

## Significant strategic progress on deleveraging and refinancing with Q1 performance in line with management's expectations

- *Following the recently announced transactions, net leverage will fall to 4.9x in line with the Group's financial policy and deleveraging strategy*
- *The Group has today launched an Amend & Extend exercise to address upcoming maturities and put in place a capital structure for the medium to long term*
- *EG Group continues to be a leading global independent retailer, with significant opportunities across remaining markets including the rollout of rapid EV charging*
- *Q1 performance in line with management expectations with strong underlying performances in most regions*

**BLACKBURN, UK: June 8, 2023** – EG Group is pleased to announce a trading update for the first quarter of 2023, representing the three months to March 31, 2023.

### **Zuber Issa, CBE co-founder and co-CEO of EG Group, commented:**

*"The sale of EG UK&I to Asda is an important step for the Group and provides a platform to further invest across our diverse international portfolio, where we continue to see compelling opportunities to accelerate our proven and successful strategy to rollout Foodservice, and Grocery and Merchandise to create multi-purpose convenience retail sites across our estate. We also have a significant near-term opportunity to deploy emerging fuels and EV chargers, across the existing site network and third-party locations.*

*"The Group has now delivered a combination of strategic actions, including the US sale & leaseback transaction – which delivered net proceeds of \$1.4bn – that will enable us to significantly reduce our overall leverage to below five times, in line with our financial policy and deleveraging strategy. We will now be addressing our upcoming maturities, including a three year Amend & Extend of our Term Loans, which will help us to put in place a sustainable long-term capital structure. We remain committed to achieving a net leverage multiple of mid four times in the near term.*

*"Over the last 22 years, we have built a hugely successful global multi-purpose convenience, fuel retail and Foodservice business and this will continue from our Global headquarters and shared service centre in Blackburn under the existing leadership team. In Q1 we delivered another robust set of results, with strong performances in most regions and significant growth in Foodservice gross profit, which was up 10% on the prior year.*

*"Our future ambitions are unchanged and, following the Asda transaction, we will continue to operate across three continents and nine countries, benefiting from a strengthened balance sheet, strong cash generation and \$6 billion of freehold property. This provides continued geographic diversification, scale and an unrivalled platform from which to grow.*

*"I would like to reiterate my thanks to all EG colleagues. Their tireless work has enabled our continued success, and we look forward to the future with confidence."*

### *Deleveraging and refinancing update*

The sale of EG UK&I to Asda for an enterprise value of £2.27bn (\$2.8bn) represents an important milestone for the Group. The combination of this – alongside other announced and completed transactions, as well as the ability to reduce discretionary growth capex – has delivered significant funding for the Group to address upcoming maturities through material debt repayment. This activity is expected to reduce total net debt from \$9,801m in March 2023 to \$5,375m post completion of the announced transactions, with net leverage to fall from 6.3x to 4.9x.

Concurrent with this significant deleveraging activity, the Group has launched a three year Amend & Extend of its term loans. The Group has already initiated a process with key relationship banks seeking both an extension of its RCF and banking facilities, and has received good support in this process.

Following the completion of the Amend & Extend, EG plans to refinance the remaining near-term maturities 12-15 months before their maturity date, resulting in a sustainable long-term capital structure.

### *Strategy update*

The key pillars of the Group's growth strategy remain the same. There are multiple opportunities to grow the business organically in all of our operating regions and our strategic priorities will continue to be supported by an average annual growth capex investment of c.\$200m – \$250m.

We will remain the third-largest global independent fuel convenience retailer; the second-biggest independent operator in Europe; fourth-largest independent in the US – with around 1,700 stores across 30 states; and we will maintain a c.10% market share in Australia.

In the US, there is a clear opportunity to continue the expansion of the Cumberland Farms brand, including store rebranding opportunities and the continued roll out of Cumberland's leading coffee, private label proposition and Smart Pay solution across EG's broader US network to create a strong U.S. identity. We will further optimise our real estate by identifying new markets – evaluating store locations for expansion through improved Foodservice offerings; investment in new sites; entry into alternative fuels; and continuing to review non-core assets for divestment. In the UK and Europe, the Group will continue to invest in Foodservice outlets and expand its best-in-class Foodservice proposition, including leveraging our ownership of the Cooplands bakery business; as well as continuing to integrate the forecourt business in Germany. In Australia, EG will continue the Ampol rebranding initiatives, with completion of the full rebranding expected by first half of 2023.

Across all markets, the evolution to alternative fuels presents a major opportunity for the Group, with EG's large site network offering a unique base from which to build a leading rapid charging network. The Group has identified almost 4,000 high quality potential sites for ultra-rapid charging that have high footfall, enough car parking spaces and complementary Foodservice and/or grocery offerings. With the whole of the EV business – including in the UK – remaining in the Group, we see a huge opportunity in the near-term to accelerate the rollout of a leading EV charging proposition, under our proprietary brand, evpoint.

We continue to embed ESG into the business. In our latest Sustainalytics ESG Risk Rating (updated February 2023), our score has improved significantly. This reflects the progress we made in 2022 to develop our ESG strategy and targets, publish our ESG Report, and to calculate our first Group-wide carbon footprint.

### *Q1 performance in line with expectations*

The Group reported EBITDA of \$228m for Q1 2023, on a constant currency basis, on revenues of \$7.2bn. Excluding the impact of inventory revaluations, which were the result of oil price volatility in the current and previous comparable quarter, the Group's underlying trading performance for Q1 was \$12m or 5% down versus the prior year period.

During Q1, US EBITDA decreased by \$12m or 13% on Q1 2022, reflecting competitive market pressures following oil price decreases in the quarter. This impact was, however, short lived and we have seen margins recover in Q2 to date.

Grocery and Merchandise continued to perform well across the Group. Gross profit of \$313m for Q1, on a constant currency basis, was up 7%, with margins coming in slightly ahead of last year despite the continued underlying product cost pressures. This business stream saw an increase in sales across all regions, reflecting the Group's focus on product mix optimisation, continued investment in new sites, as well as ongoing Asda On the Move convenience store conversions in the UK. To date, 167 Asda On the Move sites have been developed and opened.

In Foodservice, sales increased by almost 15% year on year, driven largely by the Group's continued Foodservice investment strategy, with 88 new outlets opening since March 2022. As a result, total Foodservice gross profit for Q1 of \$192m on a constant currency basis was \$17m or 10% above the prior year.

Fuel volumes of 4.1bn litres were up 3% on Q1 2022. Fuel volumes grew in the UK, supported by Asda Fuel conversions and a more stable wholesale market relative to the comparable period. Performance in Germany bounced back to normal levels following the challenges we reported in the previous quarter. EG Fuel, our supply and distribution business, which supports our Benelux and France businesses, was impacted year on year by adverse stock revaluations as a result of fluctuating external wholesale prices, by \$31m of inventory revaluations in total.

## About EG Group

Founded in 2001 by the Issa family, 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 an excellent 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. 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.eg.group](http://www.eg.group)

## 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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