

B&S

Half Year 2022 results

B&S Group S.A.

19.4% topline growth in first half 2022, yet margins impacted by economic developments.

Mensdorf, Luxembourg – August 22, 2022 (07:00 CET)

B&S Group S.A. (“B&S”) tech company in the consumer goods industry, today publishes its half year 2022 results (“HY 2022”).

Highlights HY 2022 (compared to HY 2021)

- Overall turnover increased by 19.4% to € 983.2 M (15.1% on a constant currency basis);
- Organic turnover increase of 18.8% (14.5% on a constant currency basis);
- EBITDA amounted to € 40.6 M (HY 2021: € 45.6 M) with EBITDA margin of 4.1% (HY 2021: 5.5%) driven by increased operating expenses and a provision for a doubtful debtor of USD 7.5 M in the Food segment. Adjusted for the provision, EBITDA stood at € 47.7 M with EBITDA margin of 4.8%;
- Net cash from operations amounted to € -23.8 M (HY 2021: € -29.1 M);
- Net debt / EBITDA at June 30, 2021 stood at 3.7 as a result of substantially increased inventory positions to stay ahead of the scarcity and rising purchase prices while securing inventory positions for the seasonally stronger H2;
- Net profit amounted to € 16.7 M (HY 2021: € 21.8 M).

Highlights Q2 2022 (compared to Q2 2021)

- Overall turnover increased by 23.8% to € 529.9 M (18.3% on a constant currency basis) of which 22.8% was organic.



Tako de Haan, CEO: “In the first half of 2022 turnover grew double digit and was driven by the Liquor segment and further aided by Retail and Food. Nevertheless, industry wide supply chain challenges and increased product scarcity had their impact on gross margins in the first half of 2022. A provision in the Food segment further impacted gross margin. Also, staff costs continued to rise due to a tight labour market in Europe as well as expansion and increased hourly rates for warehousing staff in the US. This led to an EBITDA margin of 4.1% in the first half of 2022 (4.8% excluding the one-off provision in the Food segment).

Despite the challenging global economy, we continued to enhance our brand partnerships and further expanded our portfolio. With the recent acquisition of a French beauty company we further strengthened our direct-to-consumer activities and gained direct access to brand owners in the premium beauty segment. Also, our Retail segment is strengthened further with the upcoming opening of the first shops in Abu Dhabi and the addition of the newly won tender contracts in Barcelona and Palma de Mallorca.

Our investments were mainly related to the acquisition of the French beauty company, the expansion and further automation of our B2C warehousing operations, additional warehousing capacity for B&S Personal Care and centralisation of our operations as part of our digital transformation. With our integrated logistical set-up we continue to look for expansion of our service proposition to serve wholesalers, resellers and brands into places, channels and regions where they desire a (stronger) presence or establishment. This is supported by continuing the digitisation of our services driven by our B&S Nfinity backbone.

Besides our commercial focus and as communicated in our FY 2021 results publication, we have made it our priority to update our sustainability strategy, policies and programmes in line with our 2021 – 2023 strategic direction. The three business priorities that are central to our overall strategy have been translated into clear goals and actions to drive our business forward sustainably. I am proud to share our ‘Reach with Impact’ strategy with you in the Sustainability section of this press release.

All in all we are positive on our progress on strategy and I am pleased to see the team working together in shaping it further. Yet, the effects of the current global economy undeniably impacted H1 results with continued pressure on the sourcing of goods and disruption of international supply chains. Consequently and in preparation for the seasonally stronger second half of the year, inventory positions were build up in an earlier stage to ensure more favorable purchase prices in order to preserve margins in H2. This resulted in significantly higher working capital in H1 and thus a higher net debt position. This position is expected to decrease again in H2 following the seasonally stronger business in the second half of the year.

In sum, our company is strategically in good shape to navigate through the current economic circumstances and continue to execute on our 2021 – 2023 strategy. Nevertheless, we remain cautious in our turnover and EBITDA projections for the second half of the year due to the unpredictable macro-environment with continued influence of the Russia-Ukraine war and the zero-covid policy in Asian countries.”

Key figures HY 2022

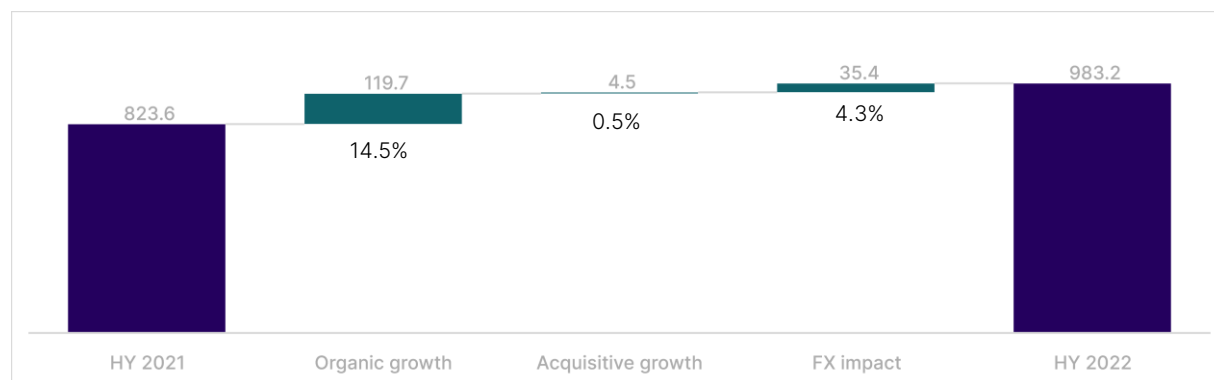
€ million (unless otherwise indicated)	HY 2022 reported		HY 2021 reported		Δ (%) reported
Profit or loss account					
Turnover	983.2		823.6		19.4%
Gross profit (<i>margin</i>)	139.0	14.1%	126.8	15.4%	9.6%
EBITDA (<i>margin</i>)	40.6	4.1%	45.6	5.5%	(11.0%)
Depreciation & Amortisation	15.7		15.1		4.0%
Profit before tax	21.5		28.5		(24.6%)
Net profit	16.7		21.8		(23.4%)
EPS (in euro)	0.15		0.17		
ROIWC	21.5%		22.8%		
Financial position					
Inventory in days	95		87		
Working capital	518.4		442.1		
Solvency Ratio	34.2%		34.8%		
Net Debt*	414.8		317.6		
Net Debt/EBITDA*	3.7		3.2		

* These comparative figures have been changed to conform to the new financial covenant definition according to the new agreed loans and borrowings agreement on December 30, 2021.

Financial performance

Turnover

The turnover levels of HY 2022 grew 19.4% compared to 2021 levels. Organically, turnover increased by 18.8% and was mainly driven by the Liquor segment and further aided by the Food and Retail segments. The stronger EUR USD exchange rate positively impacted our turnover by 4.3%. Acquired turnover contributed 0.5%, stemming from the acquisition of a French beauty company in the Beauty segment.



Turnover breakdown HY 2022 in € million (unless otherwise indicated)



B&S Liquors

The 37.9% growth in turnover for this segment was driven by the increased demand in the international market as well as higher sales in the domestic market within Europe. Gross margins stabilised in the second quarter after growth in Q1 2022. Although the container shortages seem to be flattening for the international liquor business, supply chain constraints in certain international markets remain challenging and are expected to delay order flows for H2 2022.

B&S Beauty

Turnover increased by 4.6%, driven by the acquisition of a French beauty company and further aided by the strong US dollar that helped online B2C sales - albeit at lower gross margins when compared to HY 2021. In Q2 2022 these margins were at pre-covid levels, with increased marketing and shipping expenses compared to the same period last year. In the B2B market, product scarcity continued to hold back growth in Q2 2022.

B&S Personal Care

Turnover grew 9.8% in the first half of 2022, aided by the broad variety of in-stock items that continued to meet market demand. Growth in Q2 2022 was similar to Q1 2022 and driven by key customers that were open after the forced shop closures of value retail in 2021.

B&S Food

Turnover in the Food segment grew 15.1% compared to HY 2021, with 18.3% growth in Q2 2022. This was driven by the brand distribution service in Duty Free markets that benefitted from travel recovery and food service in the Maritime sector that saw increased customer orders via further digitisation of order flows. Gross margin however was negatively impacted by a provision of USD 7.5 M for a doubtful debtor and an altered business mix with reduced (higher margin) remote business.

B&S Health

After a weak Q1, the Health segment saw 20.6% turnover growth in Q2 when compared to the same quarter last year. This resulted in 1.3% growth for H1 2022 and was mainly driven by volume deals and recovery of the travel vaccine business although not yet back at pre-covid levels.

B&S Retail

With travel markets continuing to recover, turnover for the Retail segment increased by 244.8% in the first half of 2022. Still, this remained below pre-covid levels. When comparing the quarters with last year, the Q2 turnover growth was less steep given (temporary) easing of travel restrictions in Q2 2021.



Turnover split per segment

€ million (unless otherwise indicated)	HY 2022 reported	HY 2022 organic	HY 2022 acquisitive	HY 2022 FX	HY 2021 reported*	Δ (%) reported	Δ (%) constant currency
B&S Liquors	318.4	73.3		14.2	230.9	37.9%	6.2%
B&S Beauty	316.0	-6.2	4.5	15.7	302.0	4.6%	5.2%
B&S Personal Care	136.9	12.2		-	124.7	9.8%	0.0%
B&S Food	153.0	14.9		5.2	132.9	15.1%	3.9%
B&S Health	22.8	0.2		0.1	22.5	1.3%	0.4%
B&S Retail	36.2	25.5		0.2	10.5	244.8%	1.9%
Holding & eliminations	(0.1)	-0.2		-	0.1	-200.0%	0.0%
TOTAL TURNOVER	983.2	119.7	4.5	35.4	823.6	19.4%	4.3%

*The comparative information has been re-presented due to the new segment structure as per 2021

€ million (unless otherwise indicated)	Q2 2022 reported	Q2 2022 organic	Q2 2022 acquisitive	Q2 2022 FX	Q2 2021 reported*	Δ (%) reported	Δ (%) constant currency
B&S Liquors	177.9	42.5		9.7	125.7	41.5%	7.7%
B&S Beauty	166.1	(0.4)	4.5	10.0	152.0	9.3%	6.6%
B&S Personal Care	69.2	6.2		-	63.0	9.8%	0.0%
B&S Food	82.8	9.5		3.3	70.0	18.3%	4.7%
B&S Health	12.3	2.0		0.1	10.2	20.6%	1.0%
B&S Retail	21.7	14.6		0.1	7.0	210.0%	1.4%
Holding & eliminations	(0.1)	(0.2)		-	0.1	-200.0%	0.0%
TOTAL TURNOVER	529.9	74.2	4.5	23.2	428.0	23.8%	5.4%

*The comparative information has been re-presented due to the new segment structure as per 2021

Gross profit

Gross profit amounted to € 139.0 M (2021: € 126.8 M). As a percentage of turnover, margins decreased from 15.4% to 14.1%. This was mainly due to rising purchase prices given the global economic developments as well as a changed business mix in the Food segment. Gross profit was further impacted by the USD 7.5 M provision for doubtful debtors in the Food segment. Excluding this provision Gross profit margin stood at 14.8%.

Operating expenses

Operating expenses increased from € 81.2 M to € 98.4 M. The increase is mainly the outcome of a tight labour market in Europe resulting in higher salaries for qualified personnel, increased labour costs for warehousing personnel mainly in our US operations within the Beauty segment (FragranceNet) as well as increased marketing costs driven by expanded Direct-to-consumer business.



EBITDA

In absolute numbers, EBITDA decreased 11.0% to € 40.6 M (HY 2021: € 45.6 M). When corrected for the provision, EBITDA slightly increased to € 47.7 M.

EBITDA margin decreased to 4.1% (HY 2021: 5.5%). Adjusted for the provision, EBITDA margin stood at 4.8%. The decrease in EBITDA margin is the result of increased operating expenses combined with gross margin decrease.

Group result for the period

Depreciation of tangible fixed assets and amortisation of intangible fixed assets amounted to € 15.7 M (HY 2021: € 15.1 M).

Financial expenses increased mainly as a result of increased average outstanding debt following the growth of average working capital levels and increased lending rates. This resulted in profit before tax of € 21.5 M (HY 2021: € 28.5 M).

Net profit attributable to non-controlling interests amounted to € 4.4 M (HY 2021: € 7.1 M). The decrease is mainly the result of acquiring additional shares in JTG and as such indirectly FragranceNet.com as of June 30, 2021. Net profit attributable to the owners of the Company amounted to € 12.3 M (HY 2021: € 14.7 M).

Cash flow & financial position

Net cash from operations amounted to € -23.8 M (2021: € -29.1 M) mainly following the (earlier than usual) build-up of inventory for the second half of the year. Consequently, Net working capital increased to € 518.4 M, compared to € 442.1 M at June 30, 2021. Working capital in days increased from 97 days in HY 2021 to 103 days in HY 2022. Here it should be noted that focus in H1 2021 was on reducing working capital levels in light of Covid developments, whereas in H1 2022 focus was on ensuring stock at more favourable prices given the challenging sourcing market.

Investing activities mainly related to the acquisition of the French beauty company and the payment of the remaining part of the acquisition price for the JTG shares at the beginning of 2022.

Net debt increased from € 317.6 M to € 414.8 M as per June 30, 2022. The net debt / EBITDA ratio stood at 3.7 (HY 2021: 3.2). This was mainly the result of the built-up inventory positions in H1 in order to preserve margins for the second half of the year given rising purchase prices and scarcity in the market.

Outlook

Looking at H2 2022, we expect turnover growth to continue albeit not as steep as in the first half of 2022. This growth will be driven by Personal Care, Retail and the European part of our Liquor business. Margins on the other hand will flatten, mainly driven by the increased purchase prices. And although the diversified business lines of B&S are relatively robust during economic hardship, the expected high rate of inflation and the risk of a global recession are expected to negatively influence consumer buying behavior. For the second half of 2022 we are anticipating a shift from premium Beauty and Liquor sales to the medium segment, which generates lower margins.



Considering the effect of global economic developments on our gross margins as well as on our staff costs and other operating expenses, we expect our EBITDA margin for this year to be around 5%. We remain focused on working capital management throughout all segments and on returning to normalised net debt levels at FY 2022. Given current economic circumstances and associated unpredictability, we refrain from an outlook beyond 2022 on our set financial objectives.

In executing our 2021-2023 strategy we continue our efforts in digitising our operations and stimulating synergies between our segments to decrease costs and increase cross-selling opportunities. Furthermore we will continue the roll out of our sustainability program “Reach with Impact” and will report on our sustainability efforts in our annual report 2022 based on the reporting framework that is currently in progress.

Conference call

Our CEO Tako de Haan and CFO Peter Kruithof will host an analyst call at 10:30 CET this morning to discuss the HY 2022 Results publication.

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

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

Financial calendar

November 7, 2022 9M 2022 trading update (07:00 CET)



Sustainability strategy 2030: Reach with Impact

We are proud to present our 2030 sustainability strategy: Reach with Impact. This roadmap provides clear insights into our commitments, targets, policies and action plans that we as a company take and will take the upcoming eight years.

It reinforces our commitment to contribute to a more sustainable world, whilst making premium consumer goods available to everyone, everywhere. As a global company, with employees and customers all over the world, we are well aware that the decisions we make impact businesses and communities in every corner of the world. Our operations continue to cross borders and it is crucial to make our positive impact respond to that same speed. Sustainable decision-making is vital to safeguard the world for future generations and to ensure business growth.

We identified three major challenges that, in order to build a futureproof business, we must address by setting clear ambitions and targets to achieve by 2030. These challenges are climate change, depletion of planet earth's resources, and the war for talent. We also reviewed the applicable legislative requirements and assessed markets trends and developments in the field of sustainability. Furthermore, we involved our stakeholders – such as suppliers, customers, investors and employees – as well as B&S management and asked them which matters are most important considering their business activities. The execution of this so-called double materiality assessment provided the backbone for our revised sustainability strategy.

The sustainability strategy roadmap and its respective commitments, targets, policies and plan of actions focusses on sustainable value chain and empowered people.

Sustainable value chain

- Our ambitions
- Decrease the environmental footprint of our own operations
 - Create business opportunities for a sustainable and future-proof value chain
 - Maintaining high ethical standards with all our stakeholders

- Our commitments
1. Take climate action: we will become climate neutral by reaching net zero CO₂ emissions of our own operations by 2030.
 2. Offer sustainable distribution solutions: we will reduce our CO₂ emissions from the transport of consumer goods in line with science-based targets.
 3. Be resource conscious: we will send zero waste to landfill by 2030 and contribute to a circular economy.
 4. Offer sustainable products: we will make sustainable consumer goods available to everyone, everywhere; 2,000 of the products are considered to be 'a more sustainable choice' by 2030.

Empowered people

- Our ambitions
- Provide an entrepreneurial, safe, and inclusive environment
 - Attract, retain, and develop a workforce with the capabilities to support our growth strategy
 - Proactively give back to the community

- Our commitments
1. Safeguard employee health, safety, and well-being: we will promote and protect the mental and physical well-being of employees.



2. Develop our people and talent: we will attract and retain talented employees to develop a happy and engaged workforce that matches our growth strategy.
3. Be diverse and inclusive: we will cultivate an inclusive work environment that fosters and is respectful of different ideas, perspectives, and beliefs. We believe that every B&S employee deserves to feel welcome, valued and safe.
4. Engage with our community: we will support and contribute to the communities we operate in.

Outlook on sustainability

The coming period we will focus on further integrating the sustainability action plans into the segment operations and implement sustainability improvement activities accordingly. We defined KPIs per topic and are in the process of developing a sustainability reporting framework as well as gathering baseline information. This will enable us to monitor progress made. Additionally, we will focus on implementing the CSRD and EU Taxonomy requirements into our annual reporting procedures. We will share an update on our sustainability efforts in our annual report 2022.

Our full sustainability strategy 2030 'Reach with Impact' can be found on the [website of B&S](#).

Appendix 1 - Developments by operating segment

B&S Liquors

€ million (unless stated otherwise)	HY 2022 reported	HY 2021 reported	Δ (%) reported	Q2 2022 reported	Q2 2021 reported	Δ (%) reported
Turnover	318.4	230.9	37.9%	177.8	125.7	41.4%
Gross profit	33.6	23.5	43.0%			
EBITDA	16.5	9.4	75.5%			
EBITDA margin	5.2%	4.1%				

B&S Liquors saw turnover increase by 37.9% while gross profit increased by 43.0% compared to HY 2021. EBITDA and EBITDA margin increased significantly as a result of strong stock positions and relatively low staff costs when compared to other business segments.

Our European Liquor wholesale business benefitted from the lifted Covid restrictions for hotels, bars and restaurants from end Q1 onwards.

Our international Liquor distribution saw relatively high demand in the current market circumstances driven by good stock positions.

B&S Beauty

€ million (unless stated otherwise)	HY 2022 reported	HY 2021 reported	Δ (%) reported	Q2 2022 reported	Q2 2021 reported	Δ (%) reported
Turnover	316.0	302.0	4.6%	166.1	152.0	9.3%
Gross profit	56.2	57.6	(2.4%)			
EBITDA	18.9	27.7	(31.8%)			
EBITDA margin	6.0%	9.2%				

B&S Beauty increased turnover by 4.6%, yet saw a slight decline in gross profit due to ongoing product scarcity pressuring purchase prices. EBITDA and EBITDA margin decreased due to staff cost increase following the expansion of the online B2C business. Q2 turnover growth was better than Q1 and driven by the consolidation of the French beauty company (as of May 1, 2022).

Organically, B2B and B2R sales were impacted by the product scarcity and price increases, leading to limited product availability for some key customers Online B2C continued growth, driven by a strong US dollar. Margins for this business decreased back to pre-covid levels.



B&S Personal Care

€ million (unless stated otherwise)	HY 2022 reported	HY 2021 reported	Δ (%) reported	Q2 2022 reported	Q2 2021 reported	Δ (%) reported
Turnover	136.9	124.7	9.8%	69.2	63.0	9.8%
Gross profit	21.4	19.2	11.5%			
EBITDA	10.2	8.4	21.4%			
EBITDA margin	7.5%	6.7%				

B&S Personal Care increased turnover by 9.8% and gross profit increased by 11.5% compared to HY 2021. EBITDA margin increased 21.4% as more turnover was generated at similar cost levels.

This performance was driven by increased sales to key customers as a result of re-openings of shops (compared to H1 2021) and aided by well managed stock positions. Further sales growth was held back by high purchase prices of the private label assortment, driven by a strong US dollar.

B&S Food

€ million (unless stated otherwise)	HY 2022 reported	HY 2021 reported	Δ (%) reported	Q2 2022 reported	Q2 2021 reported	Δ (%) reported
Turnover	153.0	132.9	15.1%	82.8	70.0	18.3%
Gross profit	14.2	19.4	(26.8%)			
EBITDA	(2.6)	3.7	(170.3%)			
EBITDA margin	(1.7%)	2.8%				

B&S Food increased sales with 15.1% while gross profit decreased 26.8%. This is the result of a provision of USD 7.5 M for a doubtful debtor as well as an altered business mix, with less contribution of remote markets which come at higher margins. EBITDA margin stood at -1.7%. Corrected for the provision, gross profit increased 9.3% and EBITDA margin stood at 2.9%.

Foodservice increased turnover mainly driven by the Maritime market that profited from automated order flows. Margins were aided by increased food prices resulting in increased inventory value. This effect is likely to diminish in H2 as purchase prices increase as well. The Government & Defence business saw pressure on turnover and gross profit decrease when compared to H1 last year due to rising food prices combined with long term contracts at fixed selling prices.

Our brand distribution services performed better than anticipated on turnover, as a result of stronger than expected recovery of Duty-free and travel related markets. The domestic markets also slightly increased turnover driven by our Dubai operations.

B&S Health

€ million (unless stated otherwise)	HY 2022 reported	HY 2021 reported	Δ (%) reported	Q2 2022 reported	Q2 2021 reported	Δ (%) reported
Turnover	22.8	22.5	1.3%	12.3	10.3	19.4%
Gross profit	3.9	3.8	2.6%			
EBITDA	0.9	1.0	(10.0%)			
EBITDA margin	3.9%	4.4%				

B&S Health saw sales slightly increase by 1.3% with a margin increase of 2.6%. This was mainly driven by vaccines business that was picking in Q2 up after lifting of travel restrictions. EBITDA margin however still declined because of the increased fixed cost base.

B&S Retail

€ million (unless stated otherwise)	HY 2022 reported	HY 2021 reported	Δ (%) reported	Q2 2022 reported	Q2 2021 reported	Δ (%) reported
Turnover	36.2	10.5	244.8%	21.7	7.0	210.0%
Gross profit	9.1	2.3	295.7%			
EBITDA	0.3	(3.8)	107.9%			
EBITDA margin	0.8%	(36.2%)				

B&S retail managed to realise 244.8% growth in turnover and almost tripled its gross profit when compared H1 2021. Turnover growth in Q2 was less steep than Q1, as Q2 2021 also saw some recovery during the summer holiday season. EBITDA grew as well, albeit to a lesser extent than sales and gross profit given the increased fixed cost base to operate the shops.



Appendix 2: Non-IFRS Financial Measures Glossary

Gross profit margin	Gross profit margin is defined as realized turnover minus purchase value of items sold
EBITDA	EBITDA is defined as earnings before interest, taxes, depreciation and amortisation
EBITDA Margin	EBITDA Margin is defined as EBITDA as a percentage of turnover
Inventory in days	Inventory in days is defined as inventory as per period end divided by the Last Twelve Months (LTM) purchase value times 365
Solvency	Solvency is defined as group equity as a percentage of total assets
Working capital	Working capital is defined as Inventory plus Trade receivables minus Trade payables
Net Debt	Net debt is defined as interest bearing liabilities minus cash and cash equivalents
ROIWC	Return on invested working capital defined as the LTM EBITDA divided by Working Capital



Contact Investor Relations

investor.relations@bs-group-sa.com

About B&S

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

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

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

Forward Looking Statement

This press release includes forward-looking statements. Other than reported financial results and historical information, all statements included in this press release, including, without limitation, those regarding our financial position, business strategy and management plans and objectives for future operations, are, or may be deemed to be, forward-looking statements. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements are based on our current expectations and projections about future events and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond B&S's ability to control or estimate precisely, such as future market conditions, the behaviour of other market participants and the actions of governmental regulators. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release and are subject to change without notice. Other than as required by applicable law or the applicable rules of any exchange on which our securities may be traded, we have no intention or obligation to update forward-looking statements.