2019 Results presentation

5 November 2019

Logista

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- 5 Years Delivering on our objectives
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- Outlook

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2019 Results Highlights

A brilliant year, growing activity and stronger results

- Economic Sales growing to €1,149m (+2.8%)
  - Revenues up by 7.1% to €10,148m, growing in all geographies
    - The change in accounting criteria of Tobacco sales in Portugal affecting comparison (if excluded: +5.0%)
  - Increasing Economic Sales in all activities in Iberia and France
  - Not very relevant impact from price/tax movements in FY 2019 and FY 2018
- Adjusted EBIT up by 6.5% to €262m
  - Despite savings from France restructuring were not full year and high growth in the lower margin's Transport activity
  - Adjusted EBIT margin over Economic Sales expanding by 80 b.p. to 22.8%
- Net Income growing to €165m, +5.1%
  - Despite higher restructuring costs and corporate income tax rate
- Economic Free Cash Flow: €143m
- Total dividends per share: €1.18
  - Proposal of €0.81 final dividend to be paid in Q2 2020

+ 6.5% Adj. EBIT based on a positive activity and Group's customary operating leverage

5 years Delivering on our objectives

Logista

5 Years Delivering on our objectives
Four building blocks

Strengthening while growing consolidated business base

Expanding business base

Improving efficiency

Robust cash flow profile

Our objective:
Attractive returns to shareholders

5 Years Delivering on our objectives
Strengthening/growing consolidated business base (actions)

Maintaining leadership in tobacco (contracts renewal depends on expiry calendar):

- Contracts with the big four tobacco manufacturers have been renewed in all geographies during this 5-year period

Growing services:

- Route-to-consumer information to tobacco sector a reality now, only starting in 2014
- NGP: distribution agreements with tobacco manufacturers, originating new services
- International transport: higher market share for tobacco manufacturers and increased activity for technology and pharma
- Iberian transport: dedicated routes and strengthened platform (temperature) for the pharmaceutical sector, in parcel; increasing service level and capacity (in Madrid), in courier

Supporting industry/anticipating changes:

- Regulatory challenges fulfilled: Plain Packaging in France, Track & Trace for tobacco sector in all geographies, controlled temperature (transport services for pharmaceutical and food industries)

Consolidated business base yearly growing low-single digit

5 Years Delivering on our objectives
Expanding business base (actions)

Boosting sales into existing pipeline (wholesale):

- Partnership agreements with manufacturers: implementing our business model to transform convenience distribution
- Multichannel ordering deployment (websites, stores, cash & carries, PoS terminals, call centres and vendors) and loyalty programs, translated into continuous penetration and average ticket growth
- Expanding to other channels: focusing on petrol stations in Spain
- Adapted concept stores, coolers and product display stands: more loyalty and higher sales

Developing Pharma:

- Launch of new value added services in distribution to hospitals and to pharmacies (order taking via EDI or OCR, Order to Cash, dedicated routes to hospitals, etc.) to capture clients and to foster loyalty by strengthening differentiation
- Several agreements to distribute complete portfolio of clients to all channels
- Compliance with serialization requirements in the pharmaceutical industry

Wholesale and Pharma Ec. Sales yearly growing double-digit

5 Years Delivering on our objectives
Improving efficiency (actions)

Vertical business model:

- Externalization of local service points in Spain, streamlining/ optimization of network in Italy
- Restructuring measures in France: Tobacco, convenience and Other businesses
- Warehouse capacity expansion: convenience in Spain and Pharma
- Increasing service level in convenience in France

Synergies:

- Reorganisation of transport routes
- Boosting omni-channel ordering
- Implementation of new ERP (SAP) in convenience

Continuous improvements:

- Only European distributor included in the Carbon Disclosure Project A List
- Reusable boxes, increasing e-billing rate, high performance lighting, use of electricity produced from renewable sources, introduction of ECO vehicles in last mile transport …

Activity growing above Total operating costs, continuous margin expansion

5 Years Delivering on our objectives
Robust cash flow profile

High average cash conversion:

- Since IPO, the average EBITDA conversion into cash has been c. 80%

High pay out ratio:

- More than 90% of Net Profit has been distributed as dividends

Bi-annual dividend payments:

- Final dividend corresponding to previous fiscal year paid in March
- Interim dividend corresponding to fiscal year paid in August

€600m paid from 1 October 2015 to 30 September 2019

5 Years Delivering on our objectives
Successful fifth anniversary of Group's re-listing

Strengthening while growing consolidated business base	Consolidated business Ec. Sales yearly growing, low-single digit
Expanding business base	Wholesale and Pharma Ec. Sales yearly growing double-digit
Improving efficiency	Activity growing above Total operating costs, continuous margin expansion
Robust cash flow profile	€600m paid from 1 October 2015 to 30 September 2019

5-year Average Dividend Yield: 5.1%*

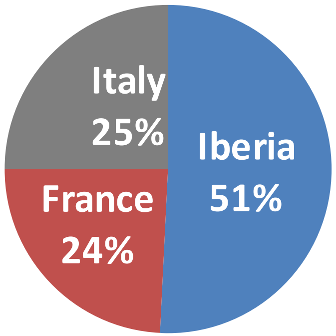
* Average dividend yield over the 5-year period: FY2015 (5.6%), FY 2016 (4,4%), FY 2017 (4,8%), FY 2018 (5.4%) and FY 2019 (5,2%)

Business Review

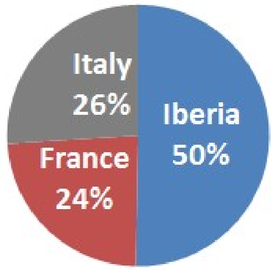
Business Review
Diversification across geographies and activities

Geographical Split

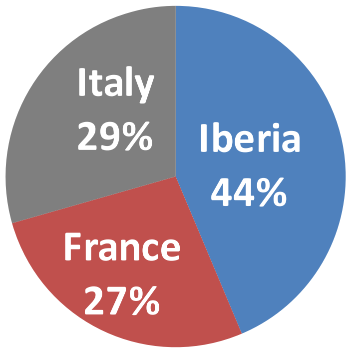
Eco. Sales: €1,149m [1]



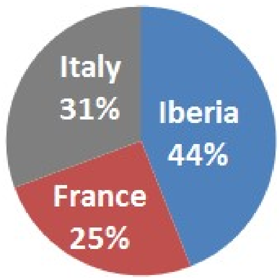
FY 2018: €1,118m [1]



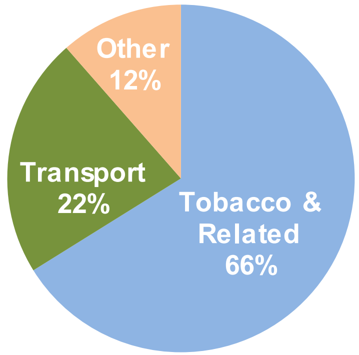
Adj. EBIT: €262m [2]



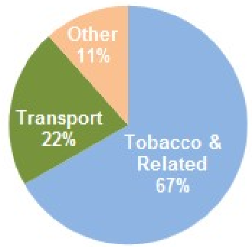
FY 2018: €246m [2]



Breakdown of activities: Ec. Sales [3]



FY 2018: 1,118m [3]



- **Tobacco & Related in all 3 regions**
  - Italy, less developed in Related
- **Transport in Iberia**
  - Margins below Group´s average
- **Other Businesses**
  - Iberia: Pharma and Publications
  - France: wholesale in other channels

[1] Breakdown calculated over Eco. Sales before Corporate Centre & Others: FY 2019 €1,145m / FY 2018 €1,116m
[2] Breakdown calculated over Adj. EBIT before Others & Adjustments: FY 2019 €275m / FY 2018 €259m
[3] Breakdown calculated over Ec. Sales before Corporate Centre & Others and Adjustments: FY 2019 €1,206m / FY 2018 €1,170m

Business Review
Snapshot by segment

Iberia	○ Increasing tobacco volume and same RSP vs. FY2018 ○ Convenience products strongly growing ○ Still robust Transport ○ Pharma expansion continues	**Revenues: €3,157m (+12.3%)** **Ec. Sales: €582m (+3.6%)** **Adj. EBIT: €120 (+5.3%)**
France	○ Scheduled excise tax increase passed on to RSP ○ Tobacco volumes down but elasticity lower than initially expected ○ Other Businesses slowly recovering	**Revenues: €4.070m (+1.2)** **Ec. Sales: €278m (+5.1%)** **Adj. EBIT: €74m (-+13.0%)**
Italy	○ Tobacco volumes stable, Tax and RSP increases in traditional categories, Tax and RSP reduction in Heated Tobacco ○ Double digit growth on convenience sales	**Revenues: €2,962m (+10.2%)** **Ec. Sales: €286m (-1.5%)** **Adj. EBIT: €81m (+1.9%)**
Corporate & Others	○ Better performance of Poland business	**Revenues: €(40)m (+12.4%)** **Ec. Sales: €4m (+64.5%)** **Adj. EBIT: €(14)m (-0.2%)**

Business Review
Iberia

Tobacco and Related	○ Positive evolution of tobacco volumes: • Cigarette: +0.5% vs. -1.6% • RYO: +9.7% vs. +1.8% ○ RSP : Stable in 2019 vs. +5 cents per pack in 2018 ○ Portuguese business keeps on growing, organic and small acquisitions ○ Convenience products strongly up in Revenues and Economic Sales	**Revenues: €2,754m (+14.6%)** **Ec. Sales: €278m (+2.3%)**
Transport	○ Healthy performance of the 3 business lines ○ Long-distance: slightly higher Economic Sales ○ Parcel and Courier recorded significant growth	**Revenues: €386m (+5.3%)** **Ec. Sales: €270m (+6.7%)**
Other Businesses	○ Pharma Revenues growing double-digit, ○ Publications continues facing a very tough market situation	**Revenues: €152m (+7.3%)** **Ec. Sales: €86m (+2.6%)**
Adjusted EBIT	○ Cost control and efficiency improvements: margin expansion despite growth in the transport, lower margin activity	**Adj. EBIT: €120m (5.3%)**

Business Review
France

Tobacco and Related

- Tobacco volumes decline, but lower price elasticity than expected:
  - Cigarettes: -6.5% vs. -8.0%; RYO+HTU: -5.5% vs. -8.6%
- Excise tax increases planned for FY 2019 completed (50 cents) passed on to RSP. Uneven RSP increases (+50/90 cents) compensating excise taxes and increase in tobacconists' commission.
- Positive impact on inventories' valuation in 2019 vs. negative in 2018
- Raise in Sales of convenience and tobacco related products as well as in e-transactions (telephony top-ups & cash cards)
- Improvement of Gross margin over Revenues in electronic transactions and convenience products, unitary fee increase from tobacco volume drop and value added services, boosted growth of Economic Sales

Revenues: €3,892m (+1.3%)

Ec. Sales: €233m (+6.7%)

Other Businesses

- Competition in the sector is driven by price
- Weak consumption, not growing much
- Economic Sales benefit from certain margin's recovery

Revenues: €187m (-1.1%)

Ec. Sales: €52m (+0.3%)

Adjusted EBIT

- Total operating costs up by 2.5% in line with underlying activity
- Costs savings from restructuring only starting at the end of the year

Adj. EBIT: €74m (+13.0%)

Business Review
Italy

Tobacco and Related	○ Almost stable tobacco volumes: • Cigarettes: -3.5% vs. -2.5% ; RYO+HTU: +32.1% vs. +19.7% ○ RSP increase similar to last year's (+10/20 cents) in cigarettes category, more than offsetting excise tax increase ○ Reduction of excise taxes on NGP, passed on to consumers in certain brands. ○ Positive net effect on inventories' valuation in 2019 lower than in 2018 ○ Economic Sales from logistic operations services to manufacturers slightly declining ○ Growth in Economic Sales of Convenience products strongly accelerating (above 20%)	**Revenues: €2,962m (10.2%)** **Ec. Sales: €286m (-1.5%)**
Adjusted EBIT	○ Total operating costs declining by 2.8%, more than recurring activity ○ Customary efficiency measures during the period, mainly network optimisation	**Adj. EBIT: 81m (+1.9%)**

Financial Review

Financial Review: P&L
Strong activity performance

(€m)	2019	2018	Δ%
Revenues	**10,148.3**	**9,476.5**	**+7.1%**
Eco. Sales	**1,149.0**	**1,118.2**	**+2.8%**
(-) Distribution Costs	(735.6)	(726.0)	(1.3)%
(-) Sales and Marketing Expenses	(69.2)	(66.8)	(3.6)%
(-) Research Expenses and G&A Expenses	(82.3)	(79.5)	(3.5)%
Total Costs	**(887.1)**	**(872.3)**	**(1.7)%**
Adjusted EBIT	**261.9**	**245.9**	**+6.5%**
Margin %	**22.8%**	**22.0%**	**+80 b.p.**
(-) Restructuring Cost	(11.4)	(3.6)	(215.2)%
(-) Amort. of Intangibles Logista France	(52.2)	(52.3)	+0.2%.
(-) Net Loss on Disposal and Impairments	4.8	(0.5)	n.r.
(-) Share of Results of Companies and Others	1.2	1.0	+23,2%
Profit from Operations	**204.3**	**190.5**	**+7.3%**

- Revenues: Growth of 5.0% (net of accounting changes) mainly due to price increases and Next Generation Products' growth
- Economic Sales: All activities growing in Spain and France, Italy slightly down
- Not very significant, but positive impact on inventories' valuation in 2019 and 2018
- Total costs growing below Ec. Sales and recurring activity
- Very positive evolution of Adjusted EBIT margin over Ec. Sales, representing 22.8%

- Restructuring costs strongly up mainly due to reorganisation measures in France to adapt to the level of activity
- Capital gain on idle asset disposal and the positive result from the impairment test of a business softened the impact of higher restructuring costs
- Profit from Operations increasing by 7.3%, above Adjusted EBIT growth

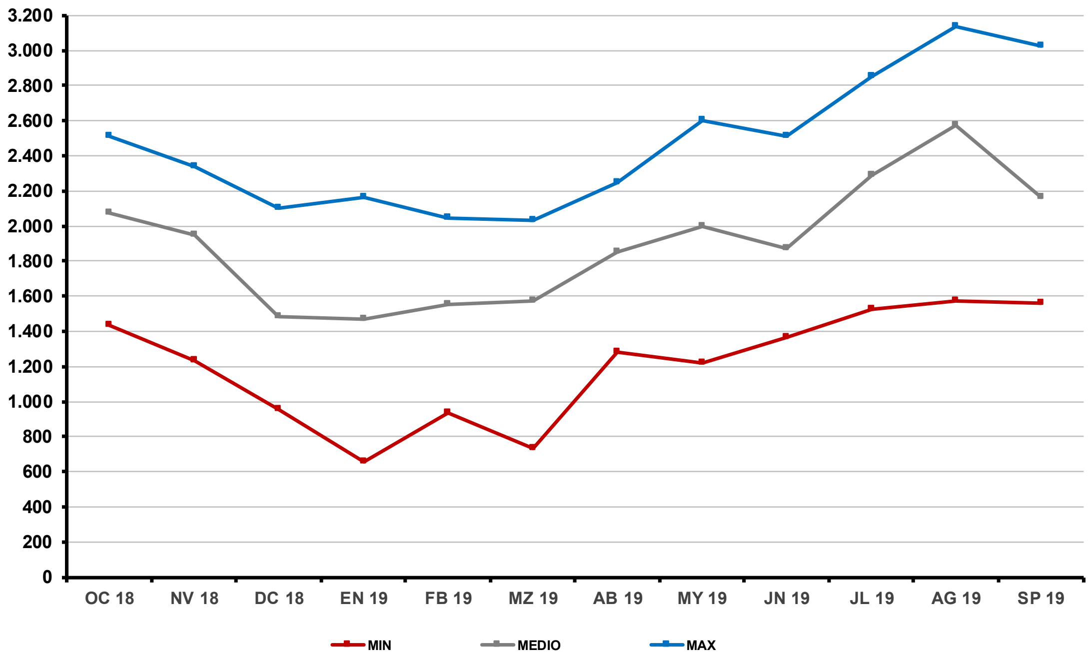
Financial Review: P&L

Net Income up mid-single digit

(€m)	2019	2018	Δ%
Profit from operations	**204.3**	**190.5**	**+7.3%**
(+) Financial Income	15.0	14.3	+5.2%
(-) Financial Expenses	(2.2)	(1.6)	(41.0)%
Profit before taxes	**217.1**	**203.2**	**+6.9%**
(-) Corporate Income Tax	(52.3)	(46.7)	(12.1)%
Effective Income Tax Rate	***24.1%***	***23.0%***	***(110) b.p.***
(+/-) Other Income / (Expenses)	0.0	0.0	n.r.
(-) Minority Interest	(0.1)	0.3	n.r.
Net Income	**164.6**	**156.7**	**+5.1%**

- Financial Result up by 0.7%:
  - Same interest rate over higher average cash position
- Corporate Income Tax :
  - Deductions applied in Spain in the last years are extinguishing
- Net income up by 5.1% thanks to 7.3% growth in operating results

Financial Review: Treasury
Annual evolution of cash position



- Seasonality driving cash position to its peak towards year end
- Dividend payments during FY2019 reached €152m :
  - March 2019: Final 2018
  - August 2019: Interim 2019

(€m)	Mínimum	Average	Maximum
Cash	655	1,904	3,136

Financial Review: Investments

Investing in differentiation and high-quality services

(€m)	2019	2018	Δ%
IT investments (technology)	25.1	25.5	(1.6)%
Infrastructure	17.5	22.5	(22.1)%
Maintenance	7.6	7.9	(3.4)%
Total investments	**50.3**	**55.9**	**(10.1)%**

- > 50% dedicated to technology
- Infrastructure investments reduced as most of Track & trace investments already done in previous year
- Higher divestments

Financial Review: Cash generation

(MM€)	2019	2018	Change
EBITDA	**309.6**	**295.3**	**+14.3**
Restructuring & Other Payments	(12.0)	(11.6)	(0.4)
Financial Results	14.2	12.7	+1.5
Normalised Taxes	(68.3)	(70.7)	+2,4
Capex	(49.1)	(55.9)	+6,8
Normalised Free Cash Flow	**194.4**	**169.8**	**+24,6**
WC Variation	38.9	145.0	(106.1)
Cut off effect on Taxes	62.5	(25.8)	+88.3
Free Cash Flow	**295.7**	**288.9**	**+6.8**

- Significant increase of results, a negative working capital and the lower payments for the corporate tax resulted in a practically stable cash generated from activities
- Net Investments below previous year but over previous average increase mainly driven by necessary adaptation to comply with Track & Trace regulation
- During 2019, €152m worth of dividends distributed

Financial Review: Dividend Policy

Flexibility to reflect activity performance

- Directors will propose a dividend distribution for year ended September 2019 of c. €156 million
  - Interim dividend paid in August 2019 (€0.37 per share, c. €49m)
  - Final dividend per share: €0.81 (number of shares: 132,750,000, treasury stock: 486,013)
  - Payable at the end of second quarter of fiscal year 2019

- Total dividend proposal will represent 95% pay out over FY2019 Net Income and a growth of 5.4% over last year, in line with Net Profit growth

- Directors intend for the next years to distribute, at least, 90% of reported Net profit in dividends
  - Interim dividend: 1/3 of the previous year's total dividend, in the fourth quarter of the relevant fiscal year
  - Final dividend: in function of reported net profit, in the second quarter of the next fiscal year

Financial Review: Conclusions
Significant Shareholders' return since IPO

- Highly resilient business model
- Superior profitability with improving margins
- Robust Economic Cash Flow profile
- Attractive Dividend Pay-out profile

Average yearly TSR since IPO*:+11.2%

* Source: Bloomberg, from 11 July 2014 to 30 September 2019 (without dividends' reinvestment)



Outlook

Outlook 2020

Adj. EBIT and Net Profit expected to grow mid-single digit

- Current trading environment suggests a mid-single digit Adjusted EBIT growth rate in FY2020

- Lower restructuring costs, after French restructuring in 2019

- Similar financial Results if the rate of the ECB maintains at the current levels
  - Upward variations in this rate would have a positive impact

- Corporate Income Tax will increase compared to FY2019, as deductions applicable were completed

Net Profit expected to grow mid-single digit in FY2020

Appendix

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Tobacco Volumes Evolution

Relatively good volume performance in all geographies

	Million units			% Y-o-Y Change	
	1 Oct. 2018 – 30 Sept. 2019	1 Oct. 2017 – 30 Sept. 2018	1 Oct. 2016 – 30 Sept. 2017	1 Oct. 2018 – 30 Sept. 2019	1 Oct. 2017 – 30 Sept. 2018
TOTAL					
Cigarettes	151,106	155,821	161,646	(3.0)%	(3.6)%
RYO/MYO	23,218	21,106	20,791	+10.0%	+1.5%
Cigars	4,017	4,028	4,022	(0.3)%	+0.2%
SPAIN					
Cigarettes	44,484	44,247	44,960	+0.5%	(1.6)%
RYO/MYO	7,068	6,443	6,330	+9.7%	+1.8%
Cigars	1,876	1,929	1,976	(2.7)%	(2.4)%
PORTUGAL					
Cigarettes	2,473	2,351	2,058	+5.2%	+14.2%
RYO/MYO	105	104	110	+1.0%	(5.6)%
Cigars					
FRANCE					
Cigarettes	38,926	41,637	45,273	(6.5)%	(8.0)%
RYO/MYO	8,000	8,468	9,262	(5.5)%	(8.6)%
Cigars	1,236	1,246	1,264	(0.8)%	(1.5)%
ITALY					
Cigarettes	65,222	67,587	69,355	(3.5)%	(2.5)%
RYO/MYO	8,045	6,091	5,089	+32.1%	+19.7%
Cigars	905	854	782	+6.0%	+9.2%

Revenues Evolution
By segment and activity

(€m)	2019	2018	Δ%
Iberia	**3,157.4**	**2,812.6**	**+12.3%**
Tobacco & Related	2,753.9	2,402.2	+14.6%
Transport Services	385.7	366.2	+5.3%
Other Businesses	152.2	141.8	+7.3%
Adjustments	(134.4)	(97.6)	(37.7)%
France	**4,069.5**	**4,021.6**	**+1.2%**
Tobacco & Related	3,891.7	3,840.1	+1.3%
Other Businesses	187.2	189.3	(1.1)%
Adjustments	(9.4)	(7.8)	(20.6)%
Italy	**2,961.6**	**2,688.1**	**+10.2%**
Tobacco & Related	2,961.6	2,688.1	+10.2%
Corporate & Others	**(40.1)**	**(45.8)**	**12.4%**
Total Revenues	**10,148.3**	**9,476.5**	**+7.1%**

Economic Sales Evolution
By segment and activity

(€m)	2019	2018	Δ%
Iberia	**581.6**	**561.4**	**+3.6%**
Tobacco & Related	278.4	272.1	+2.3%
Transport Services	270.0	253.0	+6.7%
Other Businesses	86.4	84.2	+2.6%
Adjustments	(53.2)	(47.9)	(10.9)%
France	**277.7**	**264.2**	**+5.1%**
Tobacco & Related	233.2	218.6	+6.7%
Other Businesses	51.7	51.6	+0.3%
Adjustments	(7.2)	(6.0)	(20.3)%
Italy	**286.1**	**290.4**	**(1.5)%**
Tobacco & Related	286.1	290.4	(1.5)%
Corporate & Others	**3.6**	**2.2**	**+64.5%**
Total Economic Sales	**1,149.0**	**1,118.2**	**+2.8%**

Adjusted EBIT Evolution
By segment

(€m)	2019	2018	Δ%
Iberia	120.2	114.2	+5.3%
France	74.3	65.8	+13.0%
Italy	81.0	79.5	+1.9%
Corporate & Others	(13.6)	(13.6)	(0.2)%
Total Adjusted EBIT	261.9	245.9	+6.5%

Balance Sheet

(€m)	2019	2018
PP&E and other Fixed Assets	228.9	221.5
Net Long Term Financial Assets	18.1	6.8
Net Goodwill	920.8	920.8
Other Intangible Assets	457.1	505.2
Deferred Tax Assets	19.0	18.6
Net Inventory	1,282.8	1,188.5
Net Receivables	1,945.8	1,939.3
Cash & Cash Equivalents	2,211.1	2,064.5
Total Assets	**7,083.6**	**6,865.2**
Group Equity	518.6	510.0
Minority interests	1.7	1.6
Non Current Liabilities	44.0	43.1
Deferred Tax Liabilities	264.9	279.7
Short Term Financial Debt	37.6	32.9
Short Term Provisions	11.7	11.6
Trade and Other Payables	6,205.1	5,986.3
Total Liabilities	**7,083.6**	**6,865.2**

Alternative Performance Measures (1/6)

- **Economic Sales**: equals Gross Profit and is used without distinction by the Management to refer to the figure resulting of subtracting Procurements to the Revenue figure.

  Management believes that gross profit is a meaningful measure of the fee revenue we generate from performing our distribution services and provides a useful comparative measure to investors to assess our financial performance on an on-going basis.

(€m)	2019	2018
Revenue	10,148.3	9,476.5
Procurements	(8,999.3)	(8,358.3)
Gross Profit	**1,149.0**	**1,118.2**

Alternative Performance Measures (2/6)

- **Adjusted Operating Profit (Adjusted EBIT):** This item is calculated, fundamentally, discounting from the Operating Profit those costs that are not directly related to the revenue obtained by the Group in each period, facilitating the performance of Group's the operating costs and margins.

  The Adjusted Operating Profit (Adjusted EBIT) is the main indicator used by the Group's Management to analyse and measure the progress of the business.

(€m)	2019	2018
Adjusted Operating Profit	**261.9**	**245.9**
(-) Restructuring Costs	(11.4)	(3.6)
(-) Amortization of Assets Logista France	(52.2)	(52.3)
(+/-) Net Loss of Disposals and Impairment of Non-Current Assets	4.8	(0.5)
(+/-) Share of Results of Companies and Other	1.2	1.0
Profit from Operations	**204.3**	**190.5**

Alternative Performance Measures (3/6)

- **Adjusted Operating Profit margin over Economic Sales:** calculated as Adjusted Operating Profit divided by Economic Sales (or indistinctly, Gross Profit).

  This ratio is the main indicator used by the Group's Managements to analysis and measure the performance of the profitability obtained by the Group's typical activity in a period.

(€m)	2019	2018	%
Economic Sales	1,149.0	1,118.2	2.8%
Adjusted Operating Profit	261.9	245.9	6.5%
Margin over Economic Sales	**22.8%**	**22.0%**	**+80 b.p.**

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Alternative Performance Measures (4/6)

- **Operating costs:** this term is composed by the costs of logistics networks, commercial expenses, research expenses and head offices expenses that are directly related to the revenue obtained by the Group in each period.

  It is the main figure used by the Group's Management to analyse and measure the performance of the costs structure. It does not include restructuring costs and amortization of assets derived from the Logista France acquisition, due to are not directly related to the revenues obtained by the Group in each period.

  Reconciliation with Annual Accounts:

(€m)	2019	2018
Cost of logistics network	798.5	780.6
Commercial expenses	70.4	67.2
Research expenses	2.7	2.1
Head office expenses	79.1	78.3
(-) Restructuring costs	(11.4)	(3.6)
(-) Amortization of Assets Logista France	(52.2)	(52.3)
Operating Costs or Expenses in management accounts	**887.1**	**872.3**

Alternative Performance Measures (5/6)

- **Non-recurring expenses:** refers those expenses that, although they might occur in more than one period, do not have a continuity in time (as opposed to operating expenses) and affect only the accounts in a specific moment.

  This magnitude helps the Group's Management to analyse and measure the performance of the Group's activity in each period.

- **Recurring operating expenses:** this term refers to those expenses occurred continuously and allow sustain the Group's activity. They are estimated from the total operating costs less the non-recurring costs defined in the previous point.

  This magnitude helps the Group's Management to analyse and measure the performance of efficiency in the activities carried out by the Group.

Alternative Performance Measures (6/6)

- **Restructuring costs:** are the costs incurred by the Group to increase the operating, administrative or commercial efficiency in our company, including the costs related to the reorganization, dismissals and closes or transfers of warehouses or other facilities.

- **Non-recurring results:** refers to the results of the year that do not have a continuity during the year and affect the accounts in a specific moment. It is included in the Operating Profit.

2019 Results presentation

5 November 2019