

B&S Group HY 2021 results

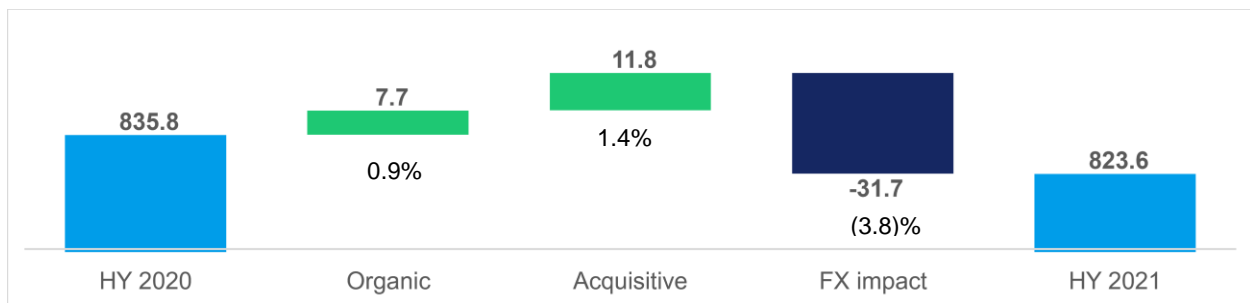
Focus on higher margin business paying off. Further market recovery expected in second half.

Mensdorf, Luxembourg – August 23, 2021 (07:00 CET)

B&S Group S.A. (“B&S” or the “Group”), a global distribution partner for consumer goods, today publishes its half year 2021 results (“HY 2021”).

Highlights HY 2021 (compared to HY 2020)

- Overall turnover for HY 2021 decreased by 1.5% to € 823.6 M (increased 2.3% at constant currency); significant FX impact on B2C Beauty business due to weakening of the USD;
- Organic turnover declined by 2.9% (increased 0.9% at constant currency);
- Gross profit increased while operational expenses remained at similar levels, resulting in an EBITDA growth of 29.2% to € 45.6 M or € 49.4 M at constant currency. (HY 2020: € 35.3 M or € 31.9 M when corrected for received government support);
- Net cash from operations amounted to € -29.1 M (HY 2020: € 70.4 M), which was the result of inventory build-up for the seasonally stronger H2 and particularly Q4 - a trend in line with previous years;
- Net debt / EBITDA at June 30, 2021 stood at 2.8 (pre IFRS 16);¹
- Net profit amounted to € 21.8 M (HY 2020: € 12.8 M).



Turnover breakdown HY 2021 in € million (unless otherwise indicated)

Highlights Q2 2021 (compared to Q2 2020)

- Overall turnover growth of 3.1% (7.1% at constant currency);
- Organic turnover growth of 1.5% (5.5% at constant currency).

¹ For this test period our 3.5 covenant is still waived; In H1 2020 we pro-actively engaged with our relationship banks to agree on a covenant holiday for three test periods (HY 2020, FY 2020 and HY 2021). This way, we created additional head room for inventory build-up towards our seasonally stronger H2 and particularly Q4.



Tako de Haan, CEO: “In the first half of 2021, delivery on strategy and financial performance was good. We focused on leveraging the business opportunities that developed on the back of our strategic direction. We further built our presence in selected geographies in our Liquor, Beauty and Food business and increased our majority interest in JTG Holding B.V. (JTG) and thus Fragrancenet.com Inc (FragranceNet), making the next step moving closer to the end consumer². The focus on higher margin business in Liquor and the introduction of selected product assortments in Food underline our focus on scalable, profitable growth.

The pandemic lasted longer than expected and continued to have its impact on commercial activities in the first half of 2021. This was most noticeable in Q1 2021, especially when compared to the relatively limited impact in Q1 2020. The second quarter saw developments of recovery albeit slower than anticipated at the time of our Q1 2021 trading update. Indirectly, the pandemic caused industrywide container shortages, freight delays and product scarcity in the market. The weakened USD also impacted results noticeably.

Our focus on higher margin business, simplified operations and elimination of operating expenses resulted in a 29.2% growth in EBITDA. EBITDA margins increased to 5.5% and considering the current market circumstances, we are confident to reiterate our FY 2021 guidance for EBITDA margin of at least 6%.

As the roll out of our Digital First program continues, we see further signs of success. Year to date, well over € 80 M in commercial transactions ran over our newly developed e-com platform and we are rapidly onboarding more and more B2B, B2R and B2C activities and businesses. As part of our wider effort to enhance our digital operations platform (DOP), investments were made to digitize our end-to-end processes. This will help us realize further business growth from existing and new customers by providing access to our long-tail assortments 24/7 from any place in the world. The focus on e-commerce activities combined with our extensive marketing services further supports our geographical expansion. The recent appointment of Arben Hajrullahu as Chief Commercial Officer further fortifies the execution of this strategy.

We have taken next steps in streamlining the organization by flattening the organization structure and already notice the effects in our execution power. With the recent acquisition of additional shares in JTG and the planned conversion of the remaining JTG shares to the Beauty segment (as communicated June 30, 2021) we will ensure swift strategic alignment of and collaboration between all beauty companies.

Looking ahead, continued growth is foreseen in all e-commerce channels and we will reap the benefits of simplifying and digitizing the organization and positioning B&S as a global brand. As the world gradually opens and social activities return to normal we assume that the travel related markets in our Food, Health and Retail segments will slowly recover and add to our overall performance. This is in addition to growth in the other business segments.”

² Following the acquisition of additional shares in JTG Holding B.V. and consequently an increased majority interest in FragranceNet.com Inc. on June 30, 2021, B&S holds a 65.4% stake in FragranceNet (previously 53.7%). Additionally, B&S plans to convert the remainder 8.2% of JTG shares – currently owned by the Managing Director of JTG – into the B&S Beauty segment.



PRESS RELEASE HY 2021 RESULTS

Key figures HY 2021 ³

€ million (unless otherwise indicated)	HY 2021 reported		HY 2020 reported		Δ (%) reported
Profit or loss account					
Turnover	823.6		835.8		(1.5%)
Gross profit (<i>margin</i>)	126.8	15.4%	114.9	13.7%	10.4%
EBITDA (<i>margin</i>)	45.6	5.5%	35.3	4.2%	29.2%
Depreciation & Amortisation	15.1		15.9		5.0%
Profit before tax	28.5		14.9		91.3%
Net profit	21.8		12.8		70.3%
EPS (in euro)	0.17		0.07		
Inventory in days	87		78		
Working capital in days	96		92		
Net cash from operations	(29.1)		70.4		
ROIWC	22.8%		21.9%		
Financial position					
Solvency Ratio*	34.8%		37.2%		
Net Debt*	247.3		239.6		
Net Debt/EBITDA**	2.8		2.8		

³on Pre-IFRS 16 basis

**Net debt and EBITDA on pre-IFRS 16 basis

Financial performance

Turnover

HY 2021 overall turnover declined by 1.5% (increased 2.3% at constant currency), driven by the EUR/USD FX impact. Organically, turnover declined by 2.9% (increased 0.9% at constant currency).

³ Due to the international nature of our business, significant portions of our turnover and expenses are denominated in currencies other than the Euro, including the US dollar. Consequently, our results from operations are affected by translational foreign exchange risk and currency translation can affect the comparability of our consolidated financial results. To explain the impact of currency volatility on our consolidated financial results, in this press release we include some constant currency disclosure, which is calculated by translating current balances at prior rates. The average EUR/USD FX rate for HY 2021 is 1.2053 (vs. 1.1020 for HY 2020).



PRESS RELEASE HY 2021 RESULTS

B&S Liquor turnover was negatively impacted by product scarcity in the market. Secondly, the supply chain challenges from delays in sea freight and container shortages that arose in Q1 continued to have an effect in Q2. In Liquor Wholesale Europe, turnover growth was realized mainly in Q2 and driven by our increased focus on new geographies and the (partial) lifting of Covid-19 related restrictions.

B&S Beauty turnover increased as a result of continued growth in online sales, increased focus on geographical expansion as well as the addition of Top Care which was acquired August 2020. Further turnover growth in Q2 was held back by industry-wide product scarcity especially in B2B and by EUR/USD FX impact in B2C.

B&S Personal Care performed better than the same period last year, but further recovery was held back by newly inflicted Covid-19 restrictions with forced store closures in several European countries towards the end of Q2.

B&S Food saw the duty-free and travel related business recover slower than initially expected. The food business in the Middle East on the other hand outperformed with revenue growth from both existing and new clients. In the remote business, the turnover decline following the withdrawal of troops from Afghanistan in H1 was in line with expectations.

B&S Health saw the travel vaccines business recovering slower than expected, where the Covid-19 related sales in the medical supply business declined when compared to 2020. The newly added projects in the industrial and remote tender portfolio are starting to contribute the first results.

B&S Retail continued to see severe impact from global travel restrictions. Although around 90% of our shops opened towards the end of Q1, sales kept lagging. Recovery in Q2 was slower than expected due to newly inflicted Covid-19 travel restrictions.

Turnover split per segment**

€ million (unless otherwise indicated)	HY 2021 reported	HY 2021 organic	HY 2021 acquisitive	HY 2021 FX	HY 2020 reported*	Δ (%) reported	Δ (%) constant currency
B&S Liquors	230.9	0.9		(9.3)	239.3	(3.5%)	(0.4%)
B&S Beauty	302.0	37.2	11.8	(15.7)	268.7	12.4%	18.2%
B&S Personal Care	124.7	8.0		-	116.7	6.9%	6.9%
B&S Food	132.9	(13.2)		(6.3)	152.4	(12.8%)	(8.7%)
B&S Health	22.5	(8.8)		(0.2)	31.5	(28.6%)	(27.9%)
B&S Retail	10.5	(16.4)		(0.2)	27.1	(61.3%)	(60.5%)
Holding & eliminations	0.1				0.1	-	-
TOTAL TURNOVER	823.6	7.7	11.8	(31.7)	835.8	(1.5%)	2.3%

*The comparative information has been re-presented due to the new segment structure as per 2021

**A detailed set of figures containing the quarterly sales for the new segments as well as segmented profit and loss figures for HY + FY 2019 and HY + FY 2020 is available on our corporate website.



PRESS RELEASE HY 2021 RESULTS

€ million (unless otherwise indicated)	Q2 2021 reported	Q2 2021 organic	Q2 2021 acquisitive	Q2 2021 FX	Q2 2020 reported*	Δ (%) reported	Δ (%) constant currency
B&S Liquors	125.7	(1.0)		(4.8)	131.5	(4.4%)	(0.8%)
B&S Beauty	152.0	11.2	6.6	(8.2)	142.4	6.7%	12.5%
B&S Personal Care	63.0	12.5		-	50.5	24.8%	24.8%
B&S Food	70.0	1.1		(3.4)	72.3	(3.2%)	1.5%
B&S Health	10.2	(4.7)		(0.1)	15.0	(31.3%)	(31.3%)
B&S Retail	7.0	3.6		(0.1)	3.5	100%	102.9%
Holding & eliminations	0.1	-		-	0.1	-	-
TOTAL TURNOVER	428.1	22.8	6.6	(16.6)	415.3	3.1%	7.1%

*The comparative information has been re-presented due to the new segment structure as per 2021

Gross Profit

Gross profit came in at € 126.8 M (HY 2020: € 114.9 M). As a percentage of turnover, this was an increase to 15.4% from 13.7%, mainly the net effect of shift in focus on higher margin business in the Liquor segment combined with a price increase as a result of scarcity in the market. Additionally, a more focussed product assortment in our Food business led to an improved gross profit margin.

Operating expenses

Operating expenses amounted to € 81.2 M (HY 2020: € 79.7 M) as the outcome of:

- Slight decline in staff costs to € 54.9 M (HY 2020: € 55.8 M) following decrease in temporary staff costs and cost savings from the 2020 reorganisations. Adjusting for the € 3.4 M government grants received in H1 2020, staff costs decreased significantly;
- Increase in IT costs driven by e-commerce investments and expensing instead of capitalising of IT costs in 2021;
- Slight increase in marketing costs resulting from our focus on online marketing services;
- Reduced travel costs due to travel restrictions.

EBITDA

As a result of gross margin increase combined with a cost base similar to H1 2020, EBITDA increased 29.2% to € 45.6 M (HY 2020: € 35.3 M). EBITDA margin amounted to 5.5% (HY 2020: 4.2%). At constant currency and with HY 2020 corrected for received government support, EBITDA grew 54.9% to € 49.4 M (HY 2020 corrected: € 31.9 M).

Result for the period

Financial expenses decreased mainly as a result of less average outstanding debt in 2021 when compared to H1 2020 following reduced average working capital levels and decreased lending rates. This resulted in profit before tax of € 28.5 M (HY 2020: € 14.9 M). The effective tax rate in



H1 2021 was in line with H2 2020. This resulted in net profit from continuing operations of € 21.8 M (HY 2020: € 12.8 M).

Net profit attributable to the owners of the Company came in at € 14.7 M (HY 2020: € 5.7 M) mainly as a result of margin growth in the B&S Liquor segment and continued growth of the Beauty segment. Net profit attributable non-controlling interests came in at € 7.1 M (HY 2020: € 7.2 M) and was largely attributable to e-commerce (FragranceNet). Following the acquisition of additional shares in JTG and consequently an increased majority interest in FragranceNet on June 30, 2021, B&S holds a 65.4% stake in FragranceNet (previously 53.7%). This effect will be reflected in the results from July 1, 2021 onwards.

Cash flow & financial position

As a result of ongoing focus on healthy working capital management, our financial position remained solid.

Operating cash flow stood at € -29.1 M (HY 2020: € 70.4 M) mainly as a result of inventory build-up related to our seasonally stronger H2 and particularly Q4.

Investing activities related mainly to the acquisition of additional shares in JTG. Financing activities were limited and related to dividend paid to non-controlling interests to upstream cash.

B&S continued its strict measures related to healthy working capital and cost control as initiated during the pandemic, which are concentrated on aligning net debt and EBITDA to allow us to keep operating within covenants. This is particularly relevant in relation to inventory build-up towards the seasonally stronger H2. While the covenant holiday for three test periods (HY 2021, FY 2021 and HY 2021) still applied, net debt / EBITDA as at June 30, 2021 stood at 2.8, well within our covenant of 3.5.

Outlook

Based on the current market outlook we foresee a partial recovery of overall Group sales volumes in Q3 with further positive trends towards and in Q4. This will primarily be driven by continued focus on online channels, higher margin business and geographic expansion. The indirect impact from Covid-19 resulting in container shortages and product scarcity is expected to continue to have an effect in H2 2021.

Even though we expect this scarcity to have a positive effect on our gross profit we also expect this to limit our turnover growth in H2. Apart from the scarcity, the forecasted growth as presented at our capital markets day in April 2021 is affected for the short term by the slower than expected recovery of the travel related markets and the weakened USD when compared to the EUR.

We do anticipate our EBITDA margins in H2 to increase further compared to H1, partly given the seasonality of our business with a traditionally strong Q4 and partly because of our focus on higher margin business. Adding to this, focus remains on optimizing internal processes and digitizing our operations driven by our Digital First approach and executing our commercial strategy. All in all, we expect to meet our EBITDA margin target of at least 6% at FY 2021.



In general, we remain focused on working capital management throughout all segments to ensure our currently healthy financial position. As such, we reiterate our Net debt / EBITDA and ROIWC objectives.

Conference call today at 10:30 CET

Our CEO Tako de Haan and CFO Peter Kruithof will host an analyst call at 10:30 CET this morning to discuss the HY 2021 results.

The presentation can be downloaded shortly before the call and the audio webcast can be followed via the [website of B&S Group](#).

The call will be recorded and archived for playback purposes and will be available on our website shortly after the call.

2021 – 2023 Strategic direction

In the coming years, we will build on our strong heritage of managing complex supply chains on a global scale to increase our reach and support supplier and customer growth. Our Digital First approach is an integral part of all our services and solutions, and we will strongly focus on embedding digital capabilities in every aspect of our organization.

We will further leverage our enhanced position in e-commerce with the roll out of our B2B proposition in Liquor, Health & Beauty and Food distribution. In our B2C proposition our focus lies on expanding geographically and assortment wise, both organically and if relevant through selected acquisitions.

Non-financial objectives include further development of a simplified organizational structure and clear positioning of the B&S Group brand that resonates with all stakeholders. We will remain committed to further developing our business for people and planet and making ourselves accountable to stakeholders in a more transparent way.

Financial calendar

November 8, 2021	9M 2021 trading update (07:00 CET)
February 28, 2022	FY 2021 results (07:00 CET)
May 16, 2022	Q1 2022 trading update (07:00 CET)
May 17, 2022	Annual General Meeting



For additional information please contact

Anke Bongers, Director Corporate Communications & IR

T: +31 (0)78 653 4128

E: investor.relations@bs-group-sa.com

About B&S Group

B&S Group is a global distribution partner for consumer goods to Business-to-business (B2B), Business-to-reseller (B2R) and Business-to-consumer (B2C) channels, both offline and online. With a well-trained and experienced workforce of over 2,000 employees, B&S provides essential distribution and marketing services that drive conversion and increase reach. This way, it connects suppliers to wholesalers, retailers and consumers globally.

B&S operates a flexible, increasingly digitized and highly efficient distribution platform that comes with strong barriers to entry. Powered by high-capacity warehouses and delivered with expertise in customs and compliance, B&S offers a long-tail assortment of consumer goods to a wide range of customers in all the far corners of the world.

Visit our corporate website: www.bs-group-sa.com.

Forward-looking information / disclaimer

This press release includes forward-looking statements. Other than reported financial results and historical information, all statements included in this press release, including, without limitation, those regarding our financial position, business strategy and management plans and objectives for future operations, are, or may be deemed to be, forward-looking statements. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements are based on our current expectations and projections about future events and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond B&S Group's ability to control or estimate precisely, such as future market conditions, the behaviour of other market participants and the actions of governmental regulators. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release and are subject to change without notice. Other than as required by applicable law or the applicable rules of any exchange on which our securities may be traded, we have no intention or obligation to update forward-looking statements.



Appendix 1: Developments by business segment

B&S Liquors

€ million (unless stated otherwise)	HY 2021 reported	HY 2020 reported	Δ (%) reported	Q2 2021 reported	Q2 2020 reported	Δ (%) reported
Turnover	230.9	239.3	(3.5%)	125.7	131.5	(4.4%)
Gross profit	23.5	14.1	66.7%			
EBITDA	9.4	2.3	308.7%			
EBITDA margin	4.1%	1.0%				

Our focus on higher margin paid off in our international Liquor business. Further sales growth was held back by industry wide product scarcity and freight delays as an indirect result of the pandemic. Although in our European wholesale certain areas remained difficult, in general sales levels were back to pre-Covid levels with increased margins.

B&S Beauty

€ million (unless stated otherwise)	HY 2021 reported	HY 2020 reported	Δ (%) reported	Q2 2021 reported	Q2 2020 reported	Δ (%) reported
Turnover	302.0	268.7	12.4%	152.0	142.4	6.7%
Gross profit	57.6	47.9	20.3%			
EBITDA	27.7	23.3	18.9%			
EBITDA margin	9.2%	8.7%				

Although the Beauty segment was significantly impacted by the EUR / USD impact (5.8%), at constant currency sales grew by 13.8% organically. This was mainly driven by the online sales both in our B2B and B2R channels. Further growth in this segment was held back by scarcity in the market especially in the B2B part. Margins were ahead of 2020 but started to get back to pre-Covid levels from Q2 onwards as competition caught up and third-party delivery costs increased.



PRESS RELEASE HY 2021 RESULTS

B&S Personal Care

€ million (unless stated otherwise)	HY 2021 reported	HY 2020 reported	Δ (%) reported	Q2 2021 reported	Q2 2020 reported	Δ (%) reported
Turnover	124.7	116.7	6.9%	63.0	50.5	24.8%
Gross profit	19.2	18.5	3.8%			
EBITDA	8.4	7.7	9.1%			
EBITDA margin	6.7%	6.6%				

The Personal Care segment outperformed H1 2020 but continued to face the effects from lockdown measures in the value retail market. Q2 2021 saw re-enforced store closures that directly impacted sales albeit to a lesser extent than in Q2 2020. Indirect Covid-19 impact came from increased international freight rates that affected margins especially in the private label assortment.

B&S Food

€ million (unless stated otherwise)	HY 2021 reported	HY 2020 reported	Δ (%) reported	Q2 2021 reported	Q2 2020 reported	Δ (%) reported
Turnover	132.9	152.4	(12.8%)	70.0	72.3	(3.2%)
Gross profit	19.4	21.0	(7.6%)			
EBITDA	3.7	4.4	(15.9%)			
EBITDA margin	2.8%	2.9%				

As anticipated, the geopolitical changes resulting in the withdrawal of troops from Afghanistan in H1 put pressure on sales volumes in our remote business. Travel related markets in our Food segment recovered slower than expected and as such these markets underperformed on expectations. Our relatively new international brand distribution services outperformed 2020 levels, driven by the activities led by our Dubai office.



PRESS RELEASE HY 2021 RESULTS

B&S Health

€ million (unless stated otherwise)	HY 2021 reported	HY 2020 reported	Δ (%) reported	Q2 2021 reported	Q2 2020 reported	Δ (%) reported
Turnover	22.5	31.5	(28.6%)	10.3	15.0	(31.3%)
Gross profit	3.8	7.1	(46.5%)			
EBITDA	1.0	4.3	(76.7%)			
EBITDA margin	4.4%	13.7%				

The margins in our Health business declined substantially when compared to H1 2020, when Covid-19 related products with higher margins were in demand. This market stabilized in the second half of 2020. The travel vaccine business declined due to global travel restrictions, resulting in turnover and margin below 2020 levels.

B&S Retail

€ million (unless stated otherwise)	HY 2021 reported	HY 2020 reported	Δ (%) reported	Q2 2021 reported	Q2 2020 reported	Δ (%) reported
Turnover	10.5	27.1	(61.3%)	7.0	3.5	100.0%
Gross profit	2.3	5.9	(61.0%)			
EBITDA	(3.8)	(4.2)	(9.5%)			
EBITDA margin	(36.2%)	(15.5%)				

Although sales levels in Q2 2021 were significantly above 2020 levels, the relatively good Q1 2020 (pre-Covid) put us behind on H1 2020. In Q2 2021 we saw sales levels of around 20% of 2019 levels, which is lower than previously anticipated. While the vast majority of our stores were open during H1 2021, the passenger numbers were lagging with slower than expected recovery of the international travel sector. Although passenger numbers improved towards the end of Q2, at this point we do not expect to reach the break-even level for this segment by end 2021.



Appendix 2: Non-IFRS Financial Measures Glossary

Gross profit margin	Gross profit margin is defined as realized turnover minus purchase value of items sold
EBITDA	EBITDA is defined as earnings before interest, taxes, depreciation and amortisation
EBITDA Margin	EBITDA Margin is defined as EBITDA as a percentage of turnover
Inventory in days	Inventory in days is defined as inventory as per period end divided by the Last Twelve Months (LTM) purchase value times 365
Solvency	Solvency is defined as group equity as a percentage of total assets
Working capital	Working capital is defined as Inventory plus Trade receivables minus Trade payables
Net Debt	Net debt is defined as interest bearing liabilities minus cash and cash equivalents
ROIWC	Return on invested working capital defined as the LTM EBITDA divided by Working Capital.