



2021 Half-year results

Despite the impact of numerous health restrictions, ELO recorded further profits growth

AUCHAN RETAIL: continued improvement in profitability despite the impact of health measures, and an economic turnaround in Russia

- Further increase in the EBITDA margin to 4.0% (+1.3 pp in 2 years)
- 25% EBITDA growth in France against the backdrop of falling turnover
- First tangible results of the turnaround in Russia, with marked growth in turnover and profitability

NEW IMMO HOLDING: an upturn that differs by country in conditions that remain uncertain

- EBITDA recovery up 44.2% vs. H1 2020
- Fair value of investment properties virtually unchanged at €7.5 billion (+1.3%)

ELO: the improvement in results is reaffirmed

- 10% increase in EBITDA and 57% increase in current operating profit
- A financial situation that remains robust with debt driven solely by the real estate business
- Confirmation of the non-core asset disposals programme and payment of an exceptional dividend

Reminder: ELO has been Auchan Holding's new company name since 11 March 2021. ELO owns 100% of Auchan Retail, 100% of New Immo Holding (Ceetrus and Nhood) and 49.9% of Oney Bank.

The impacts of Covid-19 remain significant in H1 2021

H1 2021 was once again marked by major health restrictions that impacted operations in several countries, slowing down ongoing commercial and recovery actions, particularly in France.

Due to the structure of the stores (high exposure to the hypermarket format) and their location within the countries, the greatest impacts were recorded in France (curfew then general lockdown until 19 May 2021, with closures of the main shopping centres and non-essential departments in conditions where 60% of turnover is from hypermarkets located in shopping centres over 20,000 m²), in Spain (state of alert until 9 May) and Portugal (closures of shopping malls from end-January to mid-April, in-store capacity limits and closure of non-essential departments). Russia, Poland and Hungary suffered significant impacts, while impacts in Romania, Ukraine, Taiwan and Senegal were more moderate.

Under these conditions, profitability increased despite a fall in turnover

- **Turnover down 2.0 % (on a like-for-like basis¹)**

In H1 2021, revenue from Auchan Retail amounted to €14.847 billion, down 3.2% in total (-€493 million). This fall includes a negative exchange rate impact of €350 million (mainly linked to the depreciation of the Russian rouble and the Ukrainian hryvnia) as well as a recovery in petrol sales of +20% year-on-year (+€242 million) but which remain 19% lower than in H1 2019.

Turnover fell by 2.0 % **on a like-for-like basis¹**, factoring in an unfavourable calendar impact of 0.8%.

This fall in income occurred in a particularly volatile environment. Health restrictions of varying degrees depending on the geographic region severely disrupted trade and hindered the commercial and recovery actions undertaken.

In France, turnover was €7.824 billion, down 2.5%. On a like-for-like basis¹, it fell by 4.2%. In H1 2020, turnover rose by 0.8%. Once again, business for this half-year was strongly impacted by the fall in hypermarket sales due to the closure of shopping centres for several weeks and 40% of non-food departments (whose sales can account for more than 25% of stores' turnover). In total, 40% of this fall in income came from 10 hypermarkets located near to the borders, in tertiary or tourist zones: areas heavily impacted by the consequences of government decisions. Digital sales remained high (12% of turnover), with strong growth of 31% over two years.

Western Europe (excluding France) recorded a 3.2% fall in turnover to €2.619 billion. On a like-for-like basis¹, it fell by 4.4% following strong turnover growth in H1 2020 (+4.9%).

Like-for-like turnover¹ for **Central and Eastern Europe** increased by 3.0 %. This performance can be attributed to Poland, Ukraine and, above all, Russia, which saw a tangible turnaround. Total turnover fell by 3.9% to €3.960 billion. This takes into account an adverse exchange rate impact and the closure of stores in Russia and Poland, offset in Romania by the rollout of 400 convenience stores in Petrom service stations.

Like-for-like turnover¹ in other countries fell by 5.0%. Auchan Retail's income in Taiwan is down against a very high level in 2020, with turnover rising over two years. In Senegal, Auchan Retail was particularly impacted by the looting of 19 (out of 34) stores during social movements in the

¹ excluding petrol and exchange rate effects

country in early March. These stores were closed for many weeks. They have since reopened and will continue to grow. Total turnover from other countries fell by 6.8% to €437 million.

- **EBITDA growth for the fifth consecutive half-year**

Since 2018, Auchan Retail has been working to improve its business model. After a marked increase in 2019 and 2020, **Auchan Retail's EBITDA continued to grow** despite falling turnover. EBITDA for H1 2021 came to €594 million, an increase of €21 million over one year (+3.7%). As a proportion of turnover, **the EBITDA margin is now 4.0%**, i.e. an increase of 0.3 pp in one year and 1.3 pp compared to H1 2019.

This increase was achieved thanks to the results of the **Renaissance** initiative aimed at improving operational excellence and transforming working methods, for which the 240 qualified projects in all countries are proceeding at a steady pace. In H1, **€113 million in structural savings were made**, bringing total savings to €777 million since 2019 from a target of €1,400 million by end-2022.

By geographic area, EBITDA was notably **up in France** (+25%, EBITDA having increased by a factor of 2.4 in 2 years), and **in Central and Eastern Europe** (+24%). This performance can be attributed to Russia (+66%), Poland (+17%), and Ukraine (+55%)¹. EBITDA in Western Europe (excluding France) fell slightly (-0.8%) but increased by 19.3% over two years.

France: ongoing transformation and recovery work

Given these health conditions and the consequences of government decisions that do not favour its specific historical model (60% of turnover is generated by hypermarkets located in shopping centres larger than 20,000 m²), which are set to continue in H2 2021, Auchan France is working harder than ever on its transformation in order to swiftly relaunch its business.

To this end, the strategic priorities defined in 2019 remain in place in terms of:

- **its offer**, catering to new French dietary habits focused on good, healthy and locally produced food. Auchan France has 205 responsible agricultural sectors. The share of its own-brand products has increased (+0.2 pp in one year), as has the share of traditional fresh products (+0.5 pp in one year);
- **its experience**, with the modernisation of stores (40 in one year) and its opening up to local or specialist partners: to date, 200 food or non-food “corners” have been opened with around ten partners;
- **adapting to the local environment**, with greater autonomy for in-store employees and by tailoring the offer to the specific features of living areas. Turnover from local products rose by 6% in H1;
- **operational excellence**, with work to transform tools and structures almost complete. Customer satisfaction is a priority. The aim is to continue to increase the NPS, which has risen by 13 points over the past two years. This operational excellence contributes to the improvement of the business model (EBITDA increased by a factor of 2.4 in two years);
- **developing new omnichannel shopping paths** from its stores. Digital sales currently account for 12% of Auchan France's turnover (+31% in two years). Auchan France is now developing new shopping paths in urban centres. At end-June, 55 Auchan Piéton stores opened in some 30 cities across France. This format allows Auchan to gain market shares in urban centres, with a model that combines the digital experience, the use of the hypermarket as a procurement platform, and human relations. Initial results confirm the potential of this shopping path that attracts a new, younger and connected customer base (60% of new customers, 40% of customers are under 29). Auchan France is also stepping up its in-store click & collect services, with home delivery now available at 80% of points of sale.

¹ At constant exchange rates

Russia: the first tangible turnaround results

Auchan Retail saw its turnover fall in Russia over several years in a volatile economic environment with rapid changes in consumer habits. Since the beginning of 2021, however, Auchan Retail Russia has started to grow again under its new management team. Its profitability has already returned to the Russian market standard.

On one hand, this performance was achieved thanks to extensive efforts to clean up the store network, and, on the other, through extremely proactive projects aimed at:

- **reviving sales** with the redrafting of business plans in each format; a review of product ranges with a particular focus on food and own brand products; the redesign of the pricing, promotions and loyalty policy (with the launch of the loyalty programme at the end of H1); and the rollout of anti-waste aisles in stores;
- **righting the economic model**, with numerous actions on purchasing, reducing markdown, and resizing and redesigning logistics systems;
- **stepping up digital sales**, with structuring partnerships established in home delivery with local partners. Further acceleration is expected in H2. The goal for end-2023 is for 20% of turnover to be generated by digital sales.

At the end of H1, all indicators were back in positive territory with income growth of 3% on a like-for-like basis, market share recoveries (a 0.8 pp recovery for the hypermarket market share), a marked increase in digital sales of +192% (i.e. 4% of turnover versus 0.3% in January 2020) and very strong EBITDA growth (+66%), which is now close to the Russian market standard.

Digital sales: continued acceleration and turnover growth (+45% over 2 years)

In H1 2021, digital turnover continued to expand (+6%) against a very high rate from the previous year (+39% in H1 2020). In two years, digital turnover has therefore increased by more than 45%. Over this period, digital revenues in France increased by 31 % (with a stable number of “drive trough” outlets), bringing the digital share to 12% of total income. Growth is particularly strong in other Auchan countries, with digital sales making an increasingly significant contribution to turnover: +226 % in Russia (4 % of revenue), +220% in Spain (4%), +202 % in Ukraine (5%), +138% in Portugal (4%), etc.

This acceleration will continue as the rollout of click & collect becomes widespread in supermarkets in countries such as France, or in the 400 Auchan convenience stores located in Romanian Petrom service stations, for example.

This growth involves both:

- the development of new local digital shopping paths (55 Auchan Piéton stores in France in H1 2021 and 7 pick-up points in Ukraine) to reach an urban customer base that is younger and more connected;
- establishing partnerships with e-commerce and delivery specialists. Following its implementation one year ago, the partnership with *Glovo* continues in five countries (Portugal, Spain, Poland, Ukraine and Romania) with an average rate of 15,000 orders per week, for an additional turnover of €15 million per year. Spurred on by this success, Auchan Retail and Glovo will take every opportunity to strengthen this partnership in the future. In Spain, H1 saw Auchan Retail enter into a structuring partnership with *Ocado* spanning all areas of e-commerce (optimisation of store-picking solutions and home delivery via the construction of an automated warehouse in the Madrid region by 2024). This partnership illustrates Auchan’s ambition to become a leader in Spain’s phygital food retail sector.
- strengthening the “customer data-knowledge” strategy. In France, for instance, the cooperation with Valiuz, the leading French customer database with 50 million unique qualified contacts, enables streamlined and qualitative customer knowledge (more than

120 customer attributes), the identification of web users for better customisation (+18%), further profiling of customer behaviours, an improved analysis of performance and predictive behaviours, as well as better quantification of the carbon impacts of customer behaviours (travel, types of purchases, etc.). Initial actions help to generate additional turnover from strategic targets, acquire new customers, and gain market share in the selected geographical areas.

Non-food offer: a winning strategy that contributes to Auchan Retail's specificity and its turnaround

The non-food offer, Auchan Retail's historical area of expertise, is a strategic lever for both asserting its singularity and contributing to the turnaround of its business model.

In terms of **own brand products**, Auchan Retail is developing exclusive high-end products that meet CSR expectations, with clear positive biases on price, experience and sustainability. Streamlining the product ranges, simplifying uses and improving the user experience has enabled the entire product offer to grow significantly in recent years. Commercial, technical or purchasing co-operations with specialist brands within Auchan Retail's shareholder ecosystem is a key factor in this strategy's success.

For example, the Qilive brand (consumer electronics) has seen the customer rating for its products increase by 22% in three years (current average rating of 4 out of 5 stars). In recognition of their technical and aesthetic quality, Qilive products have received seven international awards in recent months (IFI Design Distinction Awards, Red Dot Design Award, etc.) and were selected by the specialist press (Que Choisir, 01 Net, etc.) for the value for money that they offer. Qilive's turnover has increased by 10% since 2017. Likewise, the Actuel (Maison Déco/Homebase) brand has seen its turnover increase by 50% since 2017.

The non-food strategy is also based on **targeted partnerships** with specialised brands. These partnerships take different forms and aim to:

- optimise purchasing costs: synergies with Boulanger and Electro Dépôt have enabled customers to gain 15 pp on purchases of Qilive refrigerators. New initiatives with Adeo are being studied;
- supplement the existing offer: the opening of a Kiabi "corner" centred on maternity and large-size textiles supplements the InExtenso ranges missing from these segments. Initial results are positive and tests will continue;
- address a new segment: partnerships with Patatam (114 "corners" to date in France and Poland), Myclimat (5 in Portugal) and LaMajole (4 in Romania) have enabled Auchan to quickly bring its customers a second-hand textile offer. Similarly, the Decathlon "corners" (34 to date worldwide) enable stores to offer their customers an expanded range of sports products, with a positive impact on traffic.

Work on non-food is a genuine lever for improving Auchan Retail's profitability. The aim is to improve the EBITDA margin of this offer by 4.6 pp between 2019 and 2023.

CSR: launch of the ECOYODA eco-design and eco-selection initiative for the entire non-food offer, with the support of ADEME (French Agency for the Ecological Transition)

In H1 2021, Auchan Retail launched an extensive transversal eco-design and eco-selection initiative for its non-food offer. Known as ECOYODA, it aims to offer products with a lower environmental impact and support customers in their consumption choices. This is achieved by paying attention to the circular economy, improving industrial processes, reducing plastic packaging, and using natural, eco-responsible or recycled raw materials.

ECOYODA is the first major action carried out in France by a multispecialist for all of its own-brand non-food offer. It is based on a collaboration with the Eco-Design Centre, a national centre based

in Saint Etienne for eco-design and performance throughout the produce life cycle, with the backing of ADEME, the French National Agency for the Ecological Transition.

This initiative reaffirms Auchan's commitment and expands upon earlier projects in this area (a range of kitchen utensils made from recycled aluminium, eco-friendly jeans that use 40% less water during the manufacturing process, glue for schoolchildren made from 93% natural material (including maize starch), the removal of plastic from packaging, wooden toys made from sustainably managed forests, etc.). Following a first large-scale initiative on the sale of second-hand textiles (in France, Poland, Romania and Portugal), Auchan Retail aims to open up the process to new segments (toys, household appliances, multimedia, culture).

The company has likewise continued its efforts in the three major action areas set out in its business plan:

- **Promoting good food and fighting food waste:** Auchan Retail continues its work to enter into sustainable, balanced, three-way partnerships with food chain producers, breeders and processors. It now has 836 responsible agricultural schemes (+126 in H1). Nutriscore is being used in Poland and Romania following its implementation in France, Spain and Portugal. Finally, departments that help reduce food waste are either becoming more widespread (in France, Spain, Portugal, Russia and Poland) or rolled out for the first time, as in Romania.
- **Fighting the proliferation of plastics:** after having signed the European Plastics Pact, Auchan Retail formalised its commitment by publishing its international policy in March 2021 aimed at drastically reducing the use of plastic in household packaging, transport and product manufacturing. In France, two major initiatives have stepped up the pace of this fight:
 - o replacing the plastic trays used in butchers and fishmongers with 100% vegetable fibre and 100% home compostable trays (-1,100 tonnes of plastic per year over time). The initiative has now been expanded to Spain;
 - o replacing disposable plastic shopping bags provided at store checkouts with those made from recovered or recycled textiles, thus reducing the carbon impact by a factor of seven and avoiding 1,360 tonnes of plastic over time.

Initiatives have also been launched in Spain with the recycling of all operating plastics (logistics, transport) or in Hungary with bakery bags replaced by reusable bags.

- **Controlling the carbon impact:** In H1, Auchan Retail signed international partnership agreements with *Volitalia* and *Helixia* covering both the supply of renewable energy and the management and optimisation of energy consumption. The goal is for energy consumption to be made up of 100% renewable energy by 2030, with a 40% reduction in the in-store electrical current compared to 2014. Auchan Retail is also working on finalising its "Climate Goal", which will be published in early 2022.

"H1 2021 played out under health conditions that had a major impact on our stores' economic activity, particularly our hypermarkets. However, the Auchan teams in all countries were able to pull together for our customers and strengthen the omnichannel nature of our shopping paths. Among the other achievements of the half-year, it pleases me to note the economic turnaround of our business in Russia and the strong progress of our responsible non-food offer. The increase in profitability this half-year once again shows that Auchan Retail is continuing its recovery." **Yves Claude, Non-Executive Chairman of Auchan Retail.**



Improved results despite the impact of the health crisis

The major transformation project for ELO's real estate business, which was previously overseen by Ceetrus SA, took shape in early 2021. The project supports the new dynamics affecting retail and urban centres. In economic terms, H1 was marked by improved results despite the health and economic crisis.

A new structure to speed up the transformation

To realise the transformation of the real estate business, a mixed real estate operator, Nhood, was created on 1 January 2021 to separate services activities from asset holdings. Ownership of assets was retained by all the companies forming the property company Ceetrus. The consolidated results below are those of the holding company Ceetrus SA, renamed New Immo Holding, a 100% shareholder of Nhood and the property company Ceetrus.

New Immo Holding thus brings together two real estate businesses with a shared ambition: to improve lives by sustainably transforming real estate and retail. The aim is to make Nhood a leading real estate operator, developing flagship projects throughout Europe, with a triple positive impact in the areas of People, Profit and the Planet. The quality of the projects managed by Nhood has already led to several awards, including two Green Solutions Awards for a project transforming wasteland into a mixed neighbourhood (France-La Maillerie in Villeneuve d'Ascq), an Asprima-Sima Award for the best urban regeneration initiative in Spain (Viala-Vigo station), and an Extension Renovation Award from the CNCC for the extension-renovation of the Aushopping shopping centre in Noyelles Godault.

Different situations for H1 2021 depending on the country

Activity in H1 2021 was once again limited by significant administrative store closures. However, the situation differed across Europe, depending on the country. In total, New Immo Holding's retail space will have been closed in a similar way to last year (2 months on average in H1 2021 versus 2.3 months in H1 2020 and 2.5 months over the whole of 2020). Customised rent staggering measures have been implemented to support the retailer partners. At 30 June 2021, the rent collection rate for H1 was between 55% (Poland) and 95% (Portugal) and 61.9% in France, with the government aid measures announced in Q1 leading to a "wait-and-see" approach. The vacancy rate fell (5.14% at 30 June 2021 compared to 5.67% at 30 June 2020), with further improvements possible by year-end due to seasonality (5.09% at 31 December 2020).

Nhood's teams have also been preparing to exit from the crisis. Efforts have focused on a recovery strategy centred on customers, traffic and site attractiveness, with numerous initiatives (the *d'un clic à vous* - "just one click away" - operation; installation of an Emmaus Village in Tourcoing; vaccination centres in shopping malls, etc.).

Controlled investments

Investments were prioritised for property companies backed by Nhood (including the property company Ceetrus). For 2021, the gross investment budget will be limited to around €350 million. At 30 June, investments amounted to €128 million (€122 million in H1 2020 and €183 million in H1 2019). These were for the purchase of offices in Luxembourg and Italy and various strategic projects (Gare du Nord in France, Vialia-Vigo in Spain and Coresi in Romania). Disposals remained limited due to market conditions (€38 million vs €2 million in H1 2020 and €68 million in H1 2019).

At 30 June 2021: further technical recovery and teams mobilised

Despite these conditions, New Immo Holding's consolidated gross income reached €263.3 million

as at 30 June 2021, of which 6% was from external customers. This represented a 28.6% increase compared to H1 2020, at which point it had fallen by 31.1% (€204.7 million compared to €296.9 million in H1 2019), following the waiver of two months of rents in France. Net rental income alone rose 22.1% to €189.2 million. Increased income alongside carefully managed costs enabled EBITDA to bounce back for the first time (+44.2% to €166.4 million vs €115.5 million in H1 2020 and €201.2 million in H1 2019). Nhood, for its part, has maintained its workforce without the need for government assistance.

A slight increase in the market value of assets at 30/06/2021

At 30 June 2021, in conditions that remain uncertain, the fair value of consolidated assets was calculated at €7.5 billion (+0.6% on a like-for-like basis and at constant exchange rates vs 31 December 2020). The net carrying amount of investment properties was €3.8 billion (-2% vs December 31, 2020). New Immo Holding's debt was satisfactorily contained, in compliance with bank covenants.

2021: continued development of strategic projects

New Immo Holding and the operator Nhood have implemented their strategy to revitalise existing sites and co-create new living quarters for *a New Living Mood*:

- **new remodelling operations** were undertaken in Spain and Hungary;
- Nhood **won several tenders for urban regeneration projects** (Transpole wasteland in Marcq in Baroeul, Loreto Open Community project in Milan);
- **Building permits were filed for spaces in excess of 100,000 m²** (to develop leisure centres on existing sites in France; for renewal projects in Portugal and in Italy).

Finally, the priority projects that symbolise NEW IMMO HOLDING's vision for renewing retail and urban centres **continued to take shape**. These include:

- **in Spain**, the finalisation of the **Gare de Viala-Vigo** district transformation (121,500 m², inauguration on 29 September 2021) and two remodelling projects for existing centres;
- **in Romania**, for the **Coresi district in Brasov** with the inauguration of the QOSMO hotel and the launch of the first urban regeneration phase of the **Resita** site (> 100,000 m²);
- **in Luxembourg**, with the ongoing construction of the **La Cloche d'or housing units**.

“For New Immo Holding, 2021 is marked both by the impacts linked to the length of the Covid crisis and by the teams’ renewed momentum in creating Nhood. The first half-year is already testament to our ability to combine these three objectives: ensuring the upturn in results, transforming existing sites into new living spaces, and developing investment projects with a triple positive impact for our customers, including the property company Ceetrus.” **Etienne Dupuy, spokesperson for NEW IMMO HOLDING and CEO of NHOOD**



| Auchan | Nhood | Oney |

Improved profitability and maintaining a robust financial situation

Key figures for H1 2021

<i>In € millions</i>	H1 2021	H1 2020	Change at current exchange rates	Change at constant exchange rates
Revenue	15,110	15,545	-2.8%	-0.5%
EBITDA¹	757	687	+10.1 %	+12.5 %
<i>EBITDA margin</i>	<i>5.0 %</i>	<i>4.4%</i>	<i>0.6 pt</i>	<i>0.6 pt</i>
Recurring operating income	147	93	+57.1 %	+52.4 %
Operating income	150	-15	na.	na.
Net income from continuing operations	-13	-159	na.	na.
“Normalised” net income – Group share²	-17	-108	na.	na.

At end-June 2021, ELO reported **revenue** of €15.11 billion down 2.8 % compared to H1 2020. At constant exchange rates, the decrease is limited to 0.5 %. This fall was mainly due to the fall in income at Auchan Retail. The exchange rate impact is negative with depreciation mainly in the Russian rouble and the Ukrainian hryvnia.

Despite the fall in turnover, the sales margin increased by 0.7% to €3.692 billion, with the margin rate increasing by 0.8 pp to 24.4 % vs 23.6% in H1 2020.

Current operating expenses (payroll expenses, external expenses, depreciation/provisions, other operating income and expenses) are stable over one year, thanks in particular to the Renaissance initiative aimed at operational excellence and transforming working methods at Auchan Retail.

Recurring operating income rose sharply by 57.1% to €147 million. EBITDA rose by 10.1 % to €757 million compared to €687 million at 30 June 2020. As a proportion of turnover, the EBITDA margin was 5.0%, up 0.6 pp year on year and 1.0 pp over two years.

Operating income came to €150 million vs an operating loss of €15 million in H1 2020. In H1 2020, €109 million was recorded under “Other operating income and expenses”. These included costs linked to the voluntary redundancy plan in France, as well as exceptional bonuses paid to employees to reward their commitment during the health crisis.

¹EBITDA : operating profit excluding other operating income and expenses and excluding depreciation, amortisation and impairments

² Excluding net profit from discontinued operations, other operating income and expenses and direct effects related to the pandemic (net of taxes)

The **net cost of financial debt** was -€89 million, compared with -€69 million in H1 2020. This was due in particular to the cost of financing operations to reduce gross debt in H1 2021. Other financial income and expenses was -€67 million compared with -€128 million in 2020. The change was due to the impact of hedges as well as the exchange rate effects linked to leases.

Income tax expenses were -€16 million compared with +€46 million one year ago.

Share of net income of associates was €8 million compared with €9 million at 30 June 2020.

Total net income from continuing operations was -€13 million compared with -€159 million at 30 June 2020.

Net income was -€22 million, compared with a positive net income of €106 million at 30 June 2020. This included the net profit from Auchan Retail's business in China, which was sold in H2 2020.

Net income attributable to owners of the parent came to -€24 million compared with -€77 million in H1 2020.

Controlled net debt, driven solely by the real estate business

At end-June 2021, ELO's **net financial debt** stood at €3.025 billion compared with €2.158 billion at end-2020 (+€867 million over H1). This is a natural increase due to the seasonality of the retail business. It nonetheless remains limited, with:

- ✓ a stable CFFO over one year, excluding non-recurring transactions recorded in 2020;
- ✓ control of the WCR, up slightly from H1 2020 to €69 million;
- ✓ a moderate increase in investments at Auchan Retail and Nhood offset by the increase in fixed asset disposals.

Debt was solely driven by the real estate business, with Auchan Retail having a positive net cash position.

ELO's liquidity position is extremely healthy at end-June 2021. ELO has €9.0 billion in financing, including €3.2 billion in undrawn back-up credit lines.

In H1, ELO continued to optimise its gross debt with bond purchases totalling €200 million (maturing in 2024, 2025, 2026 and 2027).

The financing repayment schedule is well spread out, with an average maturity of 2.7 years.

Financial solidity giving fresh room for manoeuvre

ELO has significantly improved its financial situation over the past two years thanks to:

- the sale of 50.1% of the Oney Bank business in October 2019;
- the sale of its business in China in October 2020;
- the strengthening its business model with the turnaround in retail activity;
- the support of its shareholders, who waived dividend payments for the 2018, 2019 and 2020 results.

This work was reflected in an improved Standard & Poor's rating and ELO's long-term position in the *Investment Grade* category.

Maintaining a robust financial position remains a priority. In this respect, ELO has confirmed its non-core asset disposal programme announced in August 2020. Due to its good financial situation

and to optimise the value of its assets in a market disrupted by the health crisis, this amount was set at €1.3 billion at end-2022 (versus the €2.0 billion previously envisaged). Initial asset disposals took place in July 2021 with the sale/leaseback of 11 logistics warehouses in France (recorded in H2 2021).

All of these actions mean that ELO is now in a position to:

- implement the targeted relaunch of investments to transform its business lines;
- continue to reduce its gross debt, with the early repayment in July 2021 of a Schuldschein loan for €242 million out of an initial outstanding amount of €292 million;
- pay an exceptional dividend of €750 million, as voted by the ELO General Meeting on 24 August 2021. The payment of this exceptional dividend in H2 2021 will also benefit ELO's nine employee shareholding funds.

Outlook

Activity levels in H2 2021 are dependent on changes in the health situation and related restrictions.

The introduction of the health pass in France impacted the business of Nhood and Auchan France at the beginning of Q3, with a significant fall in activity at the sites affected by these measures.

Under these conditions, priority is given to the ongoing transformation of the retail and real estate businesses and to the financial strength of ELO.

APPENDICES

ELO consolidated income statement for H1 2021

In € millions	H1 2021	H1 2020	Change at current exchange rates	Change at constant exchange rates
Revenue	15,110	15,545	-2.8%	-0.5%
Costs of sales	-11,418	-11,878	-3.9 %	-1.6%
Gross margin	3,692	3,667	+0.7%	+3.2%
<i>Sales margin rate</i>	24.4%	23.6%	+0.8 pp	+0.8 pp
Payroll expenses	-2,009	-2,075	-3.3%	-1.5%
External expenses	-952	-936	+1.6%	+2.9%
Depreciation, amortisation, provisions and impairment	-599	-571	+5.1%	+8.1%
Other operating income and expenses	14	10	+38.6%	+36.9%
Recurring operating income	147	93	+57.1%	+52.4%
<i>Current operating margin rate</i>	1.0%	0.6%	+0.4 pt	+0.4 pt
Non-recurring income and expenses	3	-109	na.	na.
Operating income	150	-15	na.	na.
Net cost of financial debt	-89	-69	+27.0%	+35.8%
Other financial income and expenses	-67	-128	-47.9%	-44.8%
Income tax expenses	-16	46	na.	na.
Share of net income of associates	8	9	-3.9%	-4.1%
Net income from continuing operations	-13	-159	-91.6%	-90.8%
Net income from assets held for sale and discontinued operations	-9	265	na.	na.
Net income	-22	106	na.	na.
Net income – Group share	-24	-77	-69.5%	-62.4%
Net income attributable to non-controlling interests	1	183	na.	na.
EBITDA	757	687	+10.1%	+12.5%
<i>EBITDA margin</i>	5.0%	4.4%	+0.6 pt	+0.6 pt

ELO consolidated balance sheet as at 30 June 2021

ASSETS (in € millions)	30/06/2021	31/12/2020	Change
Goodwill	2,025	2,018	+7
Other intangible assets	145	170	-25
Property, plant and equipment	5,083	5,198	-115
Right-of-use assets	1,314	1,343	-29
Investment property	3,866	3,932	-66
Investments in associates	533	524	+9
Non-current financial assets	485	439	+46
Non-current derivative instruments	64	94	-30
Deferred tax assets	351	356	-5
Other non-current assets	48	39	+9
NON-CURRENT ASSETS	13,913	14,114	-201
Inventories	2,365	2,296	+69
Trade receivables	489	442	+47
Current tax assets	126	132	-6
Trade and other receivables	1,611	1,461	+150
Current financial assets	738	205	+533
Current derivative instruments	37	58	-21
Cash and cash equivalents	2,415	4,401	-1,986
Assets classified as held for sale	1	1	0
CURRENT ASSETS	7,782	8,996	-1,214
TOTAL ASSETS	21,695	23,110	-1,415

LIABILITIES (in € millions)	30/06/2021	31/12/2020	Change
Share capital	576	576	+0
Share premiums	1,914	1,914	+0
Reserves and net income – Group share	4,078	4,029	+49
EQUITY ATTRIBUTABLE – Group share	6,568	6,518	+50
Non-controlling interests	205	186	+19
TOTAL EQUITY	6,773	6,704	+69
Non-current provisions	264	242	+22
Non-current borrowings and other financial liabilities	5,729	6,054	-325
Non-current derivative instruments	26	35	-9
Non-current lease liabilities	1,327	1,387	-60
Deferred tax liabilities	80	113	-33
Other non-current liabilities	123	119	+4
NON-CURRENT LIABILITIES	7,549	7,949	-400
Current provisions	290	482	-192
Current borrowings and other financial liabilities	560	840	-280
Current derivative instruments	14	37	-23
Current lease liabilities	292	294	-2
Trade payables	4,257	4,676	-419
Current tax liabilities	64	52	+12
Other current liabilities	1,895	2,075	-180
Liabilities classified as held-for-sale			
CURRENT LIABILITIES	7,373	8,456	-1,083
TOTAL LIABILITIES	21,695	23,110	-1,415

ELO statement of cash flows as at 30 June 2021

€m	H1 2021	H1 2020	Change
Consolidated profit (including non-controlling interests)	(22)	106	-128
Share of net income of associates	-8	-9	1
Dividends received (non-consolidated investments)		-2	2
Net cost of financial debt and lease interest	151	143	8
Income tax expenses (including deferred taxes)	16	59	-43
Net depreciation, amortisation and impairment expenses (except those relating to current assets)	401	972	-571
Income and expenses related to share-based payments with no cash consideration	4		4
Capital gains/losses net of tax and negative goodwill	-5	4	-9
Cash flows from operations before net cost of financial debt, lease interest and tax	534	1,273	-739
Income tax paid	-52	-174	122
Interest paid and lease interest	-157	-179	22
Other financial items	5	36	-31
Cash flows from operations after net cost of financial debt and tax	331	956	-625
Change in working capital requirement	-802	-573	-229
Net cash from (used in) operating activities	-471	384	-855
Acquisitions of tangible and intangible assets and investment property	-337	-418	81
Proceeds from sales of tangible and intangible assets and investment property	61	17	44
Acquisitions of non-consolidated investments including investments in associates	-11	-10	-1
Proceeds from investments in non-consolidated companies, including investments in associates		4	-4
Acquisitions of subsidiaries net of cash acquired	-1		-1
Dividends received (non-consolidated investments)	3	4	-1
Change in loans and advances granted	-27	-36	9
Net cash from (used in) investing activities	-312	-439	127
Purchase and proceeds from disposal of treasury shares	9		9
Dividends paid during the financial year	-2	-110	108
Acquisitions and disposals of interests without gain or loss of control	23	-3	26
Payments of lease liabilities	-135	-233	98
Change in net financial debt	-1,100	210	-1,310
Net cash flow from financing activities	-1,205	-136	-1,069
Impact of changes in foreign exchange rates	-20	73	-93
Change in net cash position	-2,008	-118	-1,890
Opening net cash position	4,265	3,569	696
Closing net cash position	2,257	3,451	-1,194
CHANGE IN NET CASH POSITION	-2,008	-118	-1,890

The 2021 half-year financial report is available at www.groupe-elo.com

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