

EG Group announces resilient full-year results for 2022

- Resilient performance with Group EBITDA up by 1.9% to \$1.46bn^(cc) in 2022
- Steps taken to put in place a robust capital structure for the medium term through two transactions announced in the USA with net proceeds to be used to repay debt

BLACKBURN, UK: March 9, 2023 – EG Group has today announced its unaudited full-year results for the period to December 31, 2022, alongside its Q4 trading, and updated on its strategic progress and capital structure.

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

“In 2022, we delivered a highly resilient performance, despite macro-economic headwinds. We continued to expand our successful Foodservice business through disciplined investment in our unparalleled offering and ongoing innovation across proprietary and popular third-party brands. The Grocery & Merchandise business also performed well in 2022 and customers continue to respond positively to our converted Asda On the Move convenience stores. We again made good progress in Fuel against a highly competitive backdrop across our markets, and are encouraged by our ongoing trial of ultra-fast chargers and infrastructure, evpoint, in the UK, as part of our energy transition plans to lower-carbon fuels.”

“As we previously stated, management is committed to further significant deleveraging and is actively exploring additional opportunities to put in place a sustainable capital structure for the Group to underpin our long-term strategy. We have made progress with our plans and taken the first steps in this process by agreeing a \$1.5 billion sale and lease back on a portfolio of sites on the east coast of the USA, and a \$48 million disposal of a number of non-core sites in our central US portfolio.”

“Looking ahead, we remain confident that EG is well-positioned to continue to outperform the wider market and execute on our strategic objectives. I would also like to thank our colleagues for their dedication, hard work and resilience over the past year.”

Resilient full year results

EG made good strategic progress and delivered a resilient financial performance in 2022 – despite a challenging environment and elevated operating costs – reflecting its well-diversified global business across Foodservice, Grocery & Merchandise, and Fuel.

On a constant currency basis, the Group’s EBITDA increased by 1.9% to \$1.46bn for the full year to December 31, 2022, while total revenue rose by 25.1% to \$33.04bn, which includes the contribution of recent acquisitions. Cash generation remained strong last year, particularly in Q4 when an inflow from net working capital resulted in a cash conversion of 83% for the full year.

The Group’s site network increased to 6,612 sites by the end of the year, of which two thirds are company owned and company operated, with the increase primarily driven by its completed acquisition from OMV of 285 forecourts in southern Germany in May 2022 – strengthening its European business.

Ongoing Foodservice progress

In 2022, the Group continued to invest and innovate across its multi-purpose sites, which serve significant numbers of customers on a daily basis whether for essential grocery purchases, a cup of coffee, a hot meal with popular Foodservice brands, or filling up vehicles with petrol or alternative lower-carbon fuels.

Our Foodservice business continued to make good progress, reflecting our unparalleled offering and continuous innovation across our proprietary and popular third-party brands. Ongoing growth in Foodservice was supported by an increase in outlets globally, and 88 new openings in the year across the Group, reflecting our disciplined approach to capital investment.

Solid Grocery & Merchandise and stable Fuel performance

Grocery & Merchandise delivered a solid performance – as the Group’s convenience offering continues to be supported by an extended range for customers. The business continues to reap the benefits of its strategic partnership with Asda in the UK, and opened its 100th Asda On the Move convenience store in February 2023. Asda supplies the products on a wholesale basis to EG, which owns and operates each site.

Fuel volumes for FY 2022 of 17.58bn litres declined by 0.5% on last year. In terms of the Group’s alternative fuel strategy, EG Group’s proprietary branded ultra-fast electric vehicle charging proposition, evpoint, opened its flagship location in the UK in August 2022. By December 2022, a total of 21 sites had opened, demonstrating the Group’s commitment to meet customer demand and transition to lower-carbon vehicular fuels.

Strategic progress and capital structure

At EG Group’s Q3 trading update in November 2022, management stated their commitment to reducing total net leverage through debt reduction and free cash flow generation and the Group has today updated on the progress made with a non-core asset disposal and the monetisation of freehold assets, with these two transactions expected to complete in the second quarter of 2023.

EG has agreed to the sale and leaseback on a portfolio of its sites on the east coast of the United States of America to Realty Income Corporation, the S&P 500 company structured as a real estate investment trust, for a total consideration of approximately \$1.5bn. This attractive portfolio – which EG America will continue to operate and trade – comprises 415 store assets under the Cumberland Farms, Fastrac, Tom Thumb and Sprint banners. EG Group received a high degree of interest from multiple blue-chip investors and attractive terms for the transaction, which is expected to close in the second quarter of 2023. EG will use net proceeds to repay debt and remains committed to a significant freehold underpin in the USA and globally.

In addition, EG has agreed the disposal of 26 non-core sites under the Minit Mart banner in the Group’s central USA portfolio for total gross proceeds of \$48m, with no impact on EBITDA of the Group.

Management remains committed to putting in place a sustainable capital structure for the medium term and further reducing total net leverage with material debt repayment to investors, as well as through free cash flow generation.

Given our well diversified business with a strong asset backing, we can access multiple pools of liquidity to help reduce the overall quantum of our debt, including further partial real estate monetisation and/or potential asset sales, which we will consider utilising as part of our plan.

Q4 update

In Q4, the underlying performance of the Group was consistent with Q4 2021. On a reported basis, Q4 EBITDA of \$303m decreased by 15% year on year primarily due to currency movements, but on a constant currency basis, EBITDA of \$323m is a decrease of 9% on last year, with this movement due to non-recurring items in the quarter.

EG grew total revenue by 14.2% to \$7.99bn on a constant currency basis in Q4, compared with the final quarter of 2021. Ongoing growth in the Group’s Foodservice business was supported by 23 new openings in the quarter.

Grocery & Merchandise delivered improved revenue across all regions in Q4. This included continued growth in Grocery & Merchandise in the UK & Ireland and Continental Europe, driven by the positive impact of investment in new sites across both regions, and Asda On the Move conversions supporting the UK&I performance.

Fuel volumes across all of EG’s markets were largely flat in Q4. On a regional basis, UK & Ireland fuel volumes were broadly stable, but declined in Australia and the USA due to an elevated cost-of-living environment, while in Germany the market was particularly competitive in the quarter.

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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.

EG Group currently employs more than 50,000 colleagues working in over 6,600 sites across the UK&I, Europe, USA and Australia.

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

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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