

Company presentation

EUROTORG – the largest retail chain in Belarus

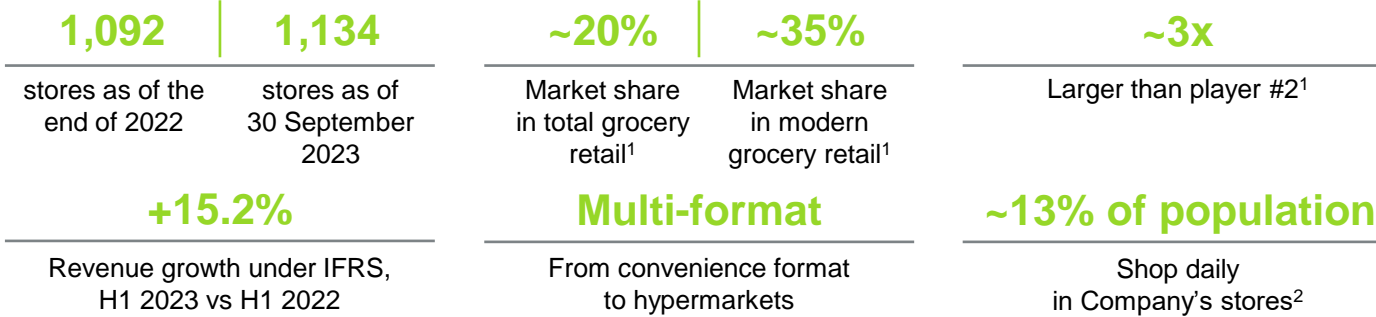
November 2023

Minsk, Belarus



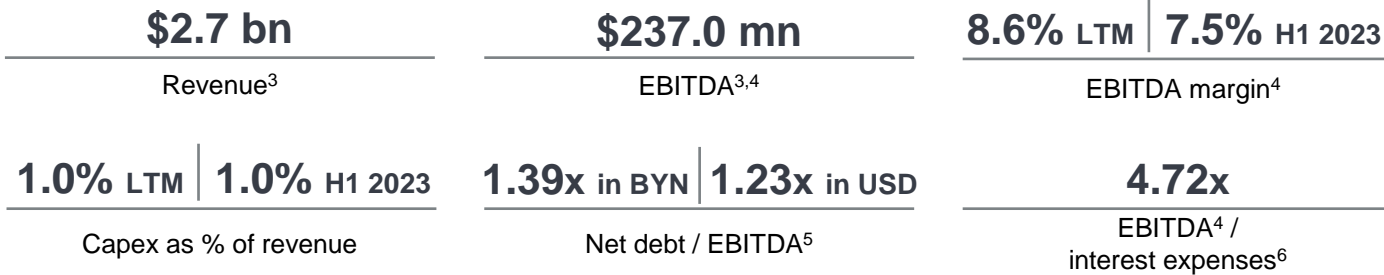
Overview of Eurotorg

Undisputed market leader ...

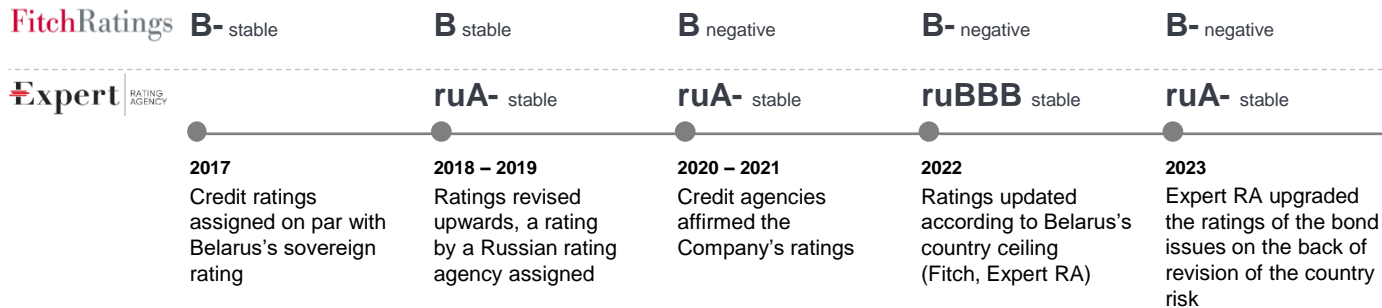


... with solid financial performance ...

IAS 17, LTM H1 2023



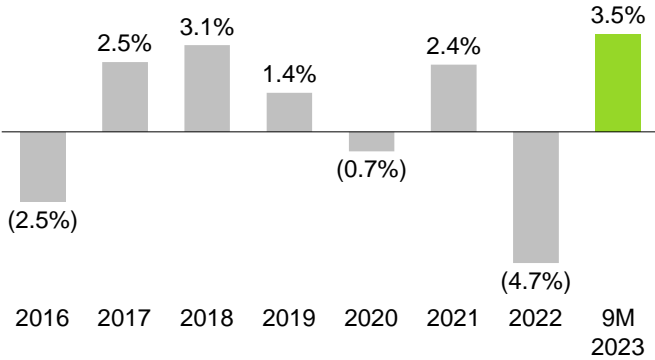
... and transparent track record in international capital markets



Macroeconomic overview of Belarus

The actual dynamic of the real GDP is above estimations of international institutions

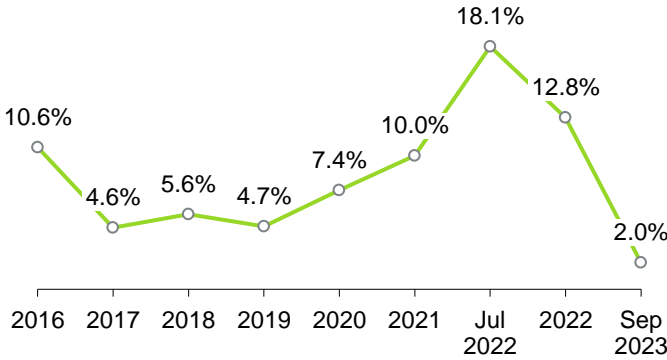
Real GDP growth, % y-o-y



Source: National Statistical Committee

Government brings down inflation with price regulation

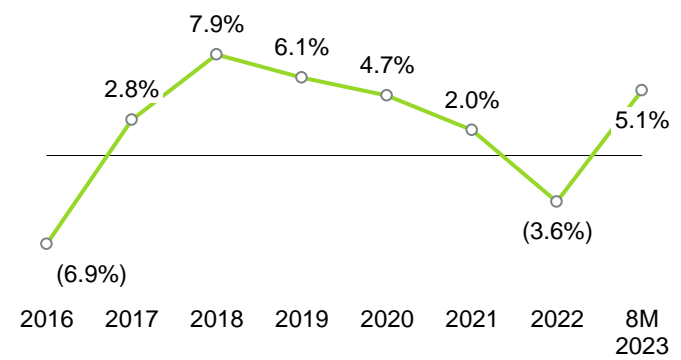
CPI, December on December (to the corresponding period of the previous year)



Source: National Statistical Committee

Real disposable income of households recovers as inflation declines

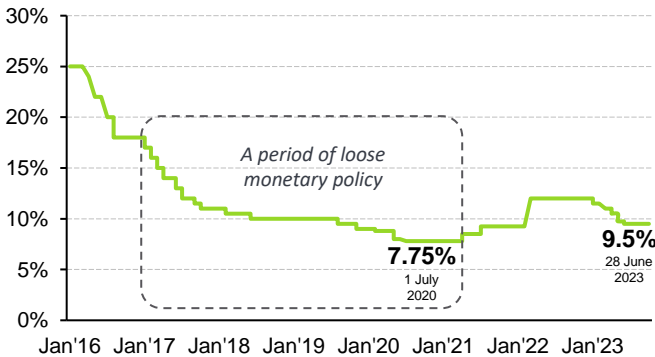
Real disposable income of households, % to the corresponding period of the previous year



Source: National Statistical Committee

Lower inflation allowed the National Bank of Belarus to cut the key rate

Key rate, %



Source: National Bank of the Republic of Belarus

BYN exchange rate recovers against RUB and weakens against USD again

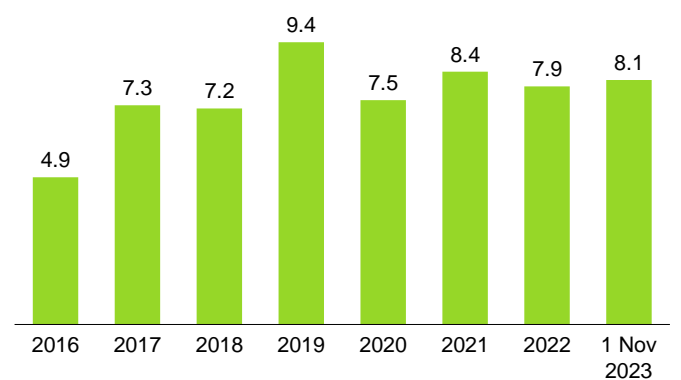
USD / BYN and RUB / BYN exchange rate dynamics



Source: National Bank of the Republic of Belarus

Gold and foreign exchange reserves are stable

Gold and FX reserves, USD bn

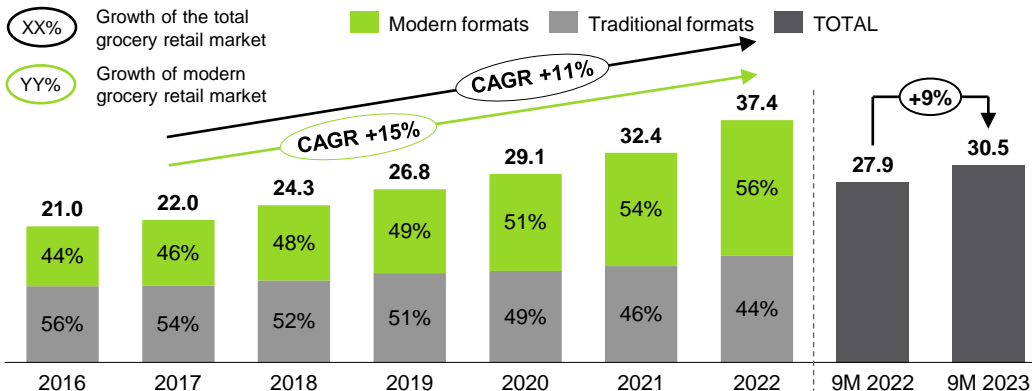


Source: National Bank of the Republic of Belarus, at the end of the period

Eurotorg maintains absolute leadership in the grocery market, which is resistant to economic calamities

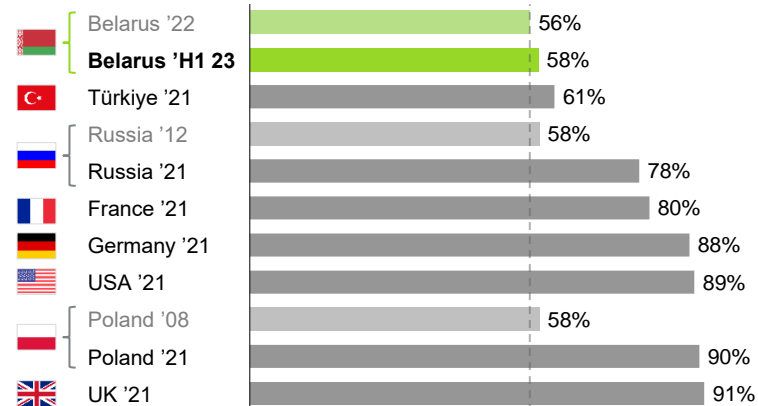
The grocery market, mainly driven by modern food retail formats, continues to grow amid challenging environment ...

Grocery retail market, BYN bn (VAT incl.)



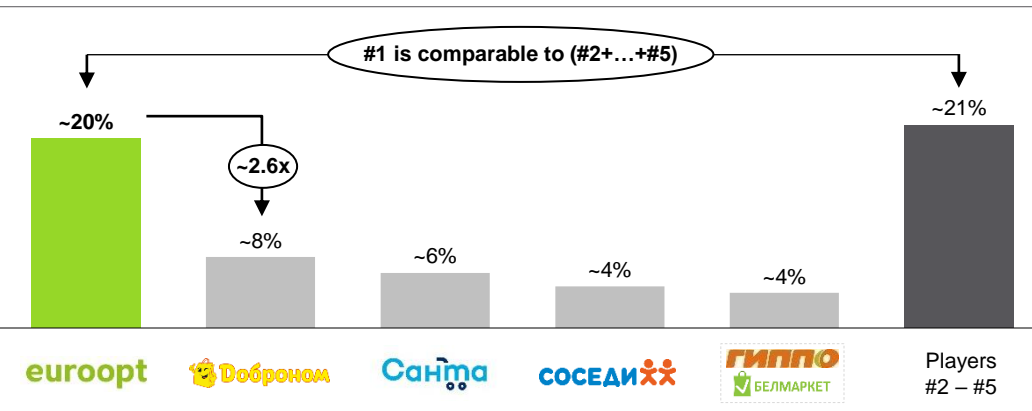
... whereas the modern grocery retail penetration in Belarus remains structurally low

Modern grocery retail penetration, %



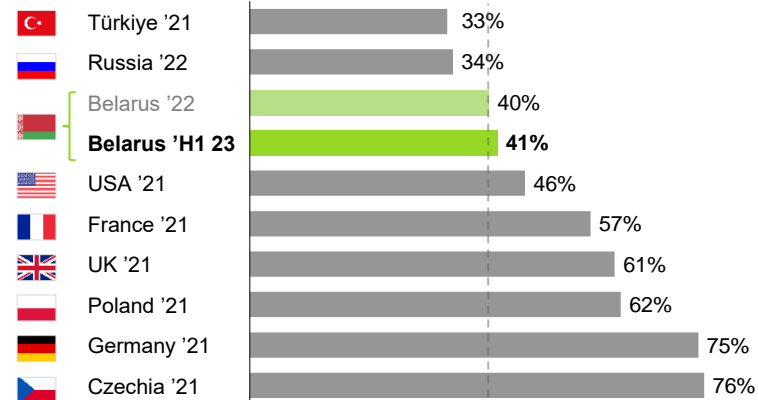
Eurotorg's market share is almost as large as that of its four closest peers combined ...

Shares of top 5 players in the grocery market¹ in H1 2023, %

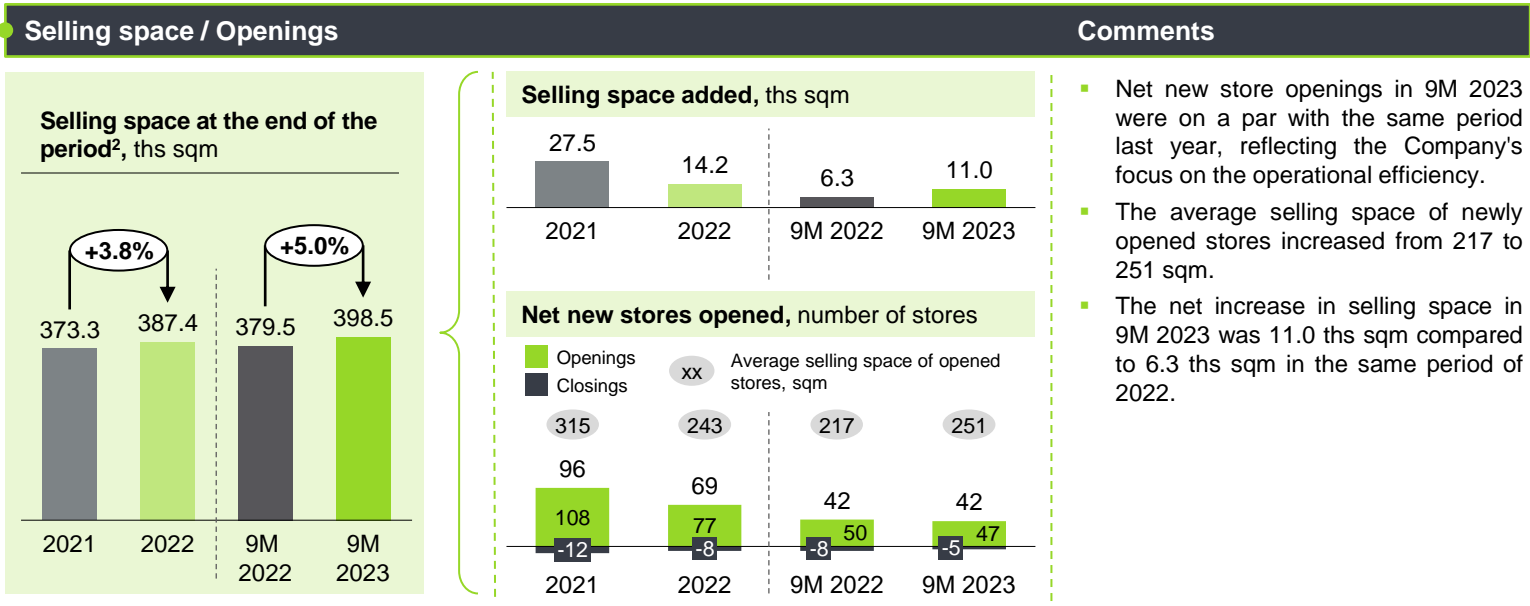
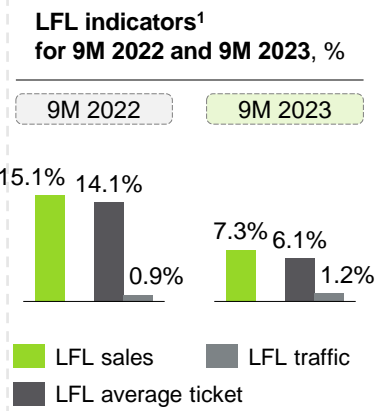
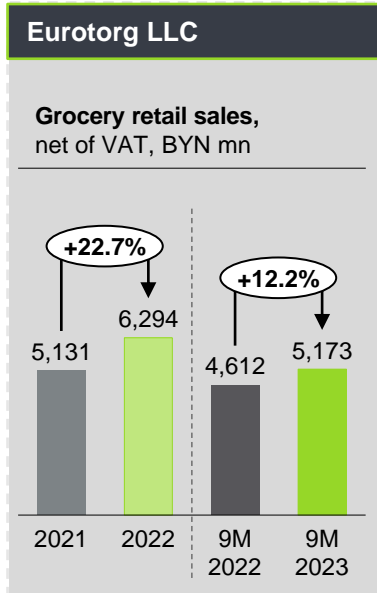


... and yet Belarus's grocery market remains fragmented

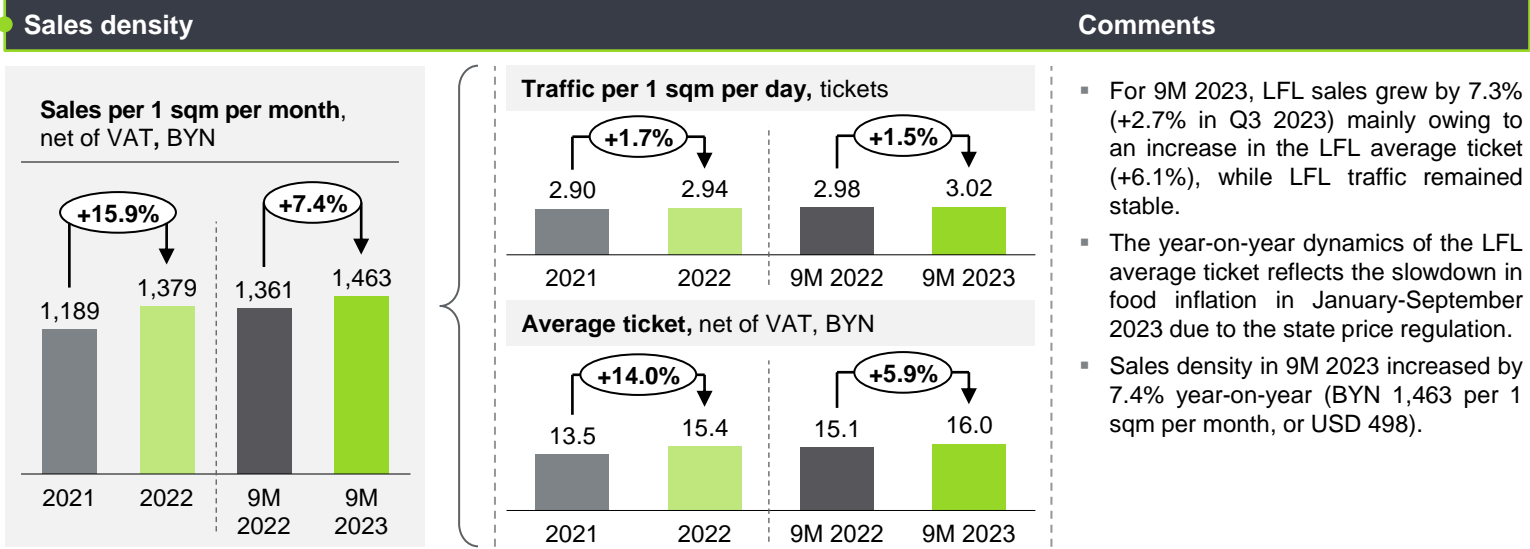
Share of top 5 players in the grocery market, %



Operating highlights: well-thought-out expansion and positive LFL sales



- ### Comments
- Net new store openings in 9M 2023 were on a par with the same period last year, reflecting the Company's focus on the operational efficiency.
 - The average selling space of newly opened stores increased from 217 to 251 sqm.
 - The net increase in selling space in 9M 2023 was 11.0 ths sqm compared to 6.3 ths sqm in the same period of 2022.



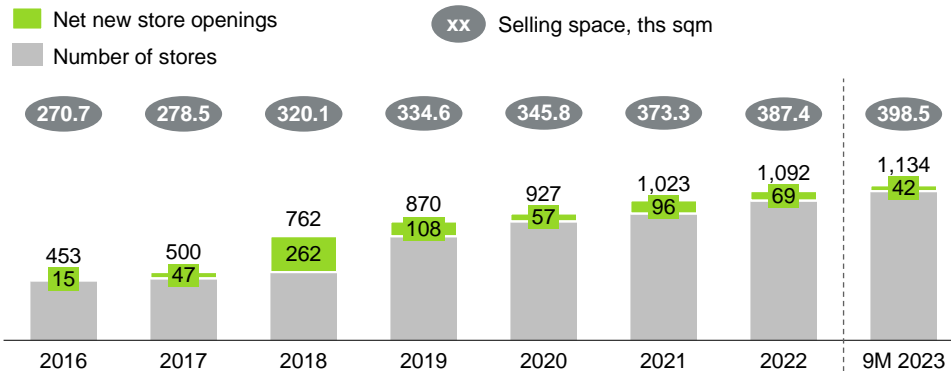
- ### Comments
- For 9M 2023, LFL sales grew by 7.3% (+2.7% in Q3 2023) mainly owing to an increase in the LFL average ticket (+6.1%), while LFL traffic remained stable.
 - The year-on-year dynamics of the LFL average ticket reflects the slowdown in food inflation in January-September 2023 due to the state price regulation.
 - Sales density in 9M 2023 increased by 7.4% year-on-year (BYN 1,463 per 1 sqm per month, or USD 498).

Source: Company data. 1. As of 31 December 2021, the LFL base included 878 Company stores (as of that date the Company operated 1,023 stores). As of 31 December 2022, the LFL base included 1,004 Company stores (as of that date the Company operated 1,092 stores). As of 30 September 2022, the LFL base included 977 Company stores (as of that date the Company operated 1,134 stores). As of 30 September 2023, the LFL base included 1,045 Company stores (as of that date the Company operated 1,134 stores). 2. The average selling space for the period was: 359.5 ths sqm in 2021, 380.3 ths sqm in 2022, 376.4 ths sqm for 9M 2022, 392.9 ths sqm for 9M 2023. The average selling space for a period is calculated as the arithmetic average of the selling space as of the beginning and as of the end of the respective period.

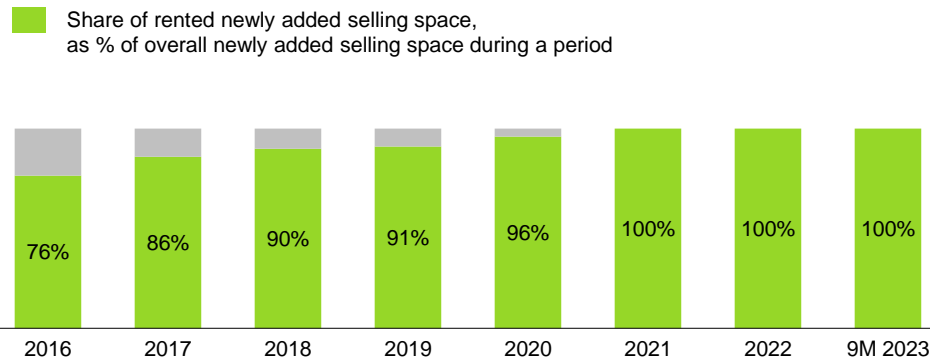
Grocery retail chain expansion: disciplined implementation of asset-light strategy with emphasis on discounters

Grocery retail overview

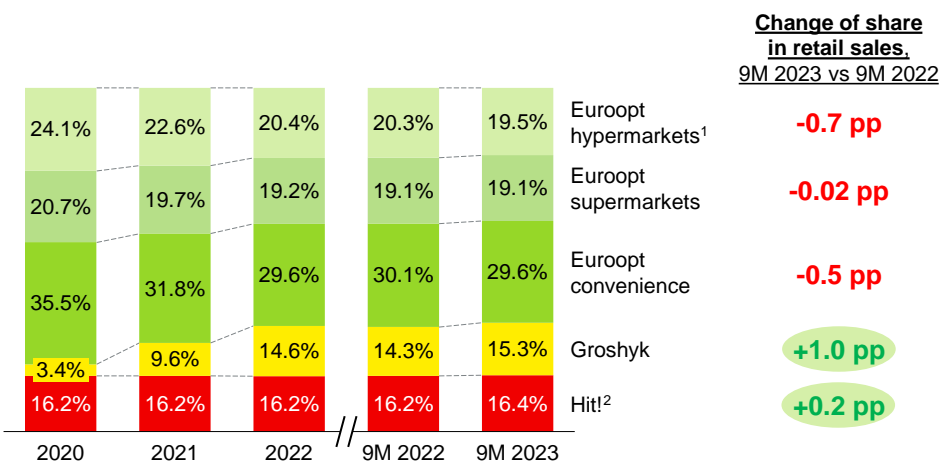
Number of stores and selling space, at the end of a period



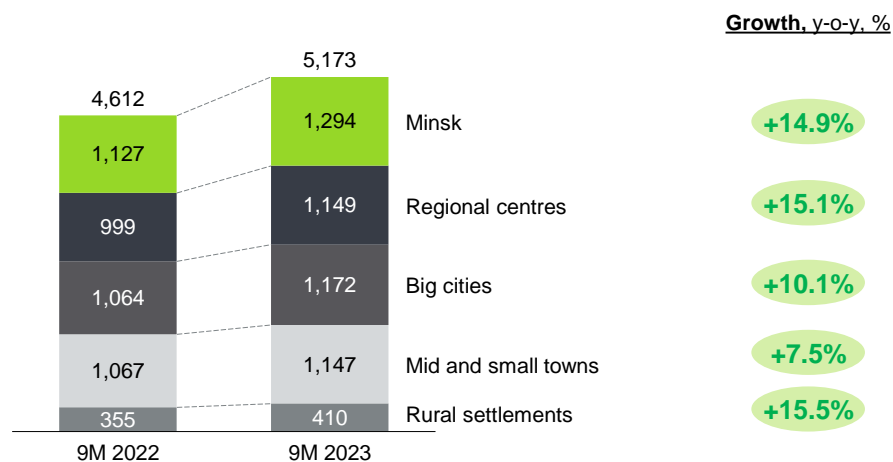
Breakdown of newly added selling space by ownership



Breakdown of retail sales by formats / banners for a period, % (net of VAT)



Retail sales by size of localities³, net of VAT, BYN mn



Key summary financials

Key financial indicators

IAS 17¹ metrics (unless otherwise stated)

		2020	2021	2022	H1 2022	H1 2023	
1	Revenue	BYN mn	5,083	5,657	6,881	3,245	3,737
	Revenue growth	%	6.8%	11.3%	21.6%	20.1%	15.2%
	LFL sales growth	%	3.6%	3.3%	16.0%	12.6%	9.9%
2	Gross profit	BYN mn	1,264	1,367	1,669	809	821
	Margin	%	24.9%	24.2%	24.3%	24.9%	22.0%
	EBITDA²	BYN mn	448	482	680	327	279
	Margin	%	8.8%	8.5%	9.9%	10.1%	7.5%
	EBITDA IFRS 16	BYN mn	584	637	843	404	363
	Margin	%	11.5%	11.3%	12.3%	12.4%	9.7%
	Net profit	BYN mn	(83)	237	469	(64)	173
	Margin	%	(1.6%)	4.2%	6.8%	(2.0%)	4.6%
	Adj. net profit³	BYN mn	138	202	348	162	121
	Margin	%	2.7%	3.6%	5.1%	5.0%	3.2%
	Net profit IFRS 16	BYN mn	(162)	281	493	(38)	126
	Margin	%	(3.2%)	5.0%	7.2%	(1.2%)	3.4%
3	Net trade working capital⁴ as % of revenue	%	0.5%	3.2%	5.3%	4.5%	5.1%
	Capex⁵	BYN mn	122	98	81	39	36
	% of revenue	%	2.4%	1.7%	1.2%	1.2%	1.0%
	Free cash flow⁶	BYN mn	59	237	437	219	203
	% of revenue	%	1.2%	4.2%	6.3%	6.8%	5.4%
4	Debt⁷	BYN mn	1,501	1,446	1,339	1,735	1,134
	Cash and cash equivalents	BYN mn	168	156	350	132	253
	Net debt IAS 17	BYN mn	1,333	1,290	989	1,603	881
	Net debt / LTM EBITDA (BYN)	x	2.97x	2.68x	1.45x	2.75x	1.39x
	Net debt / LTM EBITDA (USD)	x	2.81x	2.67x	1.39x	2.85x	1.23x
	Net debt IFRS 16	BYN mn	1,797	1,728	1,386	2,017	1,407
	Net debt / LTM EBITDA (BYN)	x	3.08x	2.71x	1.64x	2.72x	1.75x
	Net debt / LTM EBITDA (USD)	x	2.90x	2.70x	1.57x	2.82x	1.55x
	LTM EBITDA / interest expenses⁸	x	3.68x	3.70x	4.58x	4.26x	4.72x

Comments

1

Revenue

- Revenue growth in H1 2023 was driven by strong net retail sales (+14.6% y-o-y) supported by new store openings (+5.6% y-o-y increase in selling space) and positive LFL sales (+9.9%).

2

Profitability

- The gross margin in H1 2023 was down by 2.97 pp y-o-y to 21.96% reflecting the full impact of the state price regulation mechanism introduced in October 2022.
- EBITDA² margin decreased by 2.59 pp to 7.5% following the decrease in the gross margin. There were limited opportunities to offset the negative effect of the state price regulation by reducing SG&A expenses.
- Adj. net profit declined by 2.0 pp y-o-y to 3.2%.

3

Free cash flow generation

- Capital expenditures declined by 0.24 pp to 1.0% of revenue, meanwhile the number of new store openings was stable y-o-y.
- Free cash flow stood at 5.4% of revenue in H1 2023 and decreased due to high base y-o-y caused by the sale of a large shopping centre in Mogilev.

4

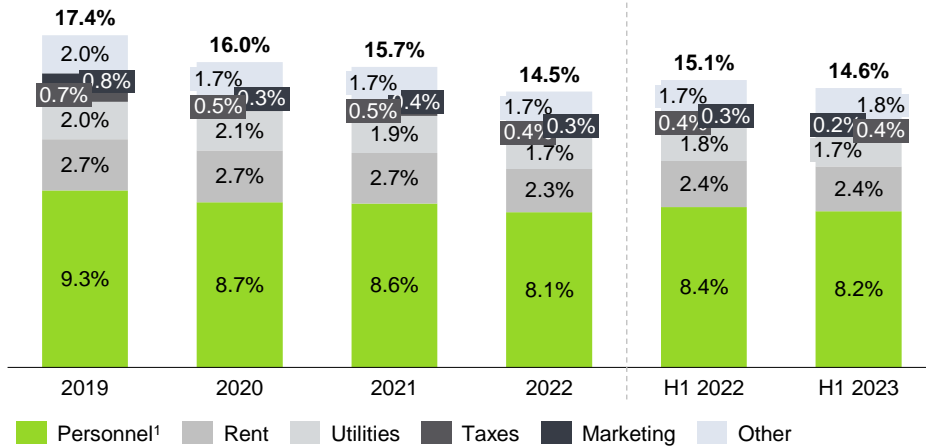
Leverage

- The "Net debt / LTM EBITDA" ratio improved to 1.39x reflecting the fact that net debt decreased more than LTM EBITDA. The same ratio in USD terms was 1.23x, which is comfortable for the Company and fully complies with the debt covenants.
- The "LTM EBITDA / interest expenses" ratio increased to 4.72x.

Overview of SG&A

Optimisation of personnel and utility costs were key to reducing SG&A (excluding D&A) as a percentage of revenue in H1 2023

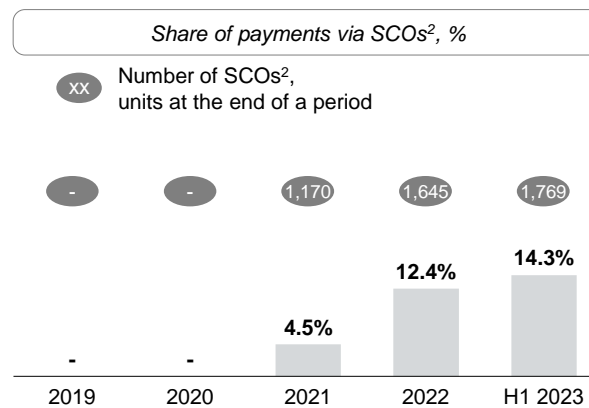
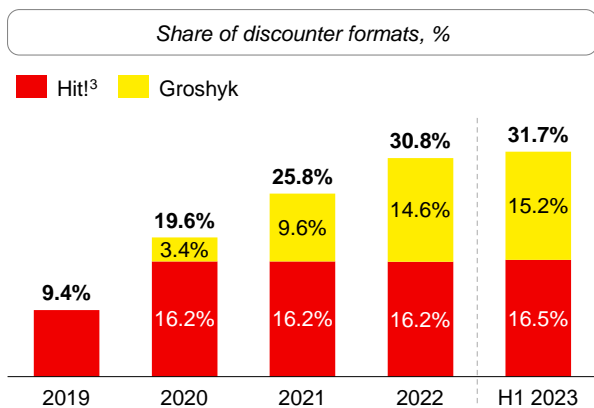
Breakdown of SG&A (excl. D&A), % of revenue (IAS 17)



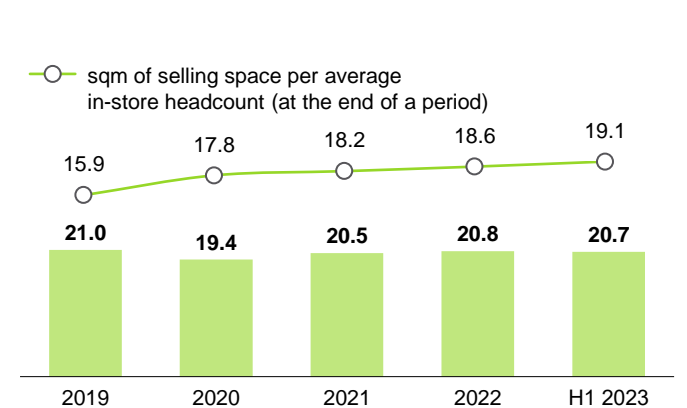
- Key drivers of lower **SG&A expenses** as % of revenue in H1 2023:
 - ✓ lower personnel costs (by 0.22 pp y-o-y);
 - ✓ lower utility costs (by 0.09 pp y-o-y).
- Rental costs** as % of revenue remained nearly unchanged, despite the increasing share of leasehold selling space from 67.0% in H1 2022 to 71.6% in H1 2023. Exchange rate fluctuations during the reporting period did not affect the rental costs due to the moratorium on pegging rentals to foreign currency exchange rates, which is in force in Belarus until 1 January 2024.
- Increase in **other expenses** as % of revenue was, among other things, due to higher storage and customs clearance costs owing to more sophisticated international logistics.

Optimisation of personnel and utility costs as % of revenue has been possible through further expansion of discounter formats with an operating model that requires fewer in-store personnel and less equipment, as well as an increasing use of SCOs²

Share of discounter formats and payments via SCOs², % of retail sales



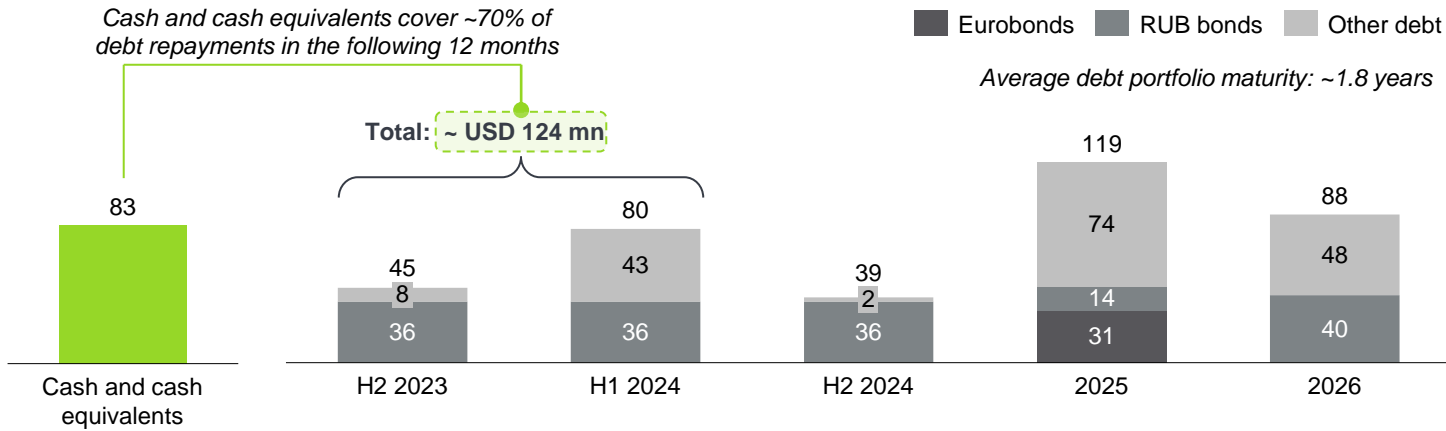
Average in-store headcount⁴, the people



Debt portfolio as of 30 June 2023

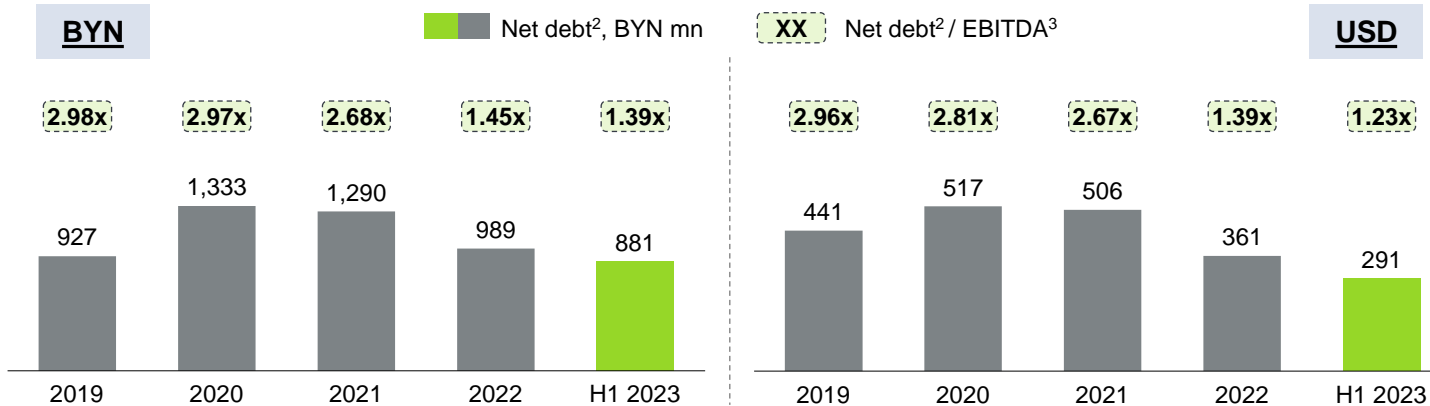
Debt repayment schedule for the coming years is quite tight

Debt¹ repayment schedule, as of 30 June 2023, USD mn



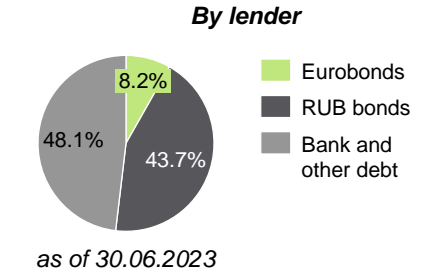
Focus on maintaining a moderate leverage

Net debt² and Net debt² / EBITDA³, at the end of a period (under IAS 17)

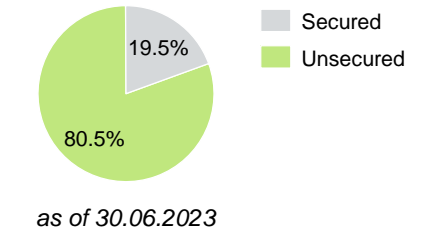


Debt portfolio

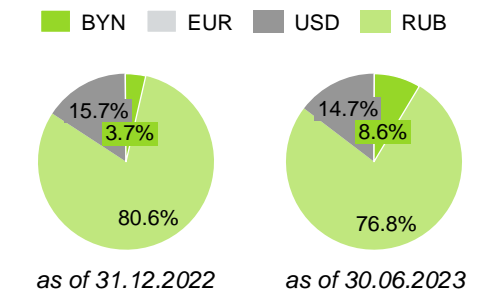
Debt¹ breakdown



Secured vs. unsecured



By currency



Source: consolidated IFRS financial statements and management accounts of Eurotorg LLC.

1. Debt includes loan, borrowings and bonds (financial lease is not included). 2. Net debt is calculated as sum of current and non-current loans and borrowings (including finance lease obligations minus operating lease liabilities if relevant) minus cash and cash equivalents. Net debt is calculated in USD terms at the USD / BYN exchange rate at the end of a period according to the National Bank of Belarus. 3. EBITDA (IAS 17) is calculated as net profit (IAS 17) adjusted for income tax, financial expenses and D&A. EBITDA is calculated in USD terms at the USD / BYN exchange rate for a period according to the National Bank of Belarus.

Appendix

A. Corporate governance

Company adopts well-established corporate governance practices

Corporate governance structure

Key shareholders



Vladimir Vasilko



Sergey Litvin



Aleksandr Litvin



Andrei Zubkou

Board of Directors¹ (Eurotorg LLC)



Aleksandr Litvin

Chairman of the Board of Directors



Alesia Sapunova

Member of the Board of Directors



Evgeny Zhyhimont

Member of the Board of Directors



Pilip Artsemenka

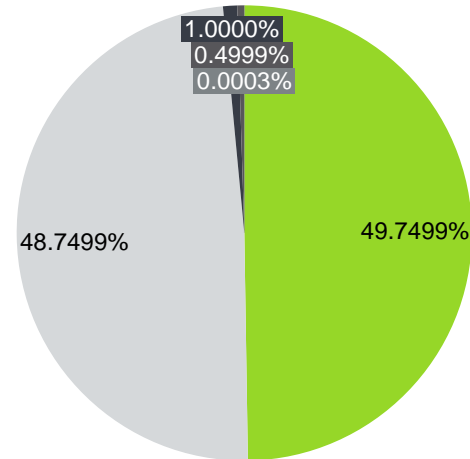
Member of the Board of Directors



Vladimir Kukuruzin

Member of the Board of Directors

Ownership structure, %



■ Vladimir Vasilko
 ■ Aleksandr Litvin
 ■ Other minority shareholders
■ Sergey Litvin
 ■ Andrei Zubkou

Management team



Andrei Zubkou
Chief Executive Officer



Alesia Sapunova
Chief Financial Officer



Evgeny Zhyhimont
First Deputy CEO



Pilip Artsemenka
Chief Retail Officer



Yulia Vasilko
Chief Corporate Development Officer



Andrei Belkavets
Chief Investment Officer



Vladimir Kukuruzin
Chief Legal Officer



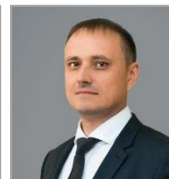
Alexander Shuliak
Chief Commercial Officer



Igor Vorobyov
Marketing Director



Dzianis Zelianukha
Human Resources Director



Andrei Shkadzinski
Logistics Director

B. Operating and financial indicators

Eurotorg operates a multi-format and multi-banner retail chain that meets needs of all customers

Number of stores and selling space by formats and banners, as of 30 September 2023

	Rural convenience	Urban convenience	Supermarket	Hypermarket		
Location	Rural settlements with population of < 2 ths people	Urban locations within walking distance for target customers	Densely populated urban districts	Close to transport routes in towns with population > 50 ths people		
Average selling space, sqm	71	217	861	2,877	TOTAL BY BANNERS	SHARE IN SELLING SPACE
	Location / store size					
евроопт PRIME Prime format	–	–	–	3	3	2%
евроопт Standard model	154	374	99	33	659	73%
Хит! Soft discounter	19	349	6	–	381	15%
ГРОШЫК ДЫСКАУНТАР Hard discounter	–	64	22	–	91	10%
TOTAL BY FORMATS	174	797	127	36	1,134	
SHARE IN SELLING SPACE	3%	44%	27%	26%		

Quick Store Tour (1/2)

Stores under retail chain banners and formats

Convenience-format stores



E-Hyper



Quick Store Tour (2/2)

Stores under retail chain banners and formats

Soft discounters under the Hit! banner



Hard discounters under the Groshyk banner



Contact details

Investor Relations

Andrei Belkavets
Eurotorg, Chief Investment Officer
ir@eurotorg.by

International Media

Denis Denisov
EM
denisov@em-comms.com
+7 985 410 3544

Website ir.eurotorg.by

