



VALUE ADDING
DISTRIBUTION
PARTNER

FY 2020 results

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Today's speakers



Tako de Haan, CEO



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Agenda

- FY 2020 Highlights
- FY 2020 Financial Review
- Outlook
- Q&A

HIGHLIGHTS

FY 2020

Performance highlights FY 2020

Covid-19 developments

- Overall turnover decreased by 5.9% to € 1,861.8 M (-4.9% on a constant currency basis)
- E-commerce business gained more momentum during Covid-19: growth in online channels for Liquor and Health & Beauty category
- Subsegments cruise and travel retail heavily impacted throughout 2020

Developments in operating expenses

- Continuous focus on reducing variable operating expenses: downsizing temporary staff levels, terminating fixed contracts, utilisations of government support, reorganisations in subsegments
- Offset by full year inclusion of Lagaay Medical Group, staff increase at FragranceNet and one-offs (severance payments, reorganisation costs)
- Investments in IT continued as part of Digital First approach

Solid financial position

- Decreased net debt position as a result of ongoing focus on working capital reduction
- Increased operating cash flow as a result of matching purchase with sales levels and as such re-balancing inventory in line with market developments
- Proposed dividend pay-out ratio of 40% of profit attributable to owners of the Company

FY 2020 – Highlights

Turnover

- Overall: - **5.9% to € 1,861.8 M** (- 4.9% on a constant currency basis)
- Organic: - **8.1%** (- 7.1% on a constant currency basis)

Business segment contribution (Turnover)

- **HTG Liquors** 2.5%
- **HTG Health & Beauty** -0.4%
- **B&S** -6.4%
- **Retail** -68.1%

Acquisitive growth

- **Lagaay Medical Group** contributed to B&S Segment – acquisitive up to and including July 2020
- Airport shops **Rotterdam & Weeze** contributed to Retail Segment – up to and including May 2020
- **Top Care Distribution** contributed to Health & Beauty Segment as from August 2020

EBITDA

- EBITDA of **€ 90.3 M** (2019: € 114.4 million)

Financial position

- Net cash from operations of **€ 147.0 M** (2019: € 113.4 M)
- Inventory in days: **70** (2019: 80)
- Debtors in days: **38** (2019: 37)

HTG LIQUORS

- Turnover growth of 2.5% with gross profit decline of 6.3%
- Liquor Asia sales recovered in H2 2020 albeit at lower margins due to supply-demand imbalance
- Decline to physical wholesale in Liquor Europe was counterbalanced by e-commerce channels in H2

HTG HEALTH & BEAUTY

- Turnover decline of 0.4% with a gross profit increase of 11.6%
- Online distribution performed strongly with increased demand and more favorable sourcing conditions related to Covid-19
- Distribution to physical retail outlets was affected by lockdown measures during first and second Covid-19 waves

B&S

- Turnover decline of 6.4% with a gross profit decline of 5.7%
- Cruise and international FMCG distribution to duty free markets heavily impacted by Covid-19
- Covid-19 impact spread to other business lines in H2 due to downscaling of remote sites, geopolitical developments and stagnation of growth in seasonal medical business

RETAIL

- Turnover decline of 68.1% with a gross profit decline of 76.4%.
- Travel retail activities at international and regional airports were severely impacted by Covid-19 and came to an almost complete standstill early 2020
- Focus for remainder of 2020 was on aligning cost base within this segment with business volume to the extent possible

FINANCIAL REVIEW

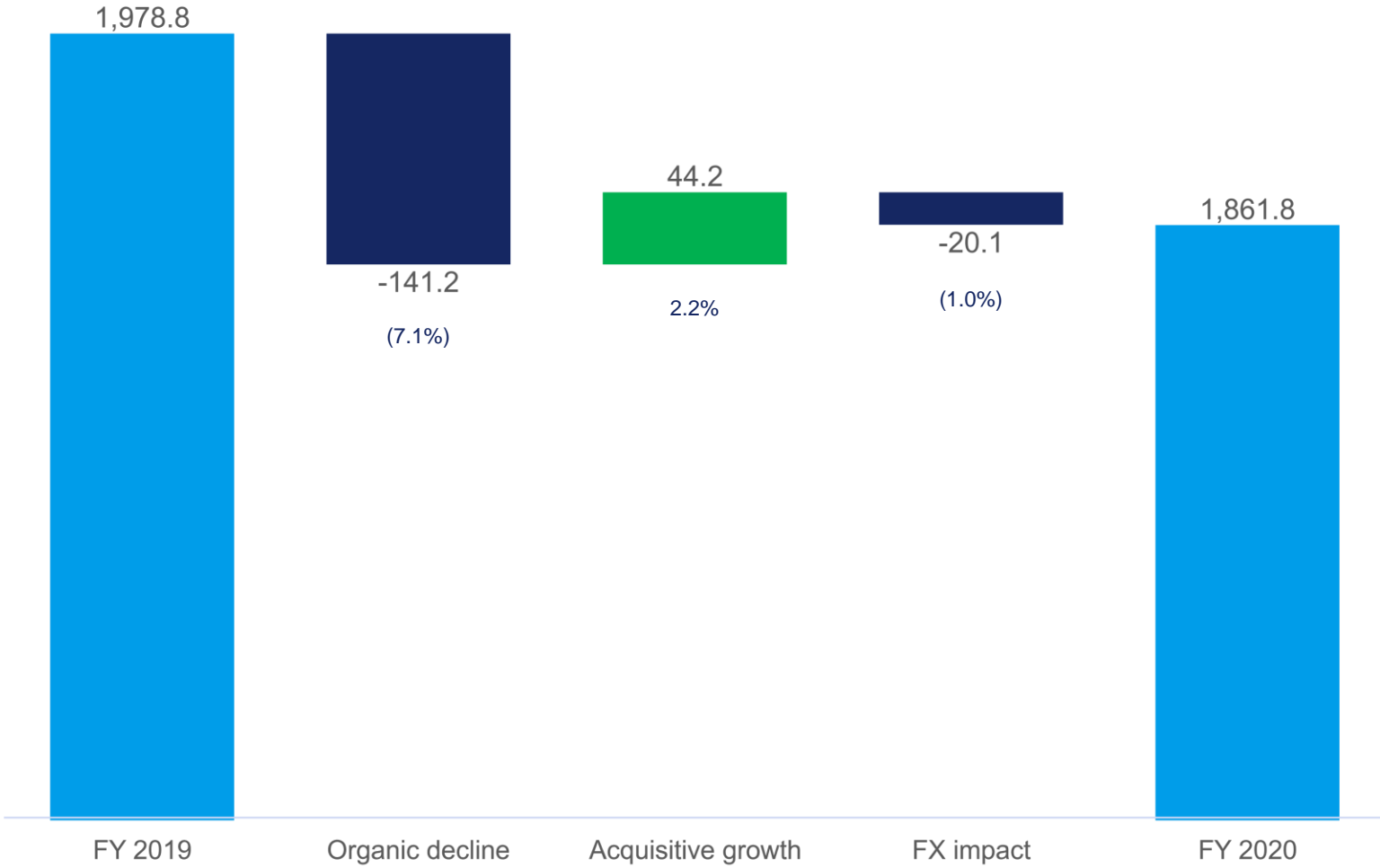
FY 2020

Key figures FY 2020

€ million (unless stated otherwise)	FY 2020		FY 2019		Δ (%)
Profit or loss account					
Turnover	1,861.8		1,978.8		(5.9%)
Gross profit (<i>margin</i>)	254.9	13.7%	271.8	13.7%	(6.2%)
EBITDA (<i>margin</i>)	90.3	4.9%	114.4	5.8%	(21.1%)
Profit before tax	51.2		77.5		(34.0%)
Profit attributable to the owners of the Company	21.7		47.0		(53.8%)
EPS (in euro)	0.26		0.56		

- Overall turnover decline of 5.9% was driven by Covid-19 developments
- EBITDA came in at € 90.3 M, a decline of 21.1% as a result of the fixed cost base combined with the decline in turnover

Overall turnover development analysis



- Organic turnover decline was driven by Covid-19 developments;
- The acquisitions of Lagaay Medical Group, Airport Retail Rotterdam and Weeze and Top Care Distribution contributed € 44.2 M;
- The development of the EUR/USD exchange rate had a negative impact of € 20.1 M on turnover.

Financial position

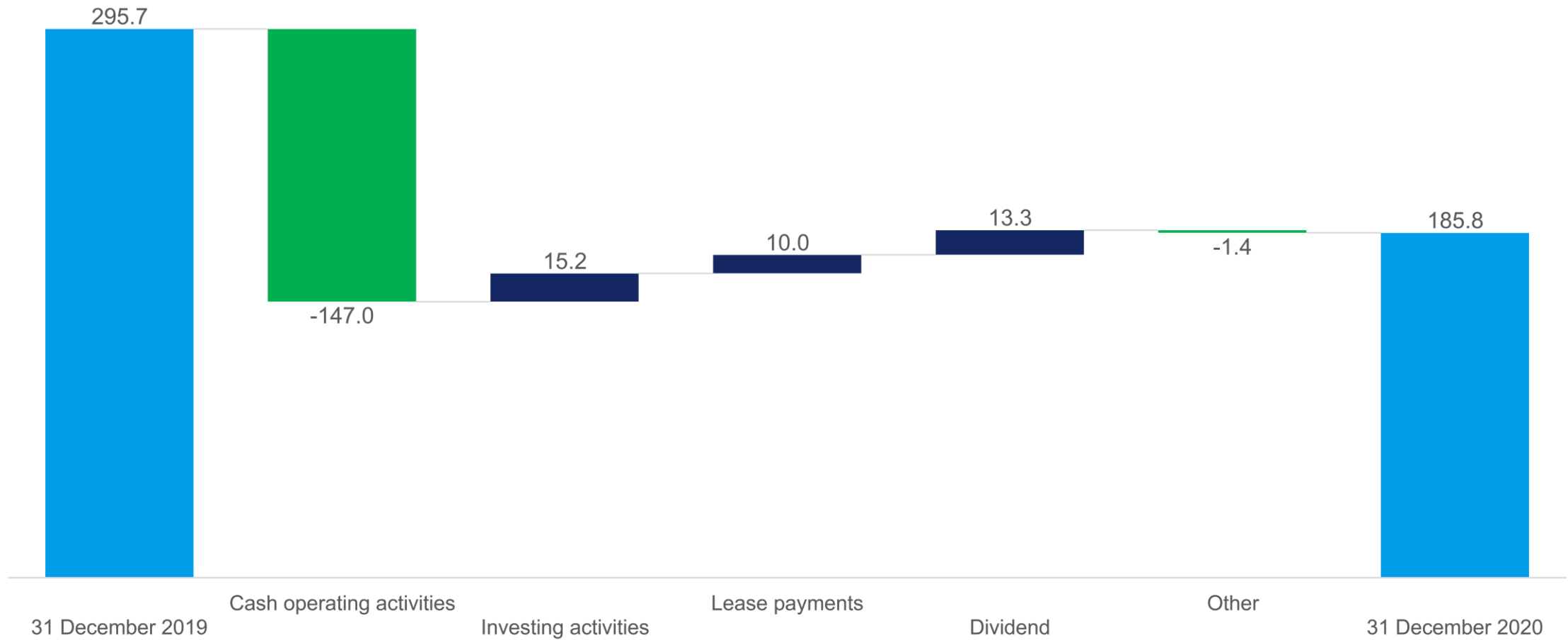
€ million (unless stated otherwise)	FY 2020	FY 2019
Financial position		
Solvency ratio	38.0%	31.9%
Net debt *	185.8	295.7
Net debt / EBITDA *	2.3	2.8
Inventory in days	70	80
Working capital in days	38	37

- Solvency increased to 38.0% as a result of continued profitability and a decreased balance sheet total
- Cost control measures and focus on working capital reduction allowed us to keep operating well within (waived) covenants
- Net cash from operations increased from € 113.4 M to € 147.0 M

Notes

* Excluding IFRS 16 lease liability.

Net debt development FY 2020



Working capital development

€ million (unless stated otherwise)	YE 2020	YE 2019
Inventory (days)	308.3 70	375.6 80
Trade Receivables (days)	195.6 38	201.3 37
Trade Payables (days)	102.5 23	104.6 22
Working capital (days)	401.4 85	472.2 95

- Decrease in inventory as a result of strict working capital management
- Debtors in days remained in line with 2019 levels; should be read as improvement compared to 2019, taking into account the steep decrease in sales in retail which has no days of sales outstanding

OUTLOOK

2021

Outlook for 2021 per segment

HTG LIQUORS

- Impact on Liquor business in Europe expected in the same line as seen in Q4 2020 as long as lockdowns are effective
- Liquor Asia market is expected to continue recovery trend throughout 2021
- Main focus for Liquor Segment will lie on gross margin improvement driven by centralisation and digitisation of processes

HTG HEALTH & BEAUTY

- Expected to remain main driver for growth throughout 2021
- Focus on expanding online B2C proposition to more regions outside the USA
- Lockdown measures expected to remain to have effect on physical (value) retail clients during H1 and especially the first quarter of 2021

B&S

- Travel related sub segments are expected to remain difficult throughout 2021
- Primary business focus on development and enhancement of brand representation roles, marketing service development and digitisation of existing services

RETAIL

- Travel retail is expected to remain severely impacted for the coming years
- Based on current passenger level forecasts from the market, reaching break-even in 2021 is not expected to be feasible

Market development

- Focus on markets where we see growth opportunities
- Supported by continuing the digitisation of our services and investing in e-commerce solutions to serve B2B and B2C markets in all product categories

Operating expenses

- Continue cost control measures to reduce operating expenses structurally
- Further roll out of Digital First approach to enhance operational efficiency to support scalable growth

Financial position

- Continued focus on working capital throughout all segments and especially on the aging thereof

Q&A

FY 2020



Value adding distribution partner



WE SOURCE



WE SERVE



WE SUPPLY