent) of fuel margin synergies based on one full year of fuel volumes recorded from September 2017 to August 2018.

We estimate that in the twelve months ended June 30, 2019, we realized €5.3 million (equivalent) of our estimated fuel margin synergies mainly as a result of the initial impact of our new agreement with Shell for our Tom Thumb sites and the roll-out and greater use of our dynamic fuel pricing system to optimize retail pump margins.

We actioned and expect to realize a further €7.4 million (equivalent) of estimated fuel margin synergies in the Kroger C-Stores as a result of actions taken during the twelve months ended June 30, 2019, mainly related to the further positive impact of our new supply agreement with Shell for our Tom Thumb sites and the ongoing roll-out of our fuel pricing system.

In addition, we identified but have not yet actioned a further €9.2 million (equivalent) of estimated fuel margin synergies in the Kroger C-Stores, mainly relating to (i) continuing to use our customized fuel pricing system to optimize retail pump margins and (ii) rationalizing the number of our fuel partners and related contracts to which the Kroger C-Stores are party, including by negotiating higher pricing discounts for longer term contracts. We have a significant number of fuel partners in the United States, which limits economies of scale and creates higher costs in managing our procurement of fuel supplies. We are conducting a tendering process for our fuel suppliers in the United States. As a result of this process, we expect to rationalize and reduce the total number of fuel supply contracts and enter into longer-term and economically more favorable contracts than our current fuel supply contracts. We expect to finalize this process by the beginning of 2020.

We have not incurred, and do not expect to incur, any significant costs in connection with these initiatives.

Retail Margin Synergies

After completion of the Kroger C-Stores Acquisition, we identified and began actioning total estimated retail margin synergies of €32.0 million (equivalent), mainly as a result of (i) our transition away from the previous supermarket-style lower pricing policy at the Kroger C-Stores (particularly with respect to cold and frozen drinks, packaged beverages and beer and wine) as well as enhanced store layouts encouraging impulse purchases, (ii) savings from better delivery scheduling, which reduces freight costs and (iii) improvements in our waste control measures. We estimate that, as a result of these initiatives, before June 30, 2019, we realized €12.3 million (equivalent) in retail margin synergies and we increased our retail margin from 26.1% in June 2018 to 28.0% in June 2019.

In addition, we have actioned, but have not yet realized, a further €19.7 million (equivalent) of estimated retail margin synergies in the Kroger C-Stores, which we expect to result from continuing to implement the actions that we began taking prior to June 30, 2019, as described above. We have estimated this retail margin synergy based on an assumed retail margin equal to a target retail margin of 28.8%, which management has estimated by monitoring retail margin performance at Kroger C-Stores since June 2018 and believes to be reasonable and possible to achieve and maintain in future periods in light of the positive results of the underlying actions to date, the nature of these actions and their expected continued implementation.

We have not incurred, and do not expect to incur, any significant costs in connection with these initiatives.

Esso Italy

At the time of the acquisition of Esso Italy, we did not estimate any synergies relating to this acquisition, due to limited access to historic operational and financial information. We now expect to realize annualized cost saving and profit margin synergies resulting from the acquisition of Esso Italy of approximately €20.5 million by the end of 2020. As of June 30, 2019, we actioned all of our identified and expected cost savings and profit margin synergies in Esso Italy, of which we estimate that we realized €10.2 million, representing 49.8% of our total estimated synergies in Esso Italy. The following table summarizes the synergies we realized before June 20, 2019 and the synergies we expect to realize after June 30, 2019 in connection with the acquisition of Esso Italy.

Esso Italy Synergies[1]	Category of Synergies	Synergies Actioned and Realized before June 30, 2019	Synergies Actioned before June 30, 2019 and Not Fully Realized	Synergies Identified but Not Actioned before June 30, 2019	Total Expected Synergies as of June 30, 2019
Overhead savings	Cost saving	0.7	3.3	—	4.0
Above-site savings	Cost saving	0.5	1.0	—	1.5
Fuel margin synergies	Profit margin	9.0	6.0	—	15.0
Total		**10.2**	**10.3**	**—**	**20.5**

(1) For a description of each category of synergies, see "*Synergies—Our Expected Synergies by Acquisition and Category*".

Cost Saving Synergies

On-Site Savings

Overhead Savings

Out of a total estimated overhead savings of €4.0 million, prior to June 30, 2019, we have realized €0.7 million and we have actioned but not yet realized further estimated overhead savings of €3.3 million, mainly as a result of savings associated with site-level maintenance costs due to the execution and implementation of new and economically more favorable store, pump and general maintenance contracts that have reduced maintenance per site costs at Esso Italy sites, which are now more in line with those of our operations in other countries.

We have not incurred, and do not expect to incur, any significant costs in connection with these initiatives.

Above-Site savings

We actioned and realized total estimated above-site savings of €0.5 million as of June 30, 2019, mainly as a result of (i) the closure of five Italian regional offices, (ii) management redundancies and rationalization of management expenses, and (iii) the termination or renegotiation of software and customer service relations contracts. As of June 30, 2019, we have actioned but not yet realized further estimated savings of €1.0 million, mainly due to reducing regional office costs and management redundancies.

In the twelve months ended June 30, 2019, we incurred costs of €0.7 million in connection with these initiatives and expect to incur additional costs of €0.3 million going forward.

Profit Margin Synergies

Fuel Margin Synergies

We identified and actioned total estimated fuel margin synergies of €15.0 million before June 30, 2019, mainly as a result of (i) renegotiating dealer contracts, resulting in the termination of fixed dealer payments, which were equal to more than €11,000 per dealer, and (ii) offering pump attendant services at our PFS sites (relatively customary in Italy), which has increased fuel margins for both us and the dealers. To incentivize our dealers to provide pump attendant services at our PFS sites, we contribute approximately €1,000 per site towards the costs incurred by our dealers in providing these services. We believe that each of these initiatives is self-financing because: (i) in consideration for the termination of fixed dealer payments, dealers receive increased commissions (which are reflected in fuel retail prices), and (ii) we expect fuel margins at our PFS sites to (1) improve due to the expected increase in the provision of higher margin pump attendant services and (2) offset the impact of per-site contribution and the higher commissions payable to dealers. We estimate that before June 30, 2019, we realized €9.0 million of fuel margin synergies. We expect to realize a further €6.0 million of estimated fuel margin synergies in Esso Italy as a result of the actions taken as of June 30, 2019.

We have not incurred, and do not expect to incur, any significant costs in connection with these initiatives.

NRG C-Stores

We expect to realize annualized cost saving and profit margin synergies resulting from the acquisition of NRG C-Stores of approximately €14.4 million by the end of 2020, representing more than a three-fold increase from our initial estimates of €4.2 million, primarily due to additional cost saving synergies identified following the completion of the acquisition of NRG C-Stores' existing contracts, especially at the site level. As of June 30, 2019, we actioned 97.9% of our total expected cost savings and profit margin synergies in NRG C-Stores, of which we estimate we realized €10.9 million, representing 75.6% of our total expected synergies in NRG C-Stores. The following table summarizes the synergies we realized before June 30, 2019 and the synergies we expect to realize after June 30, 2019 in connection with the acquisition of NRG C-Stores.

NRG C-Stores Synergies[(1)]	Category of Synergies	Synergies Actioned and Realized before June 30, 2019	Synergies Actioned before June 30, 2019 and Not Fully Realized	Synergies Identified but Not Actioned before June 30, 2019	Total Expected Synergies as of June 30, 2019
Overhead savings	Cost saving	7.1	2.8	0.3	10.2
Above-site savings	Cost saving	3.8	0.4	—	4.2
Total		**10.9**	**3.2**	**0.3**	**14.4**

(1) For a description of each category of synergies, see "*Synergies—Our Expected Synergies by Acquisition and Category*".

Cost Saving Synergies

On-Site Savings

Overhead Savings

We identified and actioned total estimated overhead savings of €9.9 million before June 30, 2019, mainly as a result of (i) the replacement of the existing pension scheme with the Group-wide pension scheme, which we expect to result in savings of €1.3 million, (ii) the elimination of professional services contracts and the moving of certain expenses in-house, which we expect to result in savings of €4.8 million and (iii) the renegotiation of other contracts, which we expect to result in savings of €3.8 million (the majority of contracts is already agreed). We estimate that in twelve months ended June 30, 2019, we realized €7.1 million of overhead savings. We expect to realize a further €2.8 million of overhead savings in NRG C-Stores, mainly as a result of our contract renegotiation.

In addition, we identified but have not yet actioned a further €0.3 million of estimated overhead savings in NRG C-Stores, mainly relating to a handful of contracts that are in the process of being negotiated but have not been finalized and signed. We expect to action and realize these savings in full during the year ending December 31, 2019.

We have not incurred, and do not expect to incur, any significant costs in connection with these initiatives.

Above-Site Savings

We identified and actioned total estimated above-site savings of €4.2 million before June 30, 2019, mainly as a result of cost savings related to the closing of our Rotterdam office and the transfer of its functions to the regional head office in Breda. These cost savings include (i) the elimination or internal relocation and reallocation of 43 positions, resulting in savings of €3.6 million, and (ii) the termination of the lease for our Rotterdam office following its closure, which resulted in savings of €0.6 million for rent and utilities. We estimate that in the twelve months ended June 30, 2019, we realized €3.8 million of above-site savings. We expect to realize a further €0.4 million of above-site savings in NRG C-Stores, mainly as a result of wage savings due to employee redundancies.

In the year ended December 31, 2018, we incurred costs of €1.0 million in connection with the realization of above-site savings in NRG C-Stores. We have implemented all planned initiatives related to above-site savings in the NRG C-Stores and, therefore, do not expect to incur any additional costs that are significant in connection with the realization of above-site savings in NRG C-Stores.

Esso Germany

We expect to realize annualized cost saving and profit margin synergies resulting from the acquisition of Esso Germany of approximately €45.0 million by the end of 2020, compared to €35.0 million we initially expected. The increase in expected synergies is due primarily to improvements in retail margin. As of June 30, 2019, we actioned 84.4% of our total expected cost savings and profit margin synergies in Esso Germany. The following table summarizes the synergies we realized before June 30, 2019 and the synergies we expect to realize after June 30, 2019 in connection with the acquisition of Esso Germany.

Esso Germany Synergies[1]	Category of Synergies	Synergies Actioned and Realized before June 30, 2019	Synergies Actioned before June 30, 2019 and Not Fully Realized	Synergies Identified but Not Actioned before June 30, 2019	Total Expected Synergies as of June 30, 2019
Overhead savings	Cost saving	4.0	13.9	—	17.9
Retail margin	Profit margin	4.8	15.3	7.0	27.1
Total		**8.8**	**29.2**	**7.0**	**45.0**

(1) For a description of each category of synergies, see "*Synergies—Our Expected Synergies by Acquisition and Category*".

Cost Saving Synergies

On-Site Savings

Overhead Savings

We identified and actioned total estimated overhead savings of €17.9 million during the twelve months ended June 30, 2019, mainly as a result of reductions in repair and maintenance costs at our COCO and CODO sites in Germany. Esso Germany has historically incurred repair and maintenance costs of approximately €64,500 per COCO site and €31,400 per CODO site. However, we utilize better cost control at our C-Stores in other countries. For example, we typically incur repair and maintenance costs of approximately €8,400 per site and €10,200 per site for sites in the United Kingdom and the Netherlands, respectively, that are relatively comparable to the Esso Germany sites in terms of the size of the site and the volume of fuel sold per site. Accordingly, are in the process of reducing our repair and maintenance costs to approximately €10,000 per site at our Esso Germany sites. We have already rationalized our repair and maintenance expenses in Germany by selecting one third-party provider to service all Esso Germany sites, which we expect will result in significant overhead savings. We have entered into two contracts with this provider for the provision of different repair and maintenance services, which came into effect during the six months ended June 30, 2019. We estimate that in before June 30, 3019 we realized €4.0 million of these savings. We expect to realize a further €13.9 million of the overhead savings resulting from this initiative before December 31, 2020.

We have not incurred, and do not expect to incur, any significant costs in connection with these initiatives.

Profit Margin Synergies

Retail Margin Synergies

We identified total estimated retail margin synergies of €27.1 million, mainly as a result of the increase in the target retail margin at our German COCO sites from our initial estimate of approximately 22.6% at the time of the acquisition of Esso Germany to a level consistent with our historical retail margins at our other COCO sites in Continental Europe, excluding France, where retail margins tend to be higher due to higher margin tobacco sales. We therefore believe we can benefit from the best practices we have developed from operating our other European sites, particularly in the United Kingdom, as we seek to increase our retail margin at our German COCO sites. We estimate that in the six months ended June 30, 2019, we achieved a retail margin of approximately 26.6% at our Esso Germany COCO sites (compared to our initial estimate of 22.6%), primarily as a result of price increases and converting a significant number of German sites to our preferred COCO model.

We expect to further increase retail margins in Esso Germany by diversifying our product range and rolling out the Envoy system at our Esso Germany sites. We estimate that historically in the Esso Germany sites we now own, sales of tobacco products have accounted for approximately two-thirds of retail sales. However, these products tend to generate a retail margin that is lower than that of many other retail products and services. Accordingly, we intend to continue to increase our sales of non-tobacco products and services at our German COCO sites by (i) expanding and improving our offering of higher margin non-tobacco products and services; (ii) optimizing retail prices; (iii) improving in-store displays of products and enhancing the overall customer experience; (iv) reducing wastage of products; (v) trialing potential convenience retail partners. In addition, we believe that our retail operations in Germany could also benefit from the mandatory closure of supermarkets on Sundays, since our C-Stores are able to remain open to customers on Sundays.

As a result of these initiatives, we estimate that before June 30, 2019 we actioned and realized €4.8 million of the mentioned synergies described above, and expect to realize a further €15.3 million of retail margin synergies before December 31, 2020. We have identified, but not actioned a further €7.0 million of retail margin synergies, which we aim to action in the year ended December 31, 2020.

We have not incurred, and do not expect to incur, any significant costs in connection with these initiatives.

Minit Mart

We expect to realize annualized cost saving and profit margin synergies resulting from the acquisition of Minit Mart of approximately €34.9 million (equivalent), giving effect to contingencies, by the end of 2020, representing an increase of approximately 99.4% from our initial estimates of €17.5 million (equivalent), primarily due to greater in-store labor cost savings as a result of improved site scheduling. As of June 30, 2019, we have actioned approximately 35.2% of our total expected cost savings and profit margin synergies in Minit Mart. The following table summarizes the synergies we realized before June 30, 2019 and the synergies we expect to realize after June 30, 2019 in connection with the acquisition of Minit Mart.

Minit Mart Synergies(1)	Category of Synergies	Synergies Actioned and Realized before June 30, 2019	Synergies Actioned before June 30, 2019 and Not Fully Realized	Synergies Identified but Not Actioned before June 30, 2019	Total Expected Synergies as of June 30, 2019
In-store labor savings	Cost saving	1.3	3.6	—	4.9
Overhead savings	Cost saving	0.2	1.6	2.7	4.5
Fuel margin synergies	Profit margin	—	0.4	7.0	7.4
Retail margin synergies	Profit margin	2.2	3.0	12.9	18.1
Total		**3.7**	**8.6**	**22.6**	**34.9**

(1) For descriptions of each category of synergies, see "*Synergies—Our Expected Synergies by Acquisition and Category*".

Cost Saving Synergies

On-Site Savings

In-Store Labor Savings

Upon the completion of the acquisition of Minit Mart, we did not identify any in-store labor savings. Subsequently, we identified and actioned total estimated in-store labor savings of €4.9 million (equivalent) before June 30, 2019, mainly as a result of the rationalization of staff scheduling. We intend to reduce working hours by approximately 9,000 hours a week, and have already realized a reduction of working hours by 6,500 hours per week as of June 2019. We expect these savings to be realized in full during the year ending December 31, 2019.

As a result of these initiatives, we estimate that prior to June 30, 2019, we realized €1.3 million (equivalent) of the cost savings described above, and expect to realize a further €3.6 million of retail margin synergies before December 31, 2019.

We have not incurred, and do not expect to incur, any significant costs in connection with these initiatives.

Overhead Savings

We identified total estimated overhead savings of €4.5 million (equivalent) during the twelve months ended June 30, 2019, mainly as a result of (i) rationalizing repair and maintenance costs and utilities, (ii) sharing forecourt costs with the Kroger C-Stores, (iii) better inventory management and (iv) reduced advertising. Based on a detailed review of the total operating costs per store at our Minit Mart locations, we believe we are able to reduce these costs by approximately 10% per store.

We estimate that before June 30, 2019, we actioned and realized €0.2 million (equivalent) of overhead savings. As of June 30, 2019, we have actioned and expect to realize a further €1.6 million (equivalent) of overhead savings, mainly as a result of reducing repair and maintenance costs and utilities. We have identified but have not yet actioned a further €2.7 million (equivalent) of overhead savings, which we aim to action in the year ending December 31, 2020.

We do not expect to incur any significant costs in connection with these initiatives.

Profit Margin Synergies

Fuel Margin Synergies

We identified total estimated fuel margin synergies of €7.4 million (equivalent) of which we actioned but have not yet realized €0.4 million (equivalent) before June 30, 2019, mainly as a result of rolling out across all of our Minit Mart sites our customized dynamic fuel pricing system, which we already use elsewhere across our operations, to change the historical pricing strategy and optimize fuel pump margins, assuming a margin uplift of € 0.01 (equivalent) per gallon on the approximately 240 million gallons sold annually at Minit Mart PFS sites. We have not yet implemented this initiative in all of our Minit Mart sites. Once this roll-out is completed, we expect to be able to realize further fuel margin synergies, which we estimate to amount to €7.0 million (equivalent). Furthermore, historically Minit Mart's fuel contracts were medium-term and negotiated at the site-level, which prevents us from realizing further fuel margin synergies by moving fuel supply contracts from the site-level to the Group-level. As the terms of these site-level contracts expire or are up for renewal, we expect to action and realize fuel margin synergies by rolling out Group-level fuel supply contracts that replace these site-level fuel supply contracts and, as a result, further increase our fuel margin.

We do not expect to incur any significant costs in connection with these initiatives.

Retail Margin Synergies

We identified total estimated retail margin synergies of €18.1 million (equivalent), of which we actioned and realized €2.2 million (equivalent) during the twelve months ended June 30, 2019, mainly as a result of optimizing in-store product display and improve non-fuel merchandise replenishment. In addition, as of June 30, 2019, we actioned but have not yet realized a further €3.0 million (equivalent) and identified but have not yet actioned a further €12.9 million (equivalent) of estimated retail margin synergies in Minit Mart, mainly as a result of (i) recapturing volume and foot traffic through improved store layout and product display efficiency, which we expect to result in retail margin synergies of €6.9 million (equivalent), assuming a 10% uplift in retail convenience sales, and (ii) rolling out additional car washes and beer caves at our Minit Mart sites, which we expect to result in retail margin synergies of €3.3 million (equivalent) and €3.5 million (equivalent), respectively, based on assumptions that we will generate approximately €65,000 (equivalent) and €52,000 (equivalent) in annualized margin uplifts from additional car washes and beer caves, respectively. We believe that car washes as well as beer caves tend to increase store traffic customer loyalty. In addition, as part of our retail margin improvement initiatives we have started rebranding our Minit Mart C-Stores to become EG America C-Stores as well as refreshing them in order to improve their store layout, product display and product mix. As of the date of this document, we have rebranded approximately 20 Minit Mart C-Stores. We have also rationalized our supply chain for the supply and distribution of third party convenience retail products to our Minit Mart stores and entered into a contract with a third-party distributor which now is our primary supplier of convenience retail products to our Minit Mart stores.

We expect to incur capital expenditure of approximately €28.8 million (equivalent) in connection with the realization of identified but not yet actioned retail margin synergies in Minit Mart, primarily as a result of rolling out car washes at a minimum of 50 Minit Mart sites at an average cost of approximately €524,000 (equivalent) per site, and rolling out beer caves across 70 Minit Mart sites at an average cost of €35,000 (equivalent) per site.

FuelCo

We expect to realize annualized cost saving and profit margin synergies resulting from the FuelCo Acquisition of approximately €62.3 million (equivalent) by the end of 2020, representing an increase of approximately 50% from our initial estimates of €41.1 million (equivalent). Our initial synergies expectations, which was based on our experience in realizing synergies from the Kroger C-Stores Acquisition, have been adjusted to the specifics of FuelCo's business and the Australian convenience store and PFS market in general after the completion of FuelCo Acquisition. We believe that FuelCo's underperformance in the period preceding the FuelCo Acquisition resulted primarily from: (i) company-specific factors related to the prolonged period of uncertainty regarding the disposal of the business, which also resulted in a lack of investments in, hands-on management of and strategic direction for FuelCo in the last few years, and the previous owner's almost exclusive strategic focus on fuel at the expense of convenience retail and FTG; and (ii) market-specific factors, including gasoline price cycles and generally lower fuel margins and fuel demand than those observed in other jurisdictions in which we operate.

As of June 30, 2019, we have actioned approximately 33.0% of our total expected cost savings and profit margin synergies in FuelCo. The following table summarizes the synergies we realized before June 30, 2019 and the synergies we expect to realize after June 30, 2019 in connection with the FuelCo Acquisition.

FuelCo Synergies[(1)]	Category of Synergies	Synergies Actioned and Realized before June 30, 2019	Synergies Actioned before June 30, 2019 and Not Fully Realized	Synergies Identified but Not Actioned before June 30, 2019	Total Expected Synergies as of June 30, 2019 [(2)]
In-store labor savings	Cost saving	—	1.2	1.3	2.5
Overhead savings	Cost saving	—	1.9	3.7	5.6
Above-site savings	Cost saving	—	3.2	3.7	6.9
Fuel margin synergies	Profit margin	—	2.5	9.3	11.8
Retail margin synergies	Profit margin	—	11.8	23.7	35.5
Total		**—**	**20.6**	**41.7**	**62.3**

(1) For descriptions of each category of synergies, see "*Synergies—Our Expected Synergies by Acquisition and Category*".

(2) Revised estimates based on the first three months of integrating FuelCo into EG Group.

Cost Saving Synergies

On-Site Savings

In-Store Labor Savings

Initially, we had identified estimated in-store labor savings of €19.9 million (equivalent), assuming a level of reduction in both in-store working hours and overtime hours at FuelCo similar to that we have realized at Kroger C-Stores. However, we have subsequently adjusted our estimate downward because the potential to reduce overtime in our FuelCo locations has proven to be significantly lower than in Kroger C-Stores sites due to significant constraints under applicable local employment laws and regulations. We currently expect in-store labor savings in FuelCo locations to amount to approximately €2.5 million (equivalent), of which before June 30, 2019 we actioned €1.2 million (equivalent) that we have not yet realized. These cost savings are expected to result in part from assigning one store manager to more than one store in the same area.

We do not expect to incur any significant costs in connection with these initiatives.

Overhead Savings

We have identified total estimated overhead savings of €5.6 million (equivalent), of which we have actioned but not realized approximately €1.9 million (equivalent), mainly as a result of (i) reducing on-site costs, including occupancy and transaction costs, utilities and repair and maintenance expenditures by negotiating and entering into new contracts, (ii) more stringent cost management and (iii) optimizing supply and services agreements.

We do not expect to incur any significant costs in connection with these initiatives.

Above-Site Savings

We identified estimated above-site savings of €6.9 million (equivalent), mainly as a result of rationalizing head office personnel costs, of which we have actioned but not yet realized approximately €3.2 million (equivalent). We expect significant cost saving opportunities to result from the reduction or elimination of above-site costs incurred by FuelCo in preparation for its proposed initial public offering, which was contemplated (but then abandoned) prior to the FuelCo Acquisition, since the functions and services for which such costs have been incurred are no longer required. Additionally, we expect to realize significant cost saving opportunities to result from phasing out and termination of the transitional services agreement with Woolworths.

We do not expect to incur any significant costs in connection with these initiatives.

Profit Margin Synergies

Fuel Margin Synergies

We identified total estimated fuel margin synergies of €11.8 million (equivalent), of which we actioned approximately €2.5 million (equivalent) before June 30, 2019, resulting primarily from (i) continuing the Woolworths' loyalty program, (ii) rolling out our customized dynamic fuel pricing system and software at FuelCo PFS sites, (ii) rolling out of a higher proportion of premium fuel products, which we expect to improve our product mix and fuel margin, (iii) upgrading forecourts at approximately 112 of our PFS sites by 2020, (iv)

continuing to offer discounts on fuel prices to Woolworths' shoppers who spend specified amounts at Woolworths' grocery stores (fuel discount redemption program, or so called shopper docket program), with the cost of these discounts paid, in part, by Woolworths, and (vi) rolling out of a fleet card initiative and a mobile app initiative in cooperation with Wex, Inc.

However, our ability to realize these synergies may be adversely affected by the adverse gasoline price cycles in Australia's largest cities and any further decrease in demand for fuel products as a result of any prolonged weakness of the Australian economy. We believe that the gasoline retail pricing environment recovered during the three months ending June 30, 2019, but the difficult gasoline retail pricing environment during the preceding three months nevertheless adversely affected FuelCo's overall fuel margin for the six months ended June 30, 2019. Furthermore, our ability to obtain more favorable terms on our Australian fuel supply contracts is limited by a recently agreed 15-year supply agreement with Caltex that was transferred to us in connection with our acquisition of FuelCo. However, such contract was recently renegotiated and provides for terms and conditions that are more favorable to us.

We do not expect to incur any significant costs in connection with these initiatives.

Retail Margin Synergies

We identified total estimated retail margin synergies of €35.5 million (equivalent), out of which we have already actioned €11.8 million (equivalent). This represents an increase of €29.2 million (equivalent) from our initial estimates due to our assessment of the potential retail margin improvement opportunities offered by FuelCo's mix of small sites (approximately 8-10 square meter convenience stores), relying mainly on fuel offering and larger sites with adjacent car parks and other facilities.

In the case of our smaller FuelCo sites, the identified synergies result primarily from improving our coffee and bakery offering through a partnership with a well-known local coffee brand, which we believe will increase customer traffic at and attractiveness of our small sites as well as increase retail margin for other products. In the case of our larger sites, the identified synergies result primarily from implementing the best practices we learned from managing the non-fuel offerings at our sites in other markets, like Kroger's C-Stores in the United States, including price optimization away from lower supermarket-style pricing, improved store layouts and product displays as well as the expansion of the range, and improvement of the quality, of the products and services we offer. We also expect to realize retail margin synergies as a result of retendering our supply base and introducing a promotional space initiative for certain products.

Additionally, we have identified approximately "tier 1" 50 sites which we intend to start converting by the end of the year 2019 into premium sites with improved layout, broader and higher quality product offering and potential partnerships with well-known FTG brands. We intend to gradually convert another 300 sites into premium sites starting in early 2020 and over a period of approximately 18 months. Currently, average sales per store of our FuelCo convenience stores are significantly lower than sales per store of our competitors. We believe that these planned conversions will allow us to realize this significant retail margin increase opportunity.

We expect to incur costs of about €31.2 million (equivalent) in connection with these initiatives by the end of 2020.

Fastrac

We expect to realize annualized cost saving and profit margin synergies resulting from the acquisition of Fastrac of approximately €7.6 million (equivalent) by the end of 2020. As we completed the acquisition of Fastrac on July 1, 2019, we have not yet actioned any of these expected cost saving or profit margin synergies. The following table summarizes the synergies we expect to realize in connection with the acquisition of Fastrac.

Fastrac Synergies(1)	Category of Synergies	Synergies Actioned and Realized before June 30, 2019	Synergies Actioned before June 30, 2019 and Not Fully Realized	Synergies Identified but Not Actioned before June 30, 2019	Total Expected Synergies as of June 30, 2019
Overhead savings	Cost saving	—	—	3.5	3.5
Fuel margin synergies	Profit margin	—	—	1.7	1.7
Retail margin synergies	Profit margin	—	—	2.4	2.4
Total		**—**	**—**	**7.6**	**7.6**

(1) For a description of each category of synergies, see "*Synergies—Our Expected Synergies by Acquisition and Category*".

Cost Saving Synergies

On-Site Savings

Overhead Savings

We have identified but not yet actioned total estimated overhead savings of €3.5 million (equivalent), mainly as a result of (i) reducing repair and maintenance expenses through better use of in-house versus outsourced resources and (ii) improving back-office functionality with the migration to EG Group's Envoy and SAP systems (including especially streamlined price management and finance and accounting functions).

Profit Margin Synergies

Fuel Margin Synergies

We have identified but not yet actioned total estimated fuel margin synergies of €1.7 million (equivalent), mainly as a result of (i) the introduction of our dynamic fuel pricing system and software at Fastrac PFS sites, and (ii) economies of scale expected to be achieved by consolidating fuel purchases in the United States.

Retail Margin Synergies

We have identified but not yet actioned total estimated retail margin synergies of €2.4 million (equivalent), mainly as a result of (i) improving merchandising standards, store layouts and product displays (among others to encourage impulse purchases), (ii) expanding the range and improving the quality of the products and services we offer, and (iii) improving wastage control, logistics and deliveries.

Certified Oil

We expect to realize annualized cost saving and profit margin synergies resulting from the acquisition of Certified Oil of approximately €5.2 million (equivalent) by the end of 2020. As we completed the acquisition of Certified Oil on August 1, 2019, we have not yet actioned any of these expected cost saving or profit margin synergies. The following table summarizes the synergies expect to realize in connection with the acquisition of Certified Oil.

Certified Oil Synergies[(1)]	Category of Synergies	Synergies Actioned and Realized before June 30, 2019	Synergies Actioned before June 30, 2019 and Not Fully Realized	Synergies Identified but Not Actioned before June 30, 2019	Total Expected Synergies as of June 30, 2019
Overhead savings	Cost saving	—	—	1.7	1.7
Retail margin synergies	Profit margin	—	—	3.5	3.5
Total		**—**	**—**	**5.2**	**5.2**

(1) For a description of each category of synergies, see "*Synergies—Our Expected Synergies by Acquisition and Category*".

Cost Saving Synergies

On-Site Savings

Overhead Savings

We have identified but not yet actioned total estimated overhead savings of €1.7 million (equivalent), mainly as a result of (i) reducing repair and maintenance expenses through better use of in-house versus outsourced resources and (ii) improving back-office functionality with the migration to EG Group's Envoy and SAP systems.

Profit Margin Synergies

Retail Margin Synergies

We have identified but not yet actioned total estimated retail margin synergies of €3.5 million (equivalent), mainly as a result of (i) improving merchandising standards, store layouts and product displays (among others to encourage impulse purchases), (ii) expanding the range and improving the quality of the products and services we offer, and (iii) improving wastage control, logistics and deliveries.

Cumberland Farms Acquisition Synergies

Based on our preliminary analysis that relies, in part, on information provided by the sellers of Cumberland Farms, we have identified but not yet actioned annualized cost saving and profit margin synergies of approximately €131.5 million (equivalent) by the end of 2020 as a result of the Cumberland Farms Acquisition. The following table summarizes the synergies we expect to realize in connection with the Cumberland Farms Acquisition.

Cumberland Farms Synergies	Category of Synergies	Synergies Actioned and Realized before June 30, 2019	Synergies Actioned before June 30, 2019 and Not Fully Realized	Synergies Identified but Not Actioned before June 30, 2019	Total Expected Synergies as of June 30, 2019
In-store labor savings	Cost saving	—	—	33.3	33.3
Overhead savings	Cost saving	—	—	18.4	18.4
Above-site savings	Cost saving	—	—	44.7	44.7
Fuel margin synergies	Profit margin	—	—	8.8	8.8
Retail margin synergies	Profit margin	—	—	26.3	26.3
Total		**—**	**—**	**131.5**	**131.5**

Cost Saving Synergies

On-Site Savings

In-Store Labor Savings

Based on our preliminary analysis as well as our operational track record in the United Kingdom and our experience integrating other U.S. businesses we have acquired, we believe that reductions in both in-store working hours and overtime hours are achievable using our optimization strategies. We plan to reduce labor hours per store by a rate comparable to the rate achieved as part of the process of integrating Kroger C-Stores into EG Group (taking into account the larger size of Cumberland Farms sites). We estimate that we could realize total in-store labor savings of €33.3 million (equivalent) from reductions in Cumberland Farms' employee costs.

We do not expect to incur any significant costs in connection with these initiatives.

Overhead Savings

Our EG Group operating model focuses on cost management and building upon our experience and the combined purchasing power of our businesses to win favorable terms from utilities, our service providers and our suppliers. In the case of Cumberland Farms, we have identified total estimated overhead savings of €18.4 million (equivalent) that could be realized by applying our model to Cumberland Farms. In particular, our preliminary analysis indicates that (i) there are opportunities to cut repair and maintenance costs in stores to generate an estimated €7.8 million (equivalent) of cost savings, (ii) by exploiting economies of scale to improve terms with utility providers, we estimate we could generate €5.3 million (equivalent) of cost savings and (iii) by applying our cost management practices to Cumberland Farms' overhead costs in general, we could generate €5.3 million (equivalent) of cost savings.

We do not expect to incur any significant costs in connection with these initiatives.

Above-Site Savings

Upon the completion of the Cumberland Farms Acquisition, we intend to consolidate head office functions for our North American operations into Cumberland Farms' existing campus in Westborough, Massachusetts, which is expected to allow us to close our Cincinnati office. We will provide support to our North American head office through our global shared service center in Blackburn. We expect this consolidation of head office functions to allow us to refocus above-site personnel and rationalize and refocus some of managerial functions (by streamlining administrative processes and systemizing decision-making processes), establish an efficient and appropriately sized above-site infrastructure serving our North American operations and realize other cost synergies from combining the two regional head offices into one. In connection with this consolidation, we also plan to move the US finance unit to the EG Group head office in Blackburn. Our preliminary estimates indicate we could realize estimated above-site savings of €44.7 million (equivalent) through these initiatives.

We expect to incur severance and other costs of approximately €8.8 to 17.6 million (equivalent) in connection with these initiatives.

Profit Margin Synergies

Fuel Margin Synergies

Following the Cumberland Farms Acquisition, we intend to roll-out of our dynamic fuel pricing system and software across Cumberland Farms PFS sites. This system allows us to monitor fuel prices in real time in the markets in which we operate so that we can rapidly react to changing market conditions and introduce, on a site-by-site basis, daily pricing, differentiation between peak and off-peak hours (including night hours pricing), as well as premium pricing. In addition, we intend to consolidate fuel purchases across all of our operations in the United States to realize economies of scale for both Cumberland Farms and our existing U.S. business. In the case of Cumberland Farms, in particular, we expect that we will be better positioned to obtain more favorable terms on our U.S. fuel supply contracts after our fuel supply contract with Gulf expires in December 2019. Based on our preliminary analysis, we estimate that these initiatives could generate fuel margin synergies of €8.8 million (equivalent).

We do not expect to incur any significant costs in connection with these initiatives.

Retail Margin Synergies

Historically, Cumberland Farms' retail pricing has been uniform across its locations, operating one price book irrespective of the customer base of each site. Given that Cumberland Farms' customer base varies in terms of income and spending patterns and depending on store location (urban, suburban, roadside), a tailored approach of selected price increases at sites with fewer price-sensitive customers could result in higher margins without an offsetting loss of sales volume. We also plan to undertake a review of Cumberland Farms' pricing relative to its competitors, which we believe may help us identify products that are sub-optimally priced (including several products whose prices have not changed for a few years). Moreover, we intend to improve store layout and product displays and recalibrate the range of non-fuel products and services Cumberland Farms offers to attract customers to our higher margin products. In line with the synergies we have achieved in other comparable sites, we intend to enhance waste control measures by reducing or removing the number of expiring and unsold items from our shelves and managing delivery schedules. Also, we intend to use our scale following the Cumberland Farms Acquisition to achieve unit procurement savings and obtain better terms from partners and service providers by transferring Cumberland Farms' contracts to EG Group. Based on our preliminary analysis, we estimate these retail margin synergies to collectively amount to €14.9 million (equivalent). In addition, Cumberland Farms' Westborough, Massachusetts culinary facility and its distribution network have unutilized operational capacity and are located in close proximity to our existing Pennsylvania and New York locations. Following the Cumberland Farms Acquisition, we intend to begin using this culinary facility and distribution network to distribute the Cumberland Farms' own brand fresh food offer to these existing locations. Thanks to including Cumberland Farms premium food products, including fresh food products(under Cumberland Farms proprietary brands) in the offer of our existing Pennsylvania and New York locations, we expect to be able to raise retail margins in these locations. Based on our preliminary analysis, we estimate this synergy benefiting the existing business to amount to €11.4 million (equivalent)).

We do not expect to incur any significant costs in connection with these initiatives.

HIGH QUALITY REAL ESTATE PORTFOLIO

Our retail network consists of 5,334 sites across the globe that are strategically located in high traffic areas, and the Cumberland Farms Acquisition will add an additional 568 sites to this network. Following the Cumberland Farms Acquisition, we expect to have 5,187 company-owned sites, comprising freehold sites, leasehold sites, as well as sites that are partially freehold and partially leasehold and concession sites. Company-owned sites provide us access to a greater percentage of the revenue streams generated by these sites and give us greater ability to convert selected sites to our preferred COCO model if we deem the conversion economically attractive. Freehold sites provide us with the most flexibility to redevelop our sites in line with changing customer preferences and market trends. In addition, our leasehold sites tend to have favorable operating lease terms and generally permit us to reconfigure the site in order to optimize our offerings to customers. Furthermore, our concession sites give us the right to develop these sites according to the terms of the development proposal we provided to the respective seller during the open bid process. After giving effect to the Cumberland Farms Acquisition, the aggregate sales price according to the CBRE Report of our freehold properties on the basis that these properties are fully equipped operational entities and having regard to their trading potential and EBITDA generation, as projected by CBRE, is in the order of €6.28 billion (equivalent).

CBRE Report

On August 19, 2019, we retained CBRE to perform a review of our portfolio of freehold properties ("**CBRE Report**"). The CBRE Report was issued on October 3, 2019 and provides us with a broker's opinion of pricing of our freehold properties on a standalone basis and of our entire portfolio of freehold properties, in each case based on existing use. The CBRE Report is intended to be a guide of the likely pricing of our freehold properties prior to negotiation and/or agency instructions. The CBRE Report was not prepared in accordance with the Royal Institute of Chartered Surveyors' Professional Standards. The CBRE Report was issued on September 30, 2019.

Key findings

According to the CBRE Report, the aggregate sales price of our 2,610 freehold properties (or fee-simple, as applicable) in their existing use as of September 30, 2019, is in the order of €6.28 billion (equivalent), on the basis that these properties are fully equipped operational entities and having regard to their trading potential and EBITDA generation, as projected by CBRE. The following table sets forth the opinion of pricing attributed to our freehold properties by country of operations and, in the case of our U.S. operations, by brand.

Country	Site Numbers	Broker's Opinion of Pricing (BoP) 2019 (LC)[1]	Exchange Rate[2]	Broker's Opinion of Pricing (BoP) 2019 (Euros)
Australia (Australian Dollars)	17	0.15	0.6164	0.90
Belgium (Euros)	49	0.03	1	0.03
France (Euros)	125	0.17	1	0.17
Germany (Euros)	196	0.30	1	0.30
Italy (Euros)	557	0.50	1	0.50
Luxembourg (Euros)	2	0.01	1	0.01
Netherlands (Euros)	70	0.13	1	0.13
United Kingdom (GB Pounds)	347	1.17	1.1315	1.32
United States (US Dollars)	1,247	4.10	0.9094	3.73
Certified Oil (CO) (USD)	65	0.14	0.9094	0.13
Cumberland Farm (CF) (USD)	486	1.95	0.9094	1.78
CF Avison Young non PFS (USD)	49	0.03	0.9094	0.02
Fastrac (FT) (USD)	50	0.19	0.9094	0.17
Minit Mart LLC FEIN (USD)	199	0.30	0.9094	0.27
Kroger Co (KC) Combined (USD)	398	1.49	0.9094	1.35
Junior Food Stores WF (KC1) (USD)	98	0.38	0.9094	0.35
Kwik Shop (KC2) (USD)	84	0.21	0.9094	0.19
Mini Mart Loaf & Jug (KC3) (USD)	66	0.25	0.9094	0.20
Quick Stop (KC4) (USD)	13	0.10	0.9094	0.09
TH Mid West (KC5) (USD)	17	0.09	0.9094	0.08
TH Minit Mrkts Turkey Hill (KC6) (USD)	120	0.46	0.9094	0.42
TOTAL[3]		0.56		6.28

Notes:

(1) Reflected in the local currency of the site.

(2) Exchange rates reflected in the table are the exchange rates used in the CBRE Report, as of September 27, 2019.

(3) CBRE assumed that no price would be received for 117 properties with a negative EBITDA and a price of 50,00 in the applicable local currency would be received for 46 properties which are closed or pieces of land.

Reliance

The information presented in the CBRE Report is presented for illustrative purposes only. The CBRE Report is strictly confidential and addressed to EG Group only for the specific purpose of informing its internal management strategy. CBRE has accepted no responsibility whatsoever to any third party for the whole or any part of the contents of the CBRE Report and as such no third party may rely upon the whole or any part of the CBRE Report.

Basis of broker's opinion of pricing

The CBRE Report determines the broker's opinion of pricing of the relevant properties on the basis of existing use (trading) of such property, as a fully fitted and equipped operational C-Store entity having regard to trading potential. The broker's opinion of pricing included in the CBRE report was provided using the local currency for each country.

In order to conduct each opinion of pricing, we provided CBRE with the last three years trading figures for the relevant properties, which included retail and bunkering fuel volumes, fuel margins, shop turnover excluding VAT/IVA, shop margins, FTG turnover excluding VAT/IVA, FTG margins, other income and site-by-site EBITDA values. The CBRE Report was produced without visual inspection of our properties.

Terms and assumptions

The opinion of pricing of all properties was based on their existing use. CBRE made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites—including ground and groundwater contamination. If any of the information or assumptions on which the study is based are subsequently found to be incorrect, the opinion of pricing may also be incorrect and should be reconsidered.

In particular, in preparation of the CBRE Report, CBRE assumed each property to be the authorized use under planning legislation and in accordance with the use registered with the relevant regulatory agency. During the course of their engagement, CBRE did not perform site inspections, environmental audit, tests of services and amenities, investigations or tests as to the condition of the properties. CBRE did not make planning or permitting enquiries and did not examine deeds, leases or other documents relating to the title to our properties. The broker's opinion of pricing assumed, among others, that (i) our properties are not adversely affected by any existed or proposed environmental law, (ii) there are no abnormalities as to repair and condition of the properties, (iii) properties possess a good and marketable title free from any onerous restrictions or conditions, and (iv) all title, tenure, lettings, planning, taxation, statutory and local authority requirements are complied with.

Methodology

CBRE assumed that essential characteristics of properties that are normally sold on the basis of their trading or underlying trading potential is that they are designed, or adapted, for a specific use and the resulting lack of flexibility usually means that the pricing of a property interest is intrinsically linked to the trading potential of the property.

To arrive at a broker's opinion of pricing CBRE took into account: a) the legal interest in the land and buildings; b) the trade inventory, usually comprising all trade fixtures, fittings, furnishings and equipment; and c) the market's perception of the trading potential, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits.

The pricing includes trade items and equipment that are essential to the running of the operational entity, but which either are owned separately from the land and buildings or are leased.

CBRE's broker opinion of pricing is based on an estimate of the maintainable level of trade (fair maintainable turnover) and future profitability (fair maintainable operating profit) a competent operator of a business

conducted on the premises acting in an efficient manner would expect to achieve. The concept involves estimating the trading potential of the property having regard to its inherent characteristics and prevailing market conditions rather than the actual level of trade under the existing ownership. Therefore, personal goodwill that is created by the present owner or management is excluded. The goodwill that is included in the estimate is generally considered to include value which attaches to the properties and runs with the properties by virtue of circumstances such as its location, design, planning permission, property-specific name and reputation, customer patronage, licence and occupation for its particular use (known as transferable goodwill or inherent goodwill).

The broker's opinion of pricing presented in the CBRE Report was arrived at using comparable transactional evidence. Initial yields that were applied to the petrol filling stations vary by country and by profitability. Location is an influence and, to a lesser extent, competition in the vicinity and alternative use potential are also considered. Comparable rental evidence is considered as well.

In assessing a rent of the properties, CBRE had regard to the trading history of our properties, local competition if available, the condition and size of the properties and the current petroleum and economic market conditions. They also considered the projected trading given the significant alterations to the properties where applicable with rebranded forecourts, dispensers, shop and car wash refurbishments.

Taking the abovementioned factors into account, CBRE arrived at an opinion of fair and maintainable trading performance and applied a profits method of pricing to the four main sources of revenue of a property; namely fuel sales, shop sales, FTG sales and other income. The established method in today's market is to calculate the gross profit from the fair and maintainable trading figures and apportion between 30% to 40% to freeholds of this as the estimated rent. This percentage will not necessarily apply to the lower end of the profitability scale, as there is a minimum staffing and running cost to any filling station, as well as potentially lower market demand. Equally, at the higher end of the market, particularly profitable sites can bear a higher percentage of gross profit as rent, as the cost of running a better performing site is only marginally higher if at all. Higher volume sites are typically more in demand. An additional method used to develop an opinion of pricing is to apply 60% of net profit as rent, which would result in significant buffer against a downturn in trading.

Maintaining favorable brand recognition of our proprietary brands is important to our success, and failure to do so could have a material adverse effect on our business.

Our proprietary brand names enjoy a high degree of familiarity and awareness in the markets in which we operate, and we believe maintaining these brands is a key component of maintaining our position in our industry. Factors affecting brand recognition are often outside of our control, and efforts to maintain or strengthen these brands may not always have the desired effect. Events such as lawsuits, product recalls, outbreaks of food-borne illness, supply chain interruptions, crimes committed at our locations, employee misconduct (actual or alleged), personal data breaches and allegations (true or otherwise) regarding the treatment of our employees could result in negative publicity and damage to our brands and reputation. In addition, damaging statements (whether true or otherwise) about us, our locations and our products can be widely disseminated through online platforms, and we may have limited or no ability to respond to these statements or take action to have them taken offline. If damage to one or more of our brands were to occur for any of these or other reasons, there can be no assurance that we would have the resources available to adequately invest in marketing, public relations or advertising campaigns to repair these brands, that any such campaigns would be effective or that we would be willing or able to take any other actions to limit or reverse this damage.

If our customers have a less favorable view of us, our locations or our products, they may seek alternative products or providers, and this could directly impact our results of operations. In addition, damage to our brands or our reputation could make us less attractive partners for the national and regional brands we offer through our locations, which could result in the loss of some of these commercial relationships. If either of these outcomes resulted from our failure to maintain our brands or damage to one of our brands, it could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects.

We may not be able to support our growth with adequate corporate functions and other resources.

We have grown significantly, primarily through several acquisitions but also organically, in recent years and we expect to continue to grow. Our revenue increased from €3.2 billion in the 17 months ended December 31, 2016, to €12.0 billion in the year ended December 31, 2018; and from €4.4 billion for the six months ended June 30, 2018 to €9.0 billion for the six months ended June 30, 2019. Our operations have become more complex and more global, cover nine countries in three continents and require adequate support from our central corporate functions. However, the size and configuration of our financial and IT teams, at both the group and local levels, are not necessarily proportionate to the scale and complexity of our operations. Accordingly, we are required to continue to invest in and strengthen our support functions by providing adequate additional human and other resources that are proportionate to and can effectively support our operations and their expected growth. In particular, in order to implement and maintain effective internal controls over financial reporting that are commensurate to the current and future scale of our operations we need to, among other things:

- Expand our financial reporting team by hiring and retaining, at both group and local level, an adequate number of personnel with a suitable skill set. However, we may be unable to attract and retain suitable candidates as we face significant competition for talent due to several factors, including location preferences and salary expectations. In addition, based on our experience when we acquire and integrate a new business, we may not always be able or want to retain local personnel responsible for financial reporting at the acquired business and their exit from the acquired business might also result in the loss of their institutional knowledge of financial reporting matters relating to such business.
- Integrate our IT systems relating to our accounting records and processes across the Group's operations, especially in our newly acquired businesses. However, due in part to the large number of acquisitions we have made, currently we still operate a number of different IT systems based on different operating software. Even when the main software application is the same, it might be at different stages of development for each of our country operations, which may make it more difficult for these systems to operate effectively and on an integrated basis. We may be unable to successfully integrate our IT systems, whether in a timely fashion or at all, and we may therefore be required to operate different IT systems for our different country operations for longer than expected.
- Adopt and implement Group-wide financial reporting systems as well as standard policies and procedures, including internal financial reporting manuals and procedures as well as protocols for senior oversight and the preparation of management accounts at local and Group level. However, we may be unable to implement these common policies and procedures, whether in a timely fashion or at all, especially in connection with the integration of our newly acquired businesses.

Our failure to implement one or more of these initiatives could adversely affect the effectiveness of, and eventually result in significant deficiencies or material weaknesses in, our internal controls over financial reporting. For example, there might be a lack of coordination, supervision and consistency between local operations and management, on the one hand, and our centralized shared service centers, on the other hand. Furthermore, certain key processes and controls may not be properly documented, understood or implemented, financial information at country level may not be adequately reported at Group level, the increasing volume and complexity of information may not be properly reviewed and challenged or issues may go unnoticed. Based on our experience, we have been and we may continue to be more exposed to this risk when we acquire and then need to integrate carved-out assets that are not adequately supported by, or are sold separate from, adequate in-house corporate functions and resources.

In the course of reviewing the EG Group Interim Financial statements, we identified a weakness in our system of internal controls that relates to Esso Germany and includes complications involving internal accounting software inherited as part of, and immediately following, our acquisition of the business. In that context, for the six month period ended June 30, 2019 we identified an asset related to fuel duty that had been recognized in error in our accounts. The cost price of fuel purchased by Exxon Mobil in Germany includes excise duty, which is recovered through the selling price to our dealer customers, and as a result we should not be recording any asset or liability related to such duty in our balance sheet. Following the identification of this error, we concluded that this asset is not recoverable and we expensed it through cost of sales in our consolidated income statement. The corresponding increase in costs of sales was set off by the reversal of various provisions no longer required. If we are unable to remedy weaknesses in our systems of internal control, if there are other weaknesses in these systems we have not yet identified or if new weaknesses in internal controls arise it may lead to future errors in our financial accounts, and our ability to record, process, summarize and report financial information timely and accurately could be compromised.

In addition, the current and future scale of our operations require us to constantly monitor and improve the adequacy of our internal audit function and our corporate governance system, Currently, we have no stand-alone board-level audit committee or internal audit function. The board of directors of the Parent comprises solely of our two founders and co-CEOs and the board of directors of Optima Bidco comprises of our co-CEOs and professionals of TDR Capital. If we fail to adopt, implement or maintain an effective internal audit function or corporate governance system that is in line with what applicable laws and regulations, market practice or your expectations may from time to time require for a company of our size and complexity, we may lose the confidence of financial markets and our investors, and we might be exposed to liability. The reliability and integrity of our internal controls over financial reporting might also be adversely affected.

The implementation of these initiatives, systems, processes, policies and procedures may also require us to incur significant costs and involve significant time and attention from our management.

Our operating results are affected by seasonality and weather, and unfavorable or extreme weather conditions can adversely impact our business.

The demand for our fuel, convenience retail and FTG products is generally higher during the summer months than during the winter months because of increased road traffic during that period. The reduced traffic linked to unfavorable weather conditions during summer, including, for example, tornadoes, thunderstorms and flooding, could have a material adverse impact on our sales and, therefore, on our business, financial condition, liquidity, results of operations and prospects. In addition, unfavorable weather conditions, for instance snow storms, in the winter, may also negatively affect customer demand for our products and prevent customers and suppliers from having access to our sites. Unfavorable weather conditions in winter could therefore also have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects.

In addition, following the completion of the Cumberland Farms Acquisition, a significant portion of our sites will be located in the Northeastern and Midwestern parts of the United States, Gulf of Mexico and Florida. These regions are particularly susceptible to severe weather conditions and severe storms, including hurricanes, thunderstorms, extended periods of rain, ice storms and heavy snow, the quality and severity of which may be exacerbated due to climate change. Such inclement weather conditions could damage our properties, affect the operations of our suppliers or could have a significant impact on consumer behavior, travel and convenience store traffic patterns, as well as our ability to operate our stores. We could also be affected by regional supply or distribution disruptions, such as energy shortages or increases in energy prices, fires or other natural disasters. Besides these more obvious consequences of severe weather, our ability to insure these locations and the related cost of such insurance may also affect our business, financial condition and results of operations. We may also be directly or indirectly impacted by new or evolving public policies, civil defense plans, and emergency

management protocols implemented by federal, state, or local agencies designed to mitigate or adapt to the impacts of severe weather or climate change.

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We cannot assure you that the projections or assumptions used, estimates made or procedures followed in the CBRE Report are correct, accurate or complete.

This document refers to the CBRE Report with respect to freehold properties of EG Group and Cumberland Farms on the basis of the aggregate of the individual value of each freehold property. Opinions of pricing of property (including those used in the CBRE Report) are prepared on the basis of various assumptions, estimates and projections. In particular, the CBRE Report was produced without visual inspection of our properties and is thus based on information provided by management and certain assumptions, including but not limited to the assumptions that (i) our properties are not adversely affected by any existed or proposed environmental law, (ii) there are no abnormalities as to repair and condition of the properties, (iii) properties possess a good and marketable title free from any onerous restrictions or conditions, and all title, tenure, lettings, planning, taxation, statutory and local authority requirements are complied with. In addition, during the course of their engagement, CBRE did not perform site inspections, environmental audit, tests of services and amenities, investigations or tests as to the condition of the properties. CBRE did not make planning or permitting enquiries and did not examine deeds, leases or other documents relating to the title to our properties.

CBRE’s broker opinion of pricing is also based on an estimate of the maintainable level of trade (fair maintainable turnover) and future profitability (fair maintainable operating profit) a competent operator of a business conducted on the premises acting in an efficient manner would expect to achieve. We cannot assure you that the assumptions or projections used, estimates made or procedures followed in the CBRE Report are correct, accurate or complete. Actual results may differ materially from the assumptions and projections used and estimates made in the CBRE Report, for example changes in the demand of our services, changes in the levels of referrals from local authorities, and changes in fee rates. Furthermore, the CBRE Report is addressed to EG Group only and CBRE has accepted no responsibility to any third party for the whole or any part of the contents of the CBRE Report.

Other appraisers may reach different opinions on pricing of our property portfolio. Moreover, the pricing determined in the CBRE Report could be significantly higher than the amount that would be obtained from the actual sale of EG Group or Cumberland Farms property portfolio, especially in a distressed or liquidation scenario, in the event of a downturn in the local, regional or national real estate market, or if the properties are

sold on an individual basis. Accordingly, the CBRE Report should not be considered a representation of the actual present or future value of our property portfolio. The realizable value of the applicable property portfolio at any given time will depend on various factors, including:

- market, economic and industry conditions, including demand and capacity for C-Store products;
- whether any additional property sales are anticipated;
- the effect any sale may have on the remaining portfolio;
- the availability of buyers;
- the availability of financing;
- the time period in which the properties are to be sold;
- the supply of similar properties;
- the condition of the properties;
- zoning and planning regulations;
- environmental regulations;
- influence of the growing market for electric vehicles on the PFS sector;
- regulatory, litigation and political risks, including obtaining any necessary consents required to transfer our C-Store operations; and
- other operational cost risks.

In addition, we anticipate that the appraised pricing of our property portfolio will change over time, and it may change materially.

We do not currently control Cumberland Farms and will not control Cumberland Farms until completion of the Cumberland Farms Acquisition.

We will not obtain control of Cumberland Farms until completion of the Cumberland Farms Acquisition. Cumberland Farms may not operate its business during the interim period in the same way that we would. The information contained in this document has been derived from industry publications and from surveys or studies conducted by third-party sources and, in the case of historical information relating to Cumberland Farms, it has been provided to us by Cumberland Farms as well as members of its management, and we have relied on such information supplied to us in its preparation. Furthermore, the Transactions themselves have required, and will likely continue to require, substantial time and focus from management, which could adversely affect their ability to operate the business. Likewise, other employees may be uncomfortable with the Transactions or feel otherwise affected by them, which could have an impact on work quality and retention.

The Target may have liabilities that are not known to us.

The Target may have liabilities that we failed or were unable to discover in the course of performing due diligence investigations in connection with the Cumberland Farms Acquisition. We may learn of additional information about the Target that adversely affects us, such as unknown or contingent liabilities and issues relating to compliance with applicable laws and regulations. Any such liabilities, individually or in the aggregate, could have a material adverse effect on the business of the Target, or on the financial condition and results of operations of the Target and our ability to fulfill our obligations under the Debt Financing. In conducting our due diligence, we have been required to rely on resources available to us, including public information, information provided by Cumberland Farms and third-party advisers (including in the preparation of this document). There can be no assurance that the due diligence we have undertaken has revealed or highlighted all relevant facts necessary or helpful in evaluating the Transactions.

Furthermore, there can be no assurance as to the adequacy or accuracy of information provided during the due diligence exercise or that such information will be accurate or remain accurate in the period from the conclusion of the due diligence exercise until the completion of the Cumberland Farms Acquisition. The due diligence process is inherently subjective. If the due diligence investigation failed to identify or appreciate material information regarding the Cumberland Farms Acquisition, the Target may later be forced to write down or write off certain assets, significantly modify the business plan for the Target or incur impairment or other charges.