

# B&S

## Half Year 2023 results

B&S Group S.A.



## Organic growth pushes turnover beyond €1 billion in first half year of 2023.

Mensdorf, Luxembourg – August 21, 2023 (07:00 CET)

B&S Group S.A. (“B&S”) tech company in the branded consumer goods industry, today publishes its half year 2023 results (“HY 2023”).

### Highlights HY 2023 as reported (compared to HY 2022)

- Overall turnover increased by 7.6% to € 1,057.5 M (6.9% on a constant currency basis);
- Organically, turnover increased by 6.1% mainly driven by Personal Care, Beauty, Health and Retail segments;
- Gross profit increased by 13.5% to € 157.7 M in HY 2023, with a gross profit margin of 14.9% (HY 2022: 14.1%);
- EBITDA increased to € 42.2 M (HY 2022: € 40.8 M). EBITDA margin declined to 4.0% (HY 2022: 4.1%) mainly due to increased staff costs and operating expenses;
- Net cash from operations amounted to € -0.3 M (HY 2022: € -23.8 M);
- Net debt / EBITDA at June 30, 2023 stood at 3.8 (3.7 at June 30, 2022);
- Net profit amounted to € 12.2 M (HY 2022: € 16.7 M).

### Highlights Q2 2023 (compared to Q2 2022)

- Overall turnover increased slightly by 0.3% from € 530.0 M to € 531.6 M (1.1% on a constant currency basis).



**Peter van Mierlo, CEO:** “Inflation continues to impact both our cost base as well as consumer behavior, nonetheless, based on a strong first quarter of the year and a flat second quarter, we realized a turnover increase of 7.6% over the first half year. All segments showed growth in turnover compared to the second quarter last year, except for Liquors and Food. In the Liquors segment, the market was very challenging, while in Food we choose margin over turnover. Personal Care significantly outperformed last year, while also Beauty, Health and Retail continued its strong performance.

We continued to grow our workforce. Within Beauty, the larger workforce comes from the acquisition of Europe Beauty Group last year, as well as the temporary increase as we anticipate efficiency increases in the newly opened FragranceNet warehouse. In Personal Care, we continue to see strong market demand while in the Retail segment, we continued to open new airport shops. The spending on all cost categories was higher than last year, which was partly due to the continued growth. Our working capital is now below last year. We have developed action plans to further improve focus on aged inventory.

We expect the challenging market conditions in several of our markets to continue, while we remain confident about the underlying trends and longer-term outlook. B&S has six strong segments in branded consumer goods in different markets, realizing synergies in IT and Warehousing, next to Talent management, Finance and Legal. All segments have strong and experienced leaders with very close ties in the markets they operate. During the year under review, we have strengthened our leadership team and further improved our governance. The new Executive Team is defining focus points for the coming years. Our main focus will be on operational excellence, and we will address working capital and cost management, while we will also develop plans for further organic and acquisitive growth opportunities. We plan to communicate an updated strategy in November of this year.”



## Key figures HY 2023

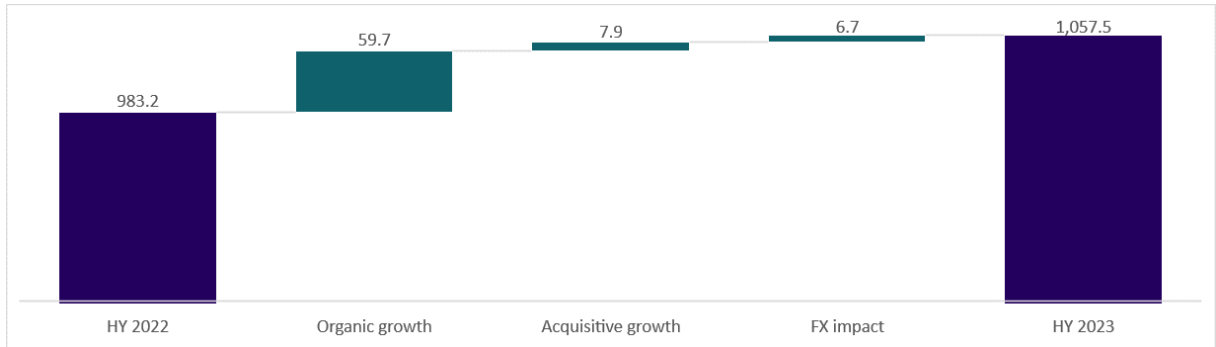
€ million	HY 2023 Reported		HY 2022 Reported		Δ (%) Reported
<b>Profit or loss account</b>					
Turnover	1,057.5		983.2		7.6%
Gross profit ( <i>margin</i> )	157.7	14.9%	139.0	14.1%	13.5%
EBITDA ( <i>margin</i> )	42.2	4.0%	40.6	4.1%	3.9%
Depreciation & Amortisation	18.1		15.7		15.3%
Profit before tax	17.1		21.5		(20.5%)
Net profit	12.2		16.7		(26.9%)
EPS (in euro)	0.08		0.15		
ROIWC	19.7%		21.5%		
<b>Financial position</b>					
Inventory in days	87		95		
Working capital	467.7		518.4		
Solvency Ratio	27.1%		34.2%		
Net Debt	349.0		414.8		
Net Debt/EBITDA	3.8		3.7		



## Financial performance

### Turnover

Total turnover over HY 2023 grew 7.6% compared to HY 2022 levels. Organically, turnover increased by 6.1% which was mainly driven by the Personal Care segment and further aided by the Beauty, Health and Retail segments. Revenue from Liquors and Food decreased over the period. Acquired turnover contributed 0.8%, stemming from the acquisition of Europe Beauty Group per May last year in the Beauty segment.



Turnover breakdown HY 2023 in € million (unless otherwise indicated)



### B&S Liquors

The 2.3% decrease in turnover for the Liquors segment when compared to HY 2022 was driven through decreased demand during Q2 both in international markets as well as our wholesale markets within Europe. The consumer demand decreased, and combined with increased product availability, resulted in decreased gross profit margins.

### B&S Beauty

Turnover increased by 9.0%, of which 5.8% is organic. The segment faced challenging circumstances with inflation and declining consumer confidence. Revenue growth is driven by our B2C-market. There is still some product scarcity in the market. Within the B2B-business margins tightened compared to the high prices of last year.

### B&S Personal Care

The 33.0% growth in turnover was driven by the broad variety of in-stock items, including the enhanced Private Label assortment, enabling to meet increased demand of our customers. Portfolio changes have impacted margins positively.

### B&S Food

Turnover decreased by 3.6% compared to HY 2022, with a 6.8% decrease in Q2 2023. Focus on margins in the Brand Distribution and Duty-Free markets resulted in strong gross profit margin improvements at the expense of revenues. Turnover in the maritime market increased as a result of post COVID recovery in the Cruise business. Digital turnover increased significantly as a result of the digital transformation, enabling sustainable future growth.

### B&S Health

Market conditions in 2023 improved compared to 2022, although continued shortages of supplies in the market limited the growth. With travel related vaccine business continuing to recover, turnover increased by 11.0% in the first half of 2023 compared to HY 2022, with 8.0% growth in Q2 2023 compared to the same quarter last year. Gross profit margins were stable.

### B&S Retail

A further recovery of passengers since the COVID pandemic, led to an approx. 30% increase in turnover. The passenger mix has changed across airports due to economic challenges (also in China), high ticket prices and the closed airspace above Russia, leading to a slow return of Asian passengers.



## Turnover split per segment

Amounts in € million	HY 2023 reported	HY 2023 organic	HY 2023 acquisitive	HY 2023 FX	HY 2022 reported	Δ % reported	Δ % constant currency
B&S Liquors	311.1	(9.7)		2.4	318.4	(2.3%)	(3.0%)
B&S Beauty	344.4	17.1	7.9	3.4	316.0	9.0%	7.9%
B&S Personal Care	182.1	45.2		-	136.9	33.0%	33.0%
B&S Food	147.5	(6.4)		0.9	153.0	(3.6%)	(4.2%)
B&S Health	25.3	2.5		-	22.8	11.0%	11.0%
B&S Retail	47.1	10.9		-	36.2	30.1%	30.1%
Holding & eliminations	-	0.1		-	(0.1)		
<b>TOTAL TURNOVER</b>	<b>1,057.5</b>	<b>59.7</b>	<b>7.9</b>	<b>6.7</b>	<b>983.2</b>	<b>7.6%</b>	<b>6.9%</b>

Amounts in € million	Q2 2023 reported	Q2 2023 organic	Q2 2023 acquisitive	Q2 2023 FX	Q2 2022 reported	Δ % reported	Δ % constant currency
B&S Liquors	147.1	(29.3)		(1.5)	177.9	(17.3%)	(16.5%)
B&S Beauty	174.6	8.6	1.9	(2.0)	166.1	5.1%	6.3%
B&S Personal Care	93.0	23.8		-	69.2	34.4%	34.5%
B&S Food	77.2	(5.2)		(0.4)	82.8	(6.8%)	(6.3%)
B&S Health	13.3	1.0		-	12.3	8.1%	8.1%
B&S Retail	26.4	4.8		(0.1)	21.7	21.7%	22.1%
Holding & eliminations	-	-		-	-	0.0%	0.0%
<b>TOTAL TURNOVER</b>	<b>531.6</b>	<b>3.7</b>	<b>1.9</b>	<b>(4.0)</b>	<b>530.0</b>	<b>0.3%</b>	<b>1.1%</b>

## Gross profit

Gross profit amounted to € 157.7 M compared to € 139.0 M over HY 2022, an increase of 13.5%. As a percentage of turnover, margins increased from 14.1% to 14.9%.

Reported gross profit for the period was impacted by provisions for three doubtful debtors, totaling to € 3.6 M in the Liquors segment, while HY 2022 was impacted by a provision for doubtful debtors in the Food segment of \$ 7.5 M.

## Operating expenses

Operating expenses increased from € 98.4 M over HY 2022 to € 115.5 M over HY 2023. The increase occurred across all categories. With the growing workforce and higher salaries driven by both the consumer inflation and the tight labor market, staff costs increased by 16.7% to € 79.5 M. The other operating costs (+19.9%) were impacted by approx. € 2.0 M one-off advisory and review costs of reported Governance matters. Excluding these, the other operating expenses increased by € 4.0 M (+13%).



## EBITDA

EBITDA over the period increased by 3.3% as the higher revenues at higher gross margins were offset by increased costs. EBITDA amounted to € 42.2 M, compared to € 40.6 M over HY 2022. EBITDA margin decreased to 4.0% (HY 2022: 4.1%).

## Group result for the period

Depreciation of tangible fixed assets and amortisation of intangible fixed assets amounted to €18.1 M (HY 2022: € 15.7 M). Financial expenses increased by € 3.7 M as a result of increased interest rates. This resulted in profit before tax of € 17.1 M (HY 2022: € 21.5 M).

Net profit attributable to non-controlling interests amounted to € 5.2 M (HY 2022: € 4.4 M). Net profit attributable to the owners of the Company amounted to € 7.0 M compared to € 12.3 M over HY 2022.

## Cash flow & financial position

Net cash from operations amounted to € -0.3 M (2022: € -23.8 M) mainly following the limited working capital increase during HY 2023 as compared to the build-up in HY 2022. Net working capital amounted to € 467.7 M, compared to € 518.4 M at June 30, 2022. Working capital in days decreased from 103 days in HY 2022 to 85 days in HY 2023.

Investing activities mainly related to new stores in the Retail segment as well as the expansion and improvement of our warehouses.

Net debt decreased from € 414.8 M to € 349.0 M as per June 30, 2023. The net debt / EBITDA ratio stood at 3.8 (HY 2022: 3.7). For the purpose of Net debt/ adjusted EBITDA ratio the adjusted EBITDA is calculated in accordance with the definition used by the banks for the determination of the covenants, resulting in a leverage ratio of 3.6 and ICR of 4.7.

## Outlook

We continue to see uncertainties related to inflation and we expect consumer buying behavior to remain a factor impacting turnover and margin levels in H2 2023. We expect to continue growth in our Personal Care, Beauty, Health and Retail segments, albeit at less steep growth percentages than in HY 2023. We expect a decline in our Liquors and Food segment as we anticipate the market conditions from the second quarter of 2023 to continue in the remainder of the year. All in all, turnover for the Group is expected to increase marginally in the second half of the year, compared to the second half of 2022, with continued higher margins as a result of the composition of turnover. We remain focused on working capital and cost management throughout all segments. Considering the effect of the margin and cost aspects, we expect the reported EBITDA margin for this year to be around 5%.





## Conference call

Our CEO Peter van Mierlo and CFO Mark Faasse will host an analyst call at 10:30 CET this morning to discuss the HY 2023 Results publication.

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

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

## Financial calendar

November 6, 2023 9M 2023 trading update (07:00 CET)

November 21, 2023 Capital Markets Day – Strategy Update

## Appendix 1 - Developments by operating segment

### B&S Liquors

€ million (unless stated otherwise)	HY 2023 reported	HY 2022 reported	Δ (%) reported	Q2 2023 reported	Q2 2022 reported	Δ (%) reported
Turnover	311.1	318.4	(2.3%)	147.1	177.9	(17.3%)
Gross profit	22.0	33.6	(34.5%)			
EBITDA	1.3	16.5	(92.1%)			
EBITDA margin	0.4%	5.2%				

The 2.3% decrease in turnover for the Liquors segment when compared to HY 2022 was driven by the decreased demand during the second quarter both in the international market as well as the domestic wholesale markets within Europe. The more challenging market circumstances stemming from decreased consumer demand combined with increased product availability also resulted in decreased gross profit margins.

Additionally, we had to take into account one-off provisions for doubtful debtors for a total amount of € 3.6 M, impacting reported gross profit margins.

### B&S Beauty

€ million (unless stated otherwise)	HY 2023 reported	HY 2022 reported	Δ (%) reported	Q2 2023 reported	Q2 2022 reported	Δ (%) reported
Turnover	344.4	316.0	9.0%	174.6	166.1	5.1%
Gross profit	58.7	56.2	4.46%			
EBITDA	16.0	18.9	(15.3%)			
EBITDA margin	4.6%	6.0%				

Turnover increased by 9.0%, of which 5.4% concerns organic growth. The segment faced challenging circumstances with global inflation and declining consumer confidence. Revenue growth was primarily notable in our B2C-market which is in line with the strategy of pooling joint purchasing forces to buy and sell at the best possible market prices through our B2C-channels. Although less intense, there is still product scarcity in the market. Within the B2B-business margins tightened somewhat compared to the historically high prices of last year.

We continued to build on our solid foundation to manage the expected future growth, mainly in the B2C market by, among other things, opening a new warehouse in Atlanta, USA, which enables us to more than double handling capacity. Furthermore, preparations have been made for the completion of the integration of Europe Beauty Group to expand sales, partly as a result of synergy effects stemming from the planned integration to our central ERP backbone and the launch of a new website.



### B&S Personal Care

€ million (unless stated otherwise)	HY 2023 reported	HY 2022 reported	Δ (%) reported	Q2 2023 reported	Q2 2022 reported	Δ (%) reported
Turnover	182.1	136.9	33.0%	93.0	69.2	34.4%
Gross profit	35.3	21.4	65.0%			
EBITDA	21.3	10.2	108.8			
EBITDA margin	11.7%	7.5%				

The 33.0% growth in turnover for the Personal Care segment was driven by the broad variety of in-stock items, including the enhanced Private Label assortment, enabling the segment to meet increased demand of its customers. Additionally, the portfolio changes have allowed us to improve margins.

EBITDA growth outpaced the turnover increase as more turnover was generated at similar cost levels.

### B&S Food

€ million (unless stated otherwise)	HY 2023 reported	HY 2022 reported	Δ (%) reported	Q2 2023 reported	Q2 2022 reported	Δ (%) reported
Turnover	147.5	153.0	(3.6%)	77.2	82.8	(6.8%)
Gross profit	24.6	14.2	73.2%			
EBITDA	7.7	(2.6)	396.2%			
EBITDA margin	5.2%	(1.7%)				

Turnover in the Food segment slightly decreased by 3.6% compared to HY 2022, with a 6.8% decrease in Q2 2023. Focus on gross profit margin improvements within the Brand Distribution and Duty-Free markets led to a more sustainable revenue mix. Turnover in the maritime market on the other hand increased at stable gross margin levels, mainly as a result of post COVID recovery in the Cruise industry.

Existing and new brand partnerships have resulted in fundamental commercial improvements and digitalization is being implemented across all activities within the segment to further enhance operational efficiencies and commercial effectiveness through our omnichannel proposition. Digital turnover increased significantly as a result of this digital transformation, enabling sustainable future growth.

The gross profit improved from 13.9% HY 2022 (normalized for provision doubtful debtor) to 16.7% HY 2023.

As a reminder, the HY 2022 gross profit was impacted by a provision of USD 7.5 M (or € 7.1 M) for a doubtful debtor. Corrected for the provision, EBITDA HY 2022 stood at € 4.5 M compared to € 7.7 M HY 2023.

## B&S Health

€ million (unless stated otherwise)	HY 2023 reported	HY 2022 reported	Δ (%) reported	Q2 2023 reported	Q2 2022 reported	Δ (%) reported
Turnover	25.3	22.8	11.0%	13.3	12.3	8.1%
Gross profit	4.2	3.9	7.7%			
EBITDA	0.7	0.9	(22.2%)			
EBITDA margin	2.8%	3.9%				

Market conditions in 2023 improved compared to 2022, although continued shortages of supplies in the market limited the growth of the segment. With travel related vaccine business continuing to recover, turnover for the Health segment increased by 11.0% in the first half of 2023 compared to HY 2022, with 8.0% growth in Q2 2023 compared to the same quarter last year. Gross profit margins were stable.

## B&S Retail

€ million (unless stated otherwise)	HY 2023 reported	HY 2022 reported	Δ (%) reported	Q2 2023 reported	Q2 2022 reported	Δ (%) reported
Turnover	47.1	36.2	30.1%	26.4	21.7	21.7%
Gross profit	11.0	9.1	20.9%			
EBITDA	(1.8)	0.3	(700.0%)			
EBITDA margin	(3.8%)	0.8%				

The Retail segment saw a further recovery of passengers since the COVID pandemic. Throughout the first half year of 2023 passengers (PAX) have returned to around index 80 compared to pre-corona levels in 2019. At the same time the passenger mix has changed across airports impacting the overall spend per passenger (SPP). All in all, the Retail segment realized a turnover increase of 30.1%.

Gross margin decreased a percentage of turnover following the increased airport fees from newly opened stores not yet at their full commercial potential. The fixed cost base to operate the shops as compared to the turnover levels realized resulted in the reported operational loss.



## 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



## Attachment – Normalization Key figures HY 2023

€ million	HY 2023 reported		HY 2023 Normalized		HY 2022 reported		HY 2022 Normalized		Δ (%) reported
<b>Profit or loss account</b>									
Turnover	1,057.5		1,057.5		983.2		983.2		7.6%
Gross profit ( <i>margin</i> )	157.7	14.9%	161.3	15.3%	139.0	14.1%	146.1	14.9%	13.5%
EBITDA ( <i>margin</i> )	42.2	4.0%	47.8	4.5%	40.6	4.1%	47.7	4.9%	3.9%
Depreciation & Amortisation	18.1		18.1		15.7		15.7		15.3%
Profit before tax	17.1		22.7		21.5		28.6		(20.5%)
Net profit	12.2		16.4		16.7		22.0		(26.9%)
EPS (in euro)	0.08		0.13		0.15		0.21		
ROIWC	19.7%		21.0%		21.5%		22.8%		
<b>Financial position</b>									
Inventory in days	87		87		95		95		
Working capital	467.7		467.7		518.4		518.4		
Solvency Ratio	27.1%		27.4%		34.2%		34.2%		
Net Debt	349.0		349.0		414.8		414.8		
Net Debt/EBITDA	3.8		3.6		3.7		3.6		

### *Normalization HY 2023*

- One offs provisions Liquor segment € 3.6 M;
- One off advisory cost – OPEX: € 2.0 M

### *Normalization HY 2022*

- One offs provisions Food segment USD 7.5 M;



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## About B&S

B&S exists to make branded consumer goods available to everyone, anywhere. We believe that getting access to consumer products that bring joy and comfort into everyday lives, should be easy around the globe. With our ever-growing international network and physical local presence, we bring suppliers, brand owners, logistics partners, wholesalers, retailers and consumers all over the world together that are in many ways difficult to connect.

We work with the world's premium consumer brands in beauty, liquors, personal care, food, health and consumer electronics to serve millions of consumers daily - either directly or through our wholesaler and reseller partners. Powered by our high-tech platform and arising from supply chain expertise, we provide sourcing, warehousing, distribution, digital commerce, marketing and brand development solutions that enhance choice, speed up delivery, drive conversion and increase reach.

Additional information can be found on [our website](#) and on [LinkedIn](#)

## Forward Looking Statement

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'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.