



## **2021 Financial results**

### **Further earnings growth in 2021 in an environment still affected by multiple health restrictions**

### **Robust operational and financial positions providing room for manoeuvre for the transformation of ELO's business lines**

#### **ELO**

- Significant increase in recurring operating income: +10.3 %
- Solid financial situation, with Auchan Retail in a positive cash position
- A robust position to support the transformation of the retail business lines

#### **AUCHAN RETAIL**

- 9 out of 10 countries show positive momentum
- EBITDA margin was stable at 4.9% (-0.2 pp year on year and +1.2 pp over two years)
- Performance was down in France
- A confirmed turnaround in Russia, with marked growth in turnover and profitability
- Reaffirmation of the social and environmental responsibility approach, with ratings up sharply
- An aggressive commercial strategy from 2022 in France

#### **NEW IMMO HOLDING**

- Ramp-up of the new model: priority given to new mandates and the transformation of retail sites
- Gross income up 11.0% and EBITDA up 4.1% despite the impact of the health crisis
- Fair value of assets stabilised at €7.208 billion (+1.3 % on a like-for-like basis)

#### ***N.B.***

- *Following the announcement on 22 October 2021 of the sale of Auchan Retail's stake (64.83%) in RT-Mart, its Retail activity in Taiwan, to the Taiwanese group PX-Mart, the 2020 and 2021 income statement and the 2021 balance sheet relating to this business have been reclassified as "Assets held for sale and discontinued operations", in accordance with IFRS 5.*

At the publication of the 2021 results, **Yves Claude, Chairman and CEO of Auchan Retail, stated:**

*“The year 2021 has once again taken place under health conditions that had a major impact on the economic activity of our stores, in particular our hypermarkets, in almost all our countries. It pleases me to note, however, that while the situation remains challenging in France, the momentum generated by the teams is still positive in the other nine countries. We managed to turn around our business in Russia in less than a year, and significantly ramp up our digital strategies in all countries. To date, 7.2% of our turnover is being generated in digital food sales, which places Auchan Retail's performance ahead of the pack of omni-channel retailers. In 2021, our CSR commitments and achievements were commended in Moody's ESG Solutions extra-financial ratings (“A1” sustainability rating with an overall score of 62/100), which makes us a CSR and CDP (“B” rating) benchmark leader for our profession. The recently launched “2030 Climate Plan” will increase our determination to fight climate change.*

*In 2022, thanks to our very healthy financial situation, we will roll out an aggressive commercial strategy to get Auchan France back on track, speed up the development of digital convenience store formats in all countries, strengthen the offer around the Good-Healthy-Local triangle, and relaunch innovation and investments.”*

### **THE IMPACTS OF COVID-19 REMAIN SIGNIFICANT IN 2021**

The year 2021 was once again marked by major health restrictions that impacted operations in the countries, slowing down ongoing commercial and recovery actions, particularly in France. The heaviest impacts were recorded in France (curfew then general lockdown until 19 May 2021, with the closure of the main shopping malls and non-essential departments; the introduction of the health pass from July to October 2021), 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). The new wave of the epidemic hit Eastern European countries hard during the second half-year, particularly Russia, Romania and Ukraine.

### **UNDER THESE CONDITIONS, PROFITABILITY WAS MAINTAINED DESPITE A FALL IN TURNOVER**

- **Turnover down 2.2 % on a like-for-like basis<sup>1</sup>**

**In 2021, revenue** from Auchan Retail was stable over the year at €30.544 billion, down 1.0% over the year (-€317 million).

This decrease includes:

- a decrease in like-for-like income<sup>1</sup> of 2.2%;
- the impact of store closures in Russia that was partly offset by growth in digital convenience store formats (MyAuchan in service stations in Romania, Poland and Luxembourg; “piéton” pick-up points in city centres in France, Spain and Ukraine), for a net effect of -0.6%;
- the €726 million fuel sales recovery (+28 % year on year and -8% vs. 2019);
- a negative currency impact of €297 million related to the depreciation of all Eastern European currencies.

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<sup>1</sup> excluding fuel and foreign exchange, including calendar impact

Excluding the currency effect, turnover fell by 0.1%.

This figure comes in an environment with significant health restrictions that have severely disrupted trade and hampered the commercial and recovery actions undertaken. It is impacted by France's poor commercial performance, and to a lesser extent that of Spain and Portugal, which recorded strong growth in 2020 and hence suffered by comparison. On the other hand, all Eastern European countries, Luxembourg and Senegal, saw strong positive momentum that is in line with or above expectations.

- **Strong EBITDA growth over two years, remaining stable at 4.9% in 2021**

After five consecutive half-years of growth, Auchan Retail's EBITDA fell slightly by €61 million to €1,498 million (-3.9%). Over two years, EBITDA remained significantly up by €276 million (+23%).

In 2021, the fall in EBITDA is explained by the decline in EBITDA in France (-8.3%) that was nevertheless contained thanks to the strengthening of the economic model in recent years (+36% over 2 years), and partially offset by strong EBITDA growth in Western Europe (+6.8% i.e. +24% over 2 years) and Eastern Europe (+4.5%; at constant rates this growth was +8.1, i.e. +32.5% over 2 years).

The Renaissance operational excellence programme continued to be implemented throughout the company. In total, it delivered €221 million of recurring savings in 2021 in all countries. There are 234 qualified projects underway, which are being carried out at a sustained pace. **Since the start of the programme, €881 million of sustainable savings** have been made, out of a target of €1,400 million by end-2023 (i.e. 63% of the target).

As a proportion of turnover, **the EBITDA margin is 4.9%** – a slight downturn of 0.2 pp in one year. However, the trend remains positive over several years, with **growth of 1.2 pp since 2019 and 1.6 pp since 2018**.

This slight downturn in 2021 is due to France's under-performance. Excluding France, **the average EBITDA margin for other Auchan Retail countries was 6.6% in 2021** (up 0.3 pp in one year).

## **PERFORMANCE BY REGION**

- **France: results down in a challenging environment, and new governance installed to restore commercial momentum**

**In France**, turnover was €16.233 billion (-2.6%). On a like-for-like basis<sup>1</sup>, this represented a fall of 4.6%. This year again, business was heavily impacted by the fall in hypermarket turnover due in particular to the various national health restrictions introduced in 2021, including the closure of shopping centres and borders for several weeks; the closure of 40% of non-food departments (which can contribute more than 25% of stores' sales); the introduction of the health pass with a heavy impact on traffic in major shopping centres, etc.

In total, almost 40% of this fall in hypermarket income came in 20 stores (out of 112) located near to the borders, in tertiary or tourist zones: areas heavily impacted by the consequences of government decisions.

Under these conditions of falling turnover, the business model has shown its resilience. The in-depth review of processes and organisations initiated in 2019 made it possible to limit the drop in EBITDA to -8.3% (EBITDA margin down -0.2 pp). Over 2 years, EBITDA remained up sharply by 36% (EBITDA margin up +0.9 pp).

A new governance system was introduced at end-2021, with each member demonstrating their ability to deliver rapid results. Its priority actions, which have already been set out, include: redefining commercial projects by format; the customer experience and customer focus;

operational excellence on the sales floor; ramping up the development and complementarity of digital pathways; and the rapid implementation of strategic partnerships.

The aim is to regain commercial and financial momentum from 2022 via a solid economic model, maintained investment capacity, and the ongoing Renaissance programme.

- **Western Europe (excluding France): increased earnings, regionalisation of the offer and extensive digitisation of shopping paths.**

**Western Europe** (excluding France) recorded a slight fall in turnover of 0.7% to €5.673 billion. On a like-for-like basis<sup>1</sup>, it fell by 3.8%, following strong turnover growth in 2020 (+3.8%) – i.e. stable over two years. Despite this decrease, excellent costs management enabled EBITDA to grow by 6.8% (EBITDA margin +0.5 pp). In two years, EBITDA has increased by 24% (EBITDA margin +1.4 pp).

**In Spain**, Auchan Retail's turnover fell due to adverse health measures in hypermarkets and shopping malls. Cost control enabled further EBITDA growth. Alcampo is Spain's cheapest retailer for the thirteenth year in a row. In 2021, the company stepped up and strengthened its local products offer to meet customers' expectations on the ground where they live. 8% of food sales are currently generated by local and regional products. The country has 238 responsible agricultural schemes. The digitization of sales is also gaining pace: 64% of stores allow click & collect, and the "*drive piétons*" (pick-up points) service is being tested via five contact points in the Madrid region. The partnership signed with Ocado in 2021 will increase omni-channel momentum from 2022 with the launch of the *store picking* tool.

**In Portugal**, turnover fell in 2021 due to adverse health measures. However, it remained up over two years. The country recorded its eleventh consecutive year of earnings growth, with an increasing EBITDA. Auchan Portugal has based its priority actions on local supply (turnover from 168 responsible agricultural schemes is up 25%), innovation and the in-store experience (launch of *Auchan Live*, an experiential space for customer cooking and food-based events), and expanding digital convenience store formats. The e-commerce website Auchan.pt was voted "*Portugal's best food e-commerce website for 2021*" (a webshop award from Retailer of the Year). Auchan Portugal also ramped up the opening of MyAuchan and Auchan Pick & Go (click & collect) outlets.

**Luxembourg** saw continued growth, with a sharp increase in turnover and EBITDA. Alongside its hypermarkets, Auchan is expanding its omnichannel shopping paths around its "*drive*" click & collect model and convenience store formats with the opening of MyAuchan outlets in Aral service stations. This strategy bolsters Auchan Luxembourg's position as the country's leading digital food retailer.

- **Central and Eastern Europe: confirmed turnaround in Russia, sharp increase in turnover, and strong expansion of digital convenience store formats**

The "**Central and Eastern Europe**" region enjoyed an excellent year. In total, turnover amounted to €8.461 billion (+1.7%), despite a very unfavourable currency impact and store closures in Russia. Like-for-like turnover<sup>1</sup> rose sharply by 3.4%. At constant exchange rates, EBITDA rose by 8.1% with an EBITDA margin up 0.2 pp. Over two years, EBITDA grew by 32.5%.

All countries recorded strong business growth.

**In Russia**, Auchan confirmed its turnaround. After several years of declining sales, Auchan returned to growth under a new management team. 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 **relaunching sales, adjusting the economic model, and expanding digital formats**. These actions were reflected in the figures, with:

- the successful launch of the loyalty programme and 5 million cardholder customers enrolled in barely 7 months;

- a 2.2% increase in traffic despite adverse health conditions and the ever-present pandemic;
- the uptick in market share (+0.4 pp for hypermarkets and +0.1 pp for supermarkets);
- a major acceleration in digital formats (+233%) to reach 4% of turnover on average over the year, compared with 0.3% in January 2020. The alliance with *Sbermarket*, Russia's home delivery market leader, has led to significant acceleration, with nearly 20,000 orders per day recorded at end-December. Digital sales reached 5% of total turnover during the month. The target, which is extremely realistic given the progress made by several stores that already exceed 15-16% on a regular basis, is for 20% of turnover to be in digital sales by end-2023.

All financial indicators returned to positive territory in 2021, with like-for-like income growth at 4.5 % and strong EBITDA growth (+23%).

In **Poland**, turnover increased significantly on a like-for-like basis. EBITDA remains at a high level. However, it has suffered due to the introduction of a retail tax (1.1% of income) by the Polish authorities, which penalises physical sales while making e-commerce exempt. Auchan has historically been the price leader in the country. Local supply is increasing, particularly in the 175 responsible agricultural schemes (+63% of turnover in 2021). The platformization of hypermarkets is a priority to grow multi-format and digital sales. Measures taken in this area include increases to home delivery (implementation of *store picking*); the continuation of *marketplace* partnerships (Glovo, Everli and Allegro); the “*Drive*” click & collect model being tested in Poznan; and expansion of convenience store formats with the rollout of *Easy Auchan* in BP service stations (nine to date with continued development at a sustained rate in 2022) and franchising.

In **Romania**, Auchan was particularly impacted by the introduction of the health pass in 4<sup>th</sup> quarter of 2021, which had a negative impact on like-for-like turnover and EBITDA. Total turnover continued to grow thanks to 400 convenience stores being integrated into Petrom service stations, 127 of which switched to the MyAuchan brand in 2021. The loyalty card launched in early 2021 is a success, with one-third of customers signing up in less than seven months. In 2021, Auchan Romania particularly focused on short supply chains, the launch of responsible agricultural schemes, and strengthening own-brand product production in Romania (+300 products in 2021 alone). E-commerce turnover doubled in 2021. Auchan Romania works with seven last-mile home delivery operators, in particular Glovo, which currently has more than 1,000 orders per day.

In **Hungary**, Auchan posted another year of growth despite a very high comparison base in 2020. EBITDA continues to grow despite the Hungarian authorities introducing a retail tax (2.5% of turnover). Auchan is the country’s price leader, and Auchan’s own-brand food and non-food offers are particularly recognised by customers. NPS is at a high level and has grown further in 2021, in particular thanks to checkout digitisation. In September 2021, exclusive negotiations were initiated with the Indotek Group, which owns the largest portfolio of shopping centres in Hungary, to expand Auchan’s development in the country.

In **Ukraine**, **Auchan posted increased like-for-like turnover and EBITDA growth**. Auchan was voted the leading brand for customer welcome and relations in 2021. The local offer is being developed around responsible agricultural schemes (22 to date) and the launch of the "Farm Products" project with 524 labelled products. Digital formats are also seeing strong growth, thanks in part to the omni-channel pathways developed in the countries, including partnerships with Glovo, Zakaz and Raketa, and the rollout of the “*pick-up point*” format (the local name for Auchan Piéton). Sixty *pick-up points* are planned for end-2022, i.e. a four-fold increase.

- **Africa: Increased turnover and confirmation of development potential**

In **Senegal**, Auchan continued its growth. Turnover increased in 2021 despite the damage to 19 stores during social movements in early March (1,351 days of closure combined). Excluding this event, EBITDA momentum is positive. In five years, Auchan has become a key player in Senegal,

with 36 stores and a commercial and human resources policy aimed at Senegalese people: 100% of the supply of fish, meat, vegetables, poultry and eggs is local. Auchan is also developing an e-commerce offer via the “drive” click & collect service and home delivery. Africa is an identified development area for 2022.

### **DIGITAL FOOD SALES: €2.1 BILLION IN TURNOVER (OR 7.2% OF TOTAL TURNOVER) WITH 41% GROWTH OVER TWO YEARS**

Digital momentum – a priority for Auchan countries – continued in 2021. In two years, digital sales have increased by 41% to €2.1 billion, or 7.2% of total turnover. Over this period, digital earnings in France increased by 25% (with a stable number of click & collect outlets), bringing the digital share to 11% of total income (+3 pp in 2 years).

Auchan's other countries saw impressive growth, with increasingly significant contributions to turnover. Digital formats account for 8% of sales in Luxembourg (+1 pp), 5% in Ukraine (+3 pp), 4% in Russia (+4 pp), 4% in Portugal (+2 pp) and 2% in Romania (+2 pp), etc.

This momentum will continue in 2022 via the development of new online shopping pathways (widespread use of click & collect, development of pick-up points (“*Piétons*”) formats in France, Spain Poland, Ukraine, etc.) and the consolidation of future or existing partnerships:

- after its launch in 2020, the partnership with **Glovo** continues in five countries (Portugal, Spain, Poland, Ukraine, Romania) with an average of 16,000 orders per week in 2021;
- from 2022, Auchan Spain will reap the benefits of its partnership with **Ocado**. The gradual rollout over two years is aimed at becoming the country’s leading phygital food retailer;
- finally, the alliance in Russia with **Sbermarket** will significantly accelerate Russian digitization with a target of 20 % of turnover in e-commerce by end-2023.

New partnerships will soon be announced in the various countries where Auchan operates to ramp up digital formats.

### **A REAFFIRMED AND ACKNOWLEDGED CSR APPROACH**

In 2021, Auchan Retail has 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 976 responsible agriculture schemes (+183 over the year) with a target of 1,200 by end-2022. Vital work on reducing food waste continues with the implementation of smart solutions to optimise the end-of-life product chain, such as Romanian start-up Smartway, which prevented 1.7 tonnes of food from being thrown away. Tests are underway for its rollout in Russia, and it will soon be launched in new countries;
- **Combating plastic pollution:** Auchan Retail is in the process of signing the European Plastics Pact. It has 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. To do this, an initial measurement of the total tonnage of plastic used in private label packaging was carried out. Among the major initiatives in 2021, plastic trays in French butchers and fishmongers have been replaced by 100% vegetable fibre entirely home-compostable trays (-1,100 tonnes of plastic per year over time). This initiative has now been expanded to Spain. In Hungary, Auchan offers three packaging solutions for fruit and vegetables (large reusable bags, reusable nets and compostable bags) aimed at eliminating traditional single-use bags.
- **Controlling the carbon impact:** In 2021, Auchan Retail signed international partnership agreements with *Volitalia* and *Helexia* covering both the supply of renewable energy and the

management and optimisation of energy consumption. Auchan also launched the Ecoyoda initiative, the first eco-design initiative in France by a multi-specialist for all its own-brand non-food products. Lastly, Auchan Retail performed its first international carbon footprint measurement, allowing it to launch its 2030 climate plan.

All these actions during 2021 were reflected in improved extra-financial ratings. ELO has called on Moody's ESG Solutions<sup>2</sup> to conduct an independent assessment of its ESG performance. As of December 2021, ELO has held an A1 sustainability rating based on an overall score of 62/100. This represents a 13-point increase in one year and a 25-point increase since 2018. In 2021, this improvement places ELO in the Top 150 of all companies rated by Moody's ESG Solutions around the world, and in third place among European food and non-food retailers. Moreover, and despite the analysis criteria being toughened, Auchan Retail obtained a "B" rating from the CDP (Carbon Disclosure Project) compared to a "C" rating in 2019.

### **LAUNCH OF A 2030 CLIMATE PLAN: CARBON NEUTRALITY BY 2043 (SCOPE 1 and 2)**

Auchan Retail was the first retailer to meet the targets set during COP21, with a 20% reduction in in-store energy consumption compared with 2014.

To expand its contribution to the fight, Auchan Retail is now committed to a new target across all CO<sub>2</sub> emissions scopes.

For direct emissions from stores (**scopes 1 & 2**), proactive work is ongoing with the aim of reducing these emissions by **46% by 2030** (vs 2019). To achieve this, Auchan Retail will reduce energy consumption even further (-40% compared to 2014) and increase the supply of green energy (100% renewable electricity by 2030), an increase thanks e.g. to installing solar panels on stores. The target will then be to achieve **carbon neutrality by 2043**. This action plan places Auchan Retail on a "1.5° trajectory" for scopes 1 and 2, which is fully in line with the recommendations of the Glasgow COP26.

At the same time, and to make Auchan part of a genuine "climate goal", "**Scope 3**" actions are being taken to reduce emissions related to products and transport by **25% by 2030**.

In particular, these actions will involve optimising logistics and goods transport. For "Products", the following focus areas have been defined:

- support suppliers in setting proactive carbon reduction trajectories themselves;
- review specifications so that Auchan-brand food and non-food products have lower emissions;
- communicate with customers so that they can improve their consumption and include a "climate" dimension in their purchasing habits.

This action plan puts Auchan Retail on a "*well below 2°*" trajectory for Scope 3, in line with that set out at the Paris COP21.

This climate plan, the goals of which have been submitted to the *Science Based Target* initiative, is among the most ambitious of all global retailers.

As things stand, more than 70 initiatives in different countries have already emerged, bolstering the hope that these ambitious targets will be reached.

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<sup>2</sup> This sustainability assessment was originally carried out by V.E, which is now part of Moody's ESG Solutions



## A reinvented real estate division. Improved revenue despite the impact of the health crisis

For ELO's real estate business, 2021 will remain **the year that saw the ramp-up of a new model designed to support the sustainable transformation of real estate and retail around the concept of "living better"**. A new organisation was installed, while the business faced the **challenges of an ongoing health crisis** for the second year running, delaying the standardisation of income and results, which nevertheless increased. In this demanding environment, the core strengths of the real estate division – its staff and its assets – shone through.

### **RAMP-UP OF THE NEW MODEL**

The start of 2021 saw the practical separation of the business lines with the formation of Nhood, a new mixed real estate operator; the emergence of Foncière Ceetrus, a property owner with assets of more than €7 billion; and the real estate division's holding company, Ceetrus SA, changing its name to New Immo Holding.

In 2021, Nhood worked to secure new mandates, in particular within the AFM (Mulliez Family Association) ecosystem with Auchan Retail in Russia and Portugal, Leroy Merlin in Poland, and Decathlon in Ukraine. Foncière Ceetrus, meanwhile, continued its investment and portfolio rotation policy aimed at moving its assets towards an increasingly balanced mix (shops/housing/offices).

### **A SECOND YEAR OF CHALLENGES FOR THE BUSINESS**

Administrative closures linked to the health crisis again led to a reduction in activity in 2021. These closures lasted around 2.2 months on average, compared with 2.5 months in 2020. France was particularly impacted, with 106 days of closures in 2021 compared with 87 in 2020.

However, earnings were up in 2021 (+11.0%) thanks to the teams' commitment to boosting local traffic and the attractiveness of the sites. Thus, in Europe, the sites managed by Nhood welcomed 789 million visitors (i.e. an equivalent of one billion visitors, close to the visitor numbers in 2019, after restatement for the closures linked to Covid-19).

The vacancy rate remained contained at 5.14% at 31 December 2021, as at 30 June 2021. The rent collection rate for the year was down to 80%. However, the outlook for recovering outstanding rents in 2021 is positive, particularly in France thanks to government support measures.

### **INCOME NORMALISATION DELAYED BY THE ONGOING NATURE OF THE CRISIS**

At end-2021, New Immo Holding's consolidated gross income reached €543 million, up 11.0% year on year (+10.8% on a like-for-like basis), i.e. a limited decline of -11.3% compared with 2019. Net rental income alone was up 12.3% to €437 million. EBITDA increased by 4.1% to €337 million, with the increase in income partly offset by costs related to the new organisation. Given the provision reversals expected on unpaid rents, 2022 should see increased profitability.

### **STRENGTH OF THE PORTFOLIO AND THE PROJECTS PIPELINE**

Given the health crisis, **gross investments** increased by a limited amount in 2021 to €334 million (+€70 million). In addition to the purchase of offices in Luxembourg and Italy, these mainly focused on strategic projects such as the Spanish Vialia Vigo station project delivered on 29 September



2021. This transformation from a stopping-off point (railway infrastructure of 4 million passengers/year) to a living space (43,000 m<sup>2</sup> of multi-purpose real estate including 23,000 m<sup>2</sup> of public spaces) has delivered results with a three-way positive impact, in line with targets. The project was awarded the Asprima-Sima Prize for the best regeneration project in Spain, and the square became a meeting place for residents with more than three million visitors in three months.

The year also saw more **disposals** than in 2020 (€164 million compared with €26 million). Several transactions were finalised, such as the sale of the Kubik office building in Luxembourg, demonstrating the attractiveness of the managed assets.

At the end of 2021, the **fair value of New Immo Holding's assets** was €7.208 billion, up 1.3% on a like-for-like basis and at constant exchange rates. Nhood manages a balanced portfolio of projects, both terms of content (revitalisation of commercial sites and urban regeneration) and maturity, for a total of €6.5 billion at end-2021 (working on cost-basis), of which €2.4 billion is approved and €1.6 billion committed.

### **2022-2026: A NEW STRATEGIC PLAN FOR NHOOD**

While making sure to maintain its agility in conditions that remain uncertain, Nhood is committed between 2022-2026 to **three sustainable priorities that create added value**:

**1/ transform retail into multi-purpose sites to restore the attractiveness of existing sites.**

Alongside remodelling operations, this will include major transformation projects to take advantage of new potential synergies between real estate and retail, such as the future redevelopment of the Auchan Counord site in Bordeaux as a 15,000 m<sup>2</sup> multi-purpose venue.

**2/ implement its positive-impact environmental pathway:** the indicators and quantified targets have been established step-by-step until 2040, with e.g. a BREEAM In-Use certification process for all sites from 2022.

**3/ develop its business lines aimed specifically at societal innovation.** Throughout Europe, the teams are already increasing the number of pilot projects, in line with NHOOD's promise to provide: "Spaces for Living Better". In France, there is the "Tour de France" trade association for local jobs in Aushopping centres; Sofo, an alternative project for temporary urban planning in Saint Priest (69); and the creation of an Emmaüs village in Roncq (59).

**Etienne Dupuy, spokesperson for NEW IMMO HOLDING and CEO of NHOOD** said: *"Nhood has established itself as the service operator tasked by our property companies to breathe new life into a solid portfolio and contribute to the urban regeneration of several award-winning sites in France and Europe. The year 2022 should see improved profitability and a return to pre-covid activity levels, estimated from 2023 on a like-for-like basis, demonstrating our resilience in the face of the health crisis. Our €1.8 billion investment pipeline by 2026 illustrates our strategic capacity for positive-impact value creation."*

### KEY FIGURES FOR 2021

<i>In € millions</i>	2021	2020	Change at current exchange rates	Change at constant exchange rates
<b>Revenue</b>	31,088	31,351	-0.8 %	+0.1 %
<b>EBITDA<sup>3</sup></b>	1,817	1,875	-3.1 %	-2.1 %
<i>EBITDA margin</i>	5.8 %	6.0 %	-0.2 pp	-0.2 pp
<b>Operating income from continuing operations</b>	736	667	+10.3 %	+11.0 %
<b>Operating income</b>	943	-26	na.	na.
<b>Net income from continuing operations</b>	353	-435	na.	na.

### STRONG GROWTH IN OPERATING INCOME FROM CONTINUING OPERATIONS: +10.3 %

As of 31 December 2021, ELO's financial situation is robust.

ELO reported **revenue** of €31.088 billion for ordinary operations, down 0.8% compared to 2020. The currency impact was negative, with a downturn in all Central and Eastern European currencies. At constant exchange rates, this represented an increase of 0.1%. This stability was mainly due to Auchan Retail's rise in fuel income.

The gross margin fell by 0.9% to €7.622 billion, in line with turnover. The margin rate was stable at 24.5%.

**EBITDA** was €1,817 million compared with €1,875 million in 2020, a limited decrease of 3.1%. Compared with 2019, EBITDA remained significantly up by €143 million. As a proportion of turnover, the EBITDA margin was 5.8%, down 0.2 pp year on year but **up 0.8 pp over two years**. This contained decline in 2021 is due in particular to the Renaissance operational excellence initiative at Auchan Retail.

Amortisation, depreciation, provisions and impairment fell by €62 million. Other recurring income and expenses increased by €83 million due to capital gains from asset disposals.

**Recurring operating income** rose by 10.3% to €736 million.

<sup>3</sup> EBITDA: Operating profit excluding other operating income and expenses and excluding depreciation, amortisation and impairments

**Operating income came to €943 million** compared to an operating loss of €26 million in 2020. In 2020, -€694 million was recorded under **non-recurring income and expenses**. These included the impairment of Auchan Russia's goodwill and Auchan France's transformation costs, as well as the exceptional bonuses paid to employees to reward their commitment during the health crisis. In 2021, non-recurring operating income and expenses came to +€207 million, with ELO benefiting from the disposal of non-strategic assets and the provisions reversal for Auchan France's transformation costs.

The **net cost of financial debt** was -€145 million, versus -€186 million in 2020, due to the reduction in gross debt. Other financial income and expenses was recorded as an expense of €230 million. This increase of €30 million was due to the impact of hedges and currency effects linked to leases.

**Tax expenses** were €233 million compared with €41 million one year ago.

**Share of net income (loss) of associates** was stable at €19 million (mainly the share in the net income of Oney Bank).

**Net income from continuing operations** increased by €788 million to €353 million versus a loss of €435 million at end-2020.

**Net income** was €358 million compared with €907 million at 31 December 2020. In 2020, this included the net profit from Auchan Retail's activities in China until their sale in H2 2020, as well as the associated capital gain.

**Net income (group share)** was €344 million compared with €678 million in 2020, the year in which it included the share of Chinese businesses until their sale in H2, as well as the associated capital gain.

### **GENERATION OF €1 BILLION IN FREE CASH FLOW FOR STABLE NET DEBT, EXCLUSIVELY FROM THE REAL ESTATE BUSINESS**

At 31 December 2021, ELO's **net financial debt** stood at €2.181 billion compared with €2.158 billion at end-2020 (€2.192 billion excluding Taiwan).

ELO generated **free cash flow** of €1,008 million (+€494 million), which benefited in particular from the disposal of non-strategic assets. Current investments nevertheless increased by €189 million to €805 million.

In H2 2021, ELO paid an exceptional dividend of €750 million.

The payment of an ordinary dividend of €200 million in 2022 for the 2021 financial year will be submitted to the General Meeting of Shareholders.

**Debt benefited exclusively from the real estate business, with Auchan Retail in a positive net cash position.**

**ELO's liquidity is very healthy.** It has €7.272 billion in financing, including €2.461 billion in undrawn back-up credit lines.

In 2021, ELO continued to optimise its gross debt with bond purchases totalling €200 million (maturing in 2024, 2025, 2026 and 2027) and a Schuldschein loan repayment of €241.5 million. ELO also replaced a €1 billion syndicated credit line maturing in July 2022 by setting up its first sustainability linked loan for €800 million maturing in October 2026. For the first time, this financing includes an adjustment mechanism (upwards or downwards) of the credit margin based on ambitious targets linked to environmental and societal themes set out by Auchan Retail relating to the fight against global warming and the establishment of responsible agricultural schemes.

The financing repayment schedule is well spread out, with an average maturity of 3.1 years.

## **OUTLOOK**

The consequences of Covid-19 slowed down the expected positive impacts of the commercial recovery, particularly in France. Despite this, Auchan Retail benefited from positive momentum in nine out of ten countries and the operational re-engineering initiative launched in 2019 (Renaissance), which significantly improved its economic model. This had a strong positive impact on operating margin growth, the effects of which will endure going forward. Thanks to a new management team focused on sales growth and winning back customers, in particular in France, Auchan Retail is optimistic about 2022. This optimism is driven by a plan to expand digital convenience store formats and to relaunch investments, enabled by a very healthy financial situation (positive cash position).

Covid-19 once again impacted New Immo Holding in 2021, in particular due to the challenging commercial and financial situation facing a portion of its tenants linked to the temporary closure of shopping centres. The company expects a return to normal in 2022. Its progress will be grounded in its new organisation initiated in 2021 based in particular on the creation of Nhood, a new real estate services operator, to continue developing projects that support both cities and trade, thus widening its prospects for profitable growth.

Business development will take place within a strict financial framework and as part of a voluntary CSR approach. ELO's financial strength, which has significantly increased in 2020, remains a priority. As such, the non-strategic asset disposal program undertaken in 2021 will continue in 2022. The Company will thus be able to support the investments required by Auchan Retail's commercial recovery plans and the ongoing development of New Immo Holding.

## APPENDICES

### ELO consolidated income statement for 2021

In € millions	2021	2020	Change at current exchange rates	Change at constant exchange rates
<b>Revenue</b>	<b>31,088</b>	<b>31,351</b>	<b>-0.8 %</b>	<b>+0.1 %</b>
Costs of sales	-23,466	-23,658	-0.8 %	+0.1%
<b>Gross margin</b>	<b>7,622</b>	<b>7,693</b>	<b>-0.9 %</b>	<b>+0.1 %</b>
<i>Gross margin rate</i>	24.5%	24.5%	+0.0 pt	+0.0 pt
Payroll expenses	-4,044	-4,144	-2.4 %	-1.7 %
External expenses	-1,798	-1,694	+6.1 %	+6.0 %
Amortisation, depreciation, provisions and impairment	-1,121	-1,183	-5.2 %	-4.1 %
Other recurring income and expenses	77	-6	na.	na.
<b>Operating income from continuing operations</b>	<b>736</b>	<b>667</b>	<b>+10.3 %</b>	<b>+11.0 %</b>
<i>Current operating margin rate</i>	2.4%	2.1%	+0.3 pt	+0.2 pt
Non recurring income and expenses	207	-694	na.	na.
<b>Operating income</b>	<b>943</b>	<b>-26</b>	<b>na.</b>	<b>na.</b>
Net cost of financial debt	-145	-186	-22.0 %	-20.8 %
Other financial income and expenses	-230	-200	+15.0 %	+17.9%
Tax expenses	-233	-41	na	na.
Share of net income (loss) of associates	19	19	+0.0 %	+0.0 %
<b>Net income from continuing operations</b>	<b>353</b>	<b>-435</b>	<b>na.</b>	<b>na.</b>
Net income from assets held for sale and discontinued operations	5	1,342	na.	na.
<b>Net income</b>	<b>358</b>	<b>907</b>	<b>-60.5 %</b>	<b>-61.9 %</b>
Net income attributable to owners of the parent	344	678	-49.3 %	-51.2 %
Net income attributable to non-controlling interests	14	230	-93.7 %	-93.9 %
<b>EBITDA</b>	<b>1,817</b>	<b>1,875</b>	<b>-3.1 %</b>	<b>-2.1%</b>
<i>EBITDA margin</i>	5.8%	6.0%	-0.2 pt	-0.2 pt

## ELO consolidated balance sheet as at 31 December 2021

ASSETS (in € millions)	31/12/2021	31/12/2020	Change
Goodwill	1,927	2,018	-91
Other intangible assets	165	170	-5
Property, plant and equipment	5,112	5,198	-86
Right-of-use assets	1,123	1,343	-220
Investment property	3,524	3,932	-408
Investments in associates	663	524	139
Other non-current financial assets	294	439	-145
Non-current derivative instruments	56	94	-38
Deferred tax assets	328	356	-28
Non-current financial assets	53	39	14
<b>NON-CURRENT ASSETS</b>	<b>13,245</b>	<b>14,114</b>	<b>-869</b>
Inventories	2,362	2,296	66
Trade receivables	437	442	-5
Current tax assets	140	132	8
Trade and other receivables	1,446	1,461	-15
Current financial assets	680	205	475
Current derivative instruments	88	58	30
Cash and cash equivalents	2,247	4,401	-2,154
Assets classified as held for sale	546	1	545
<b>CURRENT ASSETS</b>	<b>7,946</b>	<b>8,996</b>	<b>-1,050</b>
<b>TOTAL ASSETS</b>	<b>21,190</b>	<b>23,110</b>	<b>-1,920</b>

LIABILITIES (in € millions)	31/12/2021	31/12/2020	Change
Share capital	574	576	-2
Share premiums	1,914	1,914	0
Reserves and net income - group share	3,760	4,049	-289
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>6,248</b>	<b>6,538</b>	<b>-290</b>
Non-controlling interests	206	186	+20
<b>TOTAL EQUITY</b>	<b>6,454</b>	<b>6,724</b>	<b>-270</b>
Non-current provisions	174	215	-41
Non-current borrowings and other financial liabilities	4,357	6,054	-1,697
Non-current derivative instruments	29	35	-6
Non-current lease liabilities	1,187	1,387	-200
Deferred tax liabilities	162	120	+42
Other non-current liabilities	165	119	+46
<b>NON-CURRENT LIABILITIES</b>	<b>6,075</b>	<b>7,930</b>	<b>-1,855</b>
Current provisions	282	482	-200
Current borrowings and other financial liabilities	749	840	-91
Current derivative instruments	17	37	-20
Current lease liabilities	289	294	-5
Trade payables	4,904	4,676	+228
Current tax liabilities	82	52	+30
Other current liabilities	1,951	2,075	-124
Liabilities classified as held-for-sale	388	0	+388
<b>CURRENT LIABILITIES</b>	<b>8,661</b>	<b>8,456</b>	<b>+205</b>
<b>TOTAL LIABILITIES</b>	<b>21,190</b>	<b>23,110</b>	<b>-1,920</b>

## ELO statement of cash flows as at 31 December 2021

€m	2021	2020	Change
<b>Consolidated net income (including non-controlling interests)</b>	358	907	-549
Share of net profit (loss) of associates	-19	-19	0
Dividends received (non-consolidated investments)	-2	-2	0
Net cost of financial debt and lease interest <sup>(1)</sup>	268	327	-59
Income tax expenses (including deferred taxes)	235	198	37
Net depreciation, amortisation and impairment expenses (except those relating to current assets)	1,046	2,127	-1,081
Income and expenses related to share-based payments with no cash consideration	15	1	14
Capital gains/losses net of tax and negative goodwill	-189	-862	673
<b>Cash flows from operations before net cost of financial debt, lease interest and tax</b>	<b>1,713</b>	<b>2,678</b>	<b>-965</b>
Income tax paid	-173	-264	91
Interest paid and lease interest	-280	-380	100
Other financial items	12	53	-41
<b>Cash flows from operations before net cost of financial debt and tax</b>	<b>1,272</b>	<b>2,087</b>	<b>-815</b>
Change in working capital requirement	62	289	-227
<b>Net cash from (used in) operating activities</b>	<b>1,334</b>	<b>2,375</b>	<b>-1,041</b>
Acquisitions of tangible and intangible assets and investment property	-814	-685	-129
Proceeds from sales of tangible and intangible assets and investment property	432	93	339
Acquisitions of non-consolidated investments including investments in associates	-14	-17	3
Proceeds from investments in non-consolidated companies, including investments in associates		4	-4
Acquisitions of subsidiaries net of cash acquired	-1	0	-1
Sales of subsidiaries net of cash disposed of	-63	2,109	-2,172
Dividends received (non-consolidated investments)	7	4	3
Change in loans and advances granted	-45	-134	89
<b>Net cash from (used in) investing activities</b>	<b>-498</b>	<b>1,375</b>	<b>-1,873</b>
Purchase and proceeds from disposal of treasury shares	5	-47	52
Dividends paid during the financial year	-758	-121	-637
Acquisitions and disposals of interests without gain or loss of control	16	-15	31
Payments of lease liabilities	-296	-435	139
Change in net financial debt	-1,858	-2,578	720
<b>Net cash flow from financing activities</b>	<b>-2,891</b>	<b>-3,195</b>	<b>304</b>
Impact of changes in foreign exchange rates	1	140	-139
<b>Change in net cash position</b>	<b>-2,054</b>	<b>696</b>	<b>-2,750</b>
Opening net cash position	4,265	3,569	696
Closing net cash position	2,211	4,265	-2,054
<b>CHANGE IN NET CASH POSITION</b>	<b>-2,054</b>	<b>696</b>	<b>-2,750</b>

The financial statements for the year ended 31 December 2021 were approved by the Board of Directors on 23 February 2022. As of the date of this press release, the audit procedures have been completed. The statutory auditors' report is being prepared.

Find financial information at  
[www.groupe-elo.com](http://www.groupe-elo.com)

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