March 4th, 2024

EG Group announces final quarter and full year results following year of good strategic progress

- *EG Group delivered a resilient performance in 2023*
- *Good strategic progress over the year, with reductions in leverage and net debt*
- *Management focus on continued deleveraging and maximising the earnings potential of the Group*
- *Rollout of Tesla chargers represents a transformative step towards goal of becoming one of Europe's leading charge point operators*

BLACKBURN, UK: March 4th, 2024 – EG Group is pleased to announce a trading update for the fourth quarter of 2023, representing the three months to December 31, 2023, alongside its full-year 2023 results.

EG Group delivered a resilient performance across the year, supported by its well-diversified international business across Foodservice, Grocery & Merchandise, and Fuel.

Zuber Issa and Mohsin Issa, CBE co-founders and co-CEOs of EG Group, said:

"2023 saw the Group action a number of significant strategic and refinancing objectives. We have strengthened the Group's balance sheet and moved forward with our deleveraging programme, and remain committed to further deleveraging in the near to mid-term. In addition to our leverage reduction and the refinancing of our 2025 maturities, the Group delivered a resilient performance, underpinned by our well-balanced and diversified international business.

"We are focused on maximising the future earnings potential of the Group and have identified a number of local initiatives to grow and enhance performance across all of our markets.

"Looking ahead, we are confident that EG Group is well-positioned for future growth and success. We are focused on ensuring that the Group executes on its compelling strategy, and would like to thank all colleagues for their hard work over the previous year."

Strategy and US update

EG Group continues to be a leading global independent fuel station and convenience retail operator. We have a diversified international portfolio which delivers quality customer experiences by offering a wide variety of products and services through third-party and proprietary brands. We will look to build on these core strengths over the year ahead.

Following the appointment of John Carey as US President and CEO, our US business has made good progress with its strategy to enhance performance organically with minimal capital spend, supporting the Group's financial policy deleveraging objective. This strategy includes a number of key initiatives with a focus on the dispensed beverage offering, growth in foodservice earnings, and further development of a hyper-localised approach alongside the expansion of the SmartPay programme to enhance the customer experience and engage EG Group's active customer base with a focus on loyalty and rewards. This is underpinned by a focused efficiency programme to enhance profitability.

Our EV strategy continues to develop, with our commercial agreement with Tesla, first announced in November 2023, representing a transformative step towards our goal of becoming one of Europe's leading charge point operators, and a demonstration of our commitment to alternative fuels and EV charging. During Q4, we installed and began charging from a further 24 chargers located over 18 sites, resulting in 165 chargers over 79 sites as at the end of the year.

Deleveraging and refinancing update

EG Group achieved strategic and refinancing objectives over the year. The Group completed the disposal of the majority of the UK&I business, the Sale and Leaseback transaction in the US, and other US non-core asset disposals which generated combined proceeds of c. $4bn to decrease debt from c.$10bn at Jan 1, 2023 to c.$6bn at Dec 31, 2023. As such, leverage has reduced from 6.3x in Q1 23 to 5.1x at the end of Q4 23 on a proforma basis, representing a significant step towards our deleveraging target.

Additionally on December 6th, 2023, the Group announced that it had entered into a definitive agreement to sell all its 218 KFC franchise restaurants in the UK and Ireland to Yum! Brands' KFC Division. The sale is expected to complete in the first half of 2024, with proceeds to be used to repay debt.

The Group's remaining 2025 debt maturities have been fully addressed through the successful completion of a refinancing programme consisting of the refinancing of the Group's Senior Secured Notes as well as an amend and extend of the Group's Term Loans.

The business remains committed to achieving net leverage of mid 4x in the near- to mid-term.

Q4 update

Reported EBITDA for Q4 was $231m which is consistent with last year on an underlying basis after adjusting for the disposal of the majority of the UK business to Asda, the incremental rental costs from the Sale and Leaseback transaction in the USA, and the movement in fuel inventory revaluation.

Grocery and Merchandise continued to perform well across the group with sales up 1% in Q4, reflective of the continued focus on product mix, pricing and site investment. In Foodservice, sales in Q4 of $309m represented an increase of 10% versus last year, with this pleasing performance driven by the Group's continued focus on pricing and operating efficiencies against the backdrop of rising underlying product costs, as well as our ongoing Foodservice investment programme, notably in Europe. Fuel gross profit was up 2% versus the prior comparative period, with an improved performance in Germany partially offset by USA and France where we saw competitive market conditions.

Full-Year 2023 update

Full-Year 2023 underlying EBITDA decreased by 7% on an underlying versus the previous year to $1.1bn, reflecting the backdrop of oil volatility and stronger Fuel performance in the prior year. The Group's disciplined approach to growth capex continued, with $243m of investment over the year, which was a controlled reduction of 37% against the prior comparative period as the Group focused on maximising liquidity.

Total gross profit for Grocery and Merchandise grew 2.6% over the year, while continued growth in Foodservice drove an increase in gross profit of 15% for the segment over the full 12 months. Following strong fuel performance in the prior year and against a backdrop of oil price volatility, fuel gross profit decreased year on year.

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About EG Group

Founded in 2001 by the Issa brothers, the United Kingdom-based EG Group is a leading independent convenience retailer, which has established partnerships with global brands, as well as a focused portfolio of proprietary brands. The business has an established pedigree of delivering a world-class Grocery & Merchandise, Foodservice and Fuel proposition in all the markets in which it operates.

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

Forward looking statements

Certain statements contained in this release are forward looking statements, and may discuss our future plans or our expectations regarding our business performance.

Forward looking statements are not guarantees of future business performance or that future events will occur, 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 any forward looking statements, and we cannot assure you that the results or developments expressed in these statements will be realized or even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition, results of operations or cash flows.

You should not place undue reliance on these forward-looking statements, which speak only as of the date of this release. Other than as may be required under applicable law, we disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events.

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