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EG GROUP Q2 MID-QUARTER TRADING UPDATE

Further to the Q1 2020 trading and COVID-19 presentation provided by EG Group on May 29, 2020 and in light of the ongoing developments regarding COVID-19, EG Group provides the following update on its trading performance for the second quarter of 2020.

Mid-Quarter to May 2020 Trading Update

For the two months ended May 31, 2020, EG Group is reporting an EBITDA of $187m, an increase of $34m on the same period in 2019. Like-for-like[1] EBITDA has decreased by $26m, or 17%, to $127m (14% on a constant currency basis).

Reported LTM EBITDA to the end of May 2020 is $1,028m, an increase of $175m on the $853m LTM reported EBITDA for the year ended December 31, 2019[2]. For the five month period ended May 2020, reported EBITDA is $466m, an increase of $175m on the prior year. Like-for-like EBITDA in the year to May of $285m is $5m, or 1.9%, lower than the prior year.

Fuel sales volumes for the two months ended May 31, 2020 were 2.3 billion liters, a decrease of 0.7 billion liters, or 23%, on the same period in 2019. Like-for-like[1] fuel sales volumes decreased by 1.2 billion liters, or 39%, for the two month period. This decrease in fuel volumes sold is due to the severe travel restrictions imposed by national governments to limit the spread of COVID-19, most significantly impacting April volumes, which have since partially recovered as restrictions are gradually being eased from May onwards.

Wholesale fuel prices reached their lowest level in the past 10 years at $9.12[3] a barrel of Brent Crude in late April, following the lockdown measures and travel restrictions imposed globally in response to COVID-19. May and June have seen an increase in cost prices, reflecting the partial recovery from demand shock from COVID-19, with Brent Crude increasing to $41.58[4] per barrel as at June 29, 2020.

Despite the increases in wholesale fuel pricing, fuel margins per liter continue to be higher than the two year average, supported by a recovery in volumes sold in recent weeks.

Fuel margin for the two months ended May 31, 2020 is $283m, an increase of $68m on the same period in 2019. Like-for-like[1] fuel margin is expected to decrease by 9% to $196m. Fuel USD cents per liter for the two months ended May 31, 2020 is expected to increase from 7.15cpl to 12.28cpl, and on a like-for-like[1] basis an increase to 10.62cpl.

1 Like-for-like results exclude the impact of acquisitions that were completed in the last twelve months (i.e. Certified Oil, Fastrac, Cumberland Farms and Scotco (Herbert Group))
2 Results for the year ended December 31, 2019 translated to USD using a EUR:USD exchange rate of €1:$1.119. EBITDA is stated before the impact of IFRS16
3 Sourced from www.macrostrends.net

In our ten countries of operation, whilst our c-stores and petrol stations have remained open for trading throughout the pandemic, a diverse range of effects of COVID-19 has been observed:

Europe: France and Italy reported reductions in fuel volumes by up to 75% during April. Over the last 6 weeks, the lifting of lockdown restrictions has led to a recovery in volumes, with both countries now c.20% down on prior year fuel volumes sold. French shop sales have similarly recovered to near-normal levels, currently down by c.15%.

UK fuel sales volumes have significantly recovered to c.25% down on prior year. Grocery & Merchandise sales have continued to show resilience and have been above normal levels for most weeks during the pandemic.

Our UK and Ireland Foodservice outlets were temporarily closed from late March, and during this period, our store colleagues were furloughed under the government's Job Retention Scheme. Many colleagues have now returned to employment as we have implemented a phased reopening programme from late April to July. Over 75% of our foodservice outlets are now open, with encouraging recent trading results as many outlets outperform their sales in the same period in 2019.

Fuel sales volumes are returning to more normalised levels in Benelux, being down c.10, and having seen a decrease of 40-50% at the height of the pandemic. Grocery & Merchandise sales have largely been unaffected in this region, and current trading is above that reported in the same period in 2019.

Germany fuel sales volumes are down by c.20% whilst shop sales continue to be largely unaffected and, for most weeks during the pandemic, have been above normal levels.

USA: USA fuel sales volumes are now at c.70-80% of normal levels – broadly consistent with the US national average for c-store operators (source: OPIS). Record high fuel cents per liter were reported in April, and whilst this has softened during May and June, margins remain above average historic levels, offsetting the decrease in fuel volumes sold.

Grocery & Merchandise sales have almost recovered to normal levels and are less than 5% down, compared to c.20% down year-on-year during early April.

Australia: Having decreased to around 50% of normal fuel volumes sold at the start of the pandemic, Australian weekly fuel sales volumes are currently around 30% down year-on-year, and similar to the USA, this continues to be offset by strong fuel margins. Grocery & Merchandise sales are in line with normal levels.

From mid-May, the restrictions in movement imposed have been gradually relaxed across most of the territories in which the Group operates, with more easing scheduled for the coming weeks, leading to increased domestic travel and fuel consumption.

Whilst the uncertainty moving forward is expected to be largely around the potential for a 'second wave' of the pandemic and the return of restrictions in movement, the resilience shown in the business model and trading for the year to date provides confidence in the long-term strategy of the Group.

Liquidity

The Group continues to adopt a disciplined approach to managing liquidity and profitability through various cost management initiatives. As at July 7, 2020, the Group had liquidity of over $1,085m, with $759m of cash in bank and $327m of available facilities. This is an increase of over $600m of liquidity from reported levels at the end of March. The Board remain confident that the Group has sufficient liquidity lines and cash flows.

About EG Group

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

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

In total, EG Group's brand dedicated functions manage and oversee c.1,500 food and drink-to-go units across its site network globally.

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

Further information at www.eurogarages.com

Forward Looking Statements

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

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