EG Group

Mid-year update

Six months to 30 June 2018

Partner brands

Summary mid-year update

Six month period to 30 June 2018

The directors of EG Group are pleased to present their mid-year update, covering the six month period ended 30 June 2018.

During the period, the Group continued to trade ahead of expectation, with strong growth in all three key business areas: Fuel, Food-To-Go and Convenience Retail.

As part of the Group's growth strategy key milestone acquisitions were completed in the period. In February, the Group acquired in excess of 1,000 forecourt retail sites from ExxonMobil in Italy, entering into a long-term branded fuel supply agreement retaining the Esso fuel brand. In April the Group acquired 762 convenience stores in the US from Kroger Co., the Group's first venture outside Europe. North America is an important strategic market for the Group with Kroger's convenience store business providing EG access to world's largest fuel convenience market. Kroger's convenience store business operates in 18 states and includes 66 franchise operations. EG Group has established its North American headquarters in Cincinnati, Ohio and continues to operate stores under their previously established banner names.

Still in April, the Group expanded its Dutch footprint with the acquisition of 97 Esso branded sites from NRGValue with the business now successfully integrated into the Group's existing operations

Further major acquisitions were also announced in the period. The Group confirmed its commitment to acquire 1,000 forecourt retail sites from ExxonMobil in Germany, in a deal set to complete in Q4 2018, and the directors were pleased to announce the acquisition of 225 Minit Mart sites, the Group's second venture into the US, in early September. At the end of 2018, the Group expects to operate over 4,600 sites globally.

During the period, and in addition to the growth in footprint and profitability arising out of large-scale acquisitions, the group added numerous individual sites to its portfolio, and the management team continues to look at further investments opportunities as they arise. The Group is also developing its land bank in both the UK and Continental Europe to further facilitate expansion in its chosen geographies.

Separate noteworthy developments during the period included the continuing evolution of the PFS estate. This involved the conversion of sites to the Group's preferred "company-owned-company-operated" model, the roll out of new retail sites in Benelux, and the introduction of numerous new Food-To-Go concessions across the estate.

In order to facilitate the above expansion, the Group completed a successful financings in January and April 2018. This further improves the Group's access to funds for these and future acquisitions, and demonstrates the confidence lenders have in the Group's ability to acquire and successfully integrate new investments into the Group.

The directors are satisfied with the overall performance during the period and look forward to the second half of 2018 and beyond with confidence.