PRESS RELEASE

B&S Group provides update on Covid-19 related developments

Mensdorf, Luxembourg – April 2, 2020 (08:00 CEST)

B&S Group S.A. ("B&S Group" or the "Group"), a global distribution partner for consumer goods, today publishes an update on Covid-19 related developments since its FY 2019 results publication.

Highlights

- The global epidemic and the measures taken by authorities to limit the spread of the virus have affected parts of the B&S Group business that are related to the travel, retail and hospitality industry, whereas other parts of the business are showing resilience;
- To ensure resilience during the uncertain market circumstances following the Covid-19 outbreak and to further enhance its financial position B&S Group withdraws its proposal for dividend payment;
- B&S Group reaffirms that it has a solid balance sheet and sufficient credit facilities to cover its liquidity needs. The Group has implemented various measures related to working capital and cost control, concentrated on aligning net debt and EBITDA going forward, allowing the Group to keep operating within its covenants and providing head room once volumes pick up again and sourcing opportunities arise;
- B&S Group is and will continue to be fully aligned and in compliance with all provisions issued by the various authorities as well as WHO guidelines to safeguard the health of its employees and business partners and continues to closely monitor directions by the Dutch and Luxembourg government that might impact the form and/or timing of its AGM currently scheduled for May 19, 2020.

Since our FY 2019 results publication on February 24, 2020, the scale and magnitude of the Covid-19 outbreak increased significantly, and we appreciate that there are questions that our stakeholders may have, which we aim to address with this press release.

First and foremost B&S Group is and will continue to be fully aligned and in compliance with all provisions issued by the various authorities as well as WHO guidelines to safeguard the health of our employees and business partners.

At the same time, we are proactively managing the economic consequences for our diversified business portfolio. This global epidemic and the measures taken by authorities to limit the spread of the virus have affected parts of our business that are related to the travel, retail and hospitality industry.

Business impact per segment

HTG segment

In our HTG segment (69% of FY 2019 total turnover), the impact of Covid-19 is linked to a temporary lockdown of a vast number of countries and the closing of shops and public venues. This has an effect on our health & beauty distribution to physical retail outlets mainly in the value and discount retail in certain European countries. Our online health & beauty distribution to platforms and end-customers on the other hand is showing resilience.

In our Asian liquor market we now begin to notice the first signs of recovery. However, our liquor distribution destined for public venues like bars and restaurants in Europe is impacted by the social restrictions on end-customers.

B&S segment

In the B&S segment (24% of FY 2019 total turnover), the majority of our maritime business and international FMCG distribution remains resilient and is hardly affected. Adding to this, our other business lines in this segment including food supply to remote areas and international medical supply rely on the continuity of the services we provide and remain stable. These business lines as such are partly offsetting the impact of Covid-19 on the sub segments food distribution to European cruises and our international FMCG distribution to duty free markets such as airports.

Retail segment

With the travel sector being affected by the imposed travel restrictions, quarantines or entry bans in many countries and regions, our Retail segment (7% of FY 2019 total turnover) is seeing a serious decline in sales of our international and regional airports retail activities. In our airport retail activities, many of our concession fees are related to shop turnover and thus the effect of declined sales in this sub segment is manageable. Similar to our food supply to remote areas in the B&S segment, our retail activities in remote areas are continuing.

Within the Retail segment, we are in close contact with all airports where we operate to come to agreements regarding the suspension or waiving of lease obligations and concession fees. Combining this with the use of support from government regulations in the countries we are present, such as ‘Temporary Emergency Bridging Measure for Sustained Employment’ we are aligning our cost base within this segment with business volumes.

Financial impact

Since the duration of the Covid-19 impact is unpredictable, it is difficult to quantify the effect on the Group. We reaffirm that we have a solid balance sheet and sufficient credit facilities to cover our liquidity needs.

As a specialist distribution company, our net debt is mainly linked to our working capital. With a healthy, mainly credit insured and diversified client portfolio and an inventory of predominantly fast-moving branded products, our working capital and as such net debt is currently sound and adjustable to sales volumes. Our focus lies on aligning the inflow levels of our inventory with the outflow of our sales and as such decreasing our net debt position. As an example, all purchases for our European cruise distribution are cancelled for now. In order to maintain our healthy inventory position and receivables portfolio, we maintain an active dialogue with our diversified suppliers and customer base to work towards agreements and solutions where required.

By evaluating the market on a day-by-day and case-by-case basis, we are outlining scenarios to take cost control measures when and where necessary. Our operating expenses mainly comprise staff costs and we have taken measures to decrease these cost levels by scaling down temporary staff in line with sales volumes. Where we see the opportunity, we are also taking necessary steps to reduce operating expenses other than staff costs. Combining this with the use of support from government regulations in the countries we are present, we are counterbalancing the effect of lower sales in the affected parts of our business, and therewith mitigating the effect on our EBITDA levels where possible.

Over the past years we have invested a significant amount in our fixed assets to prepare the company for future expected growth and improve the service offering to our clients. As a result of these prior investments we have limited capex requirements in the foreseeable future. The limited number of current investment programs are being re-evaluated to adopt to the current situation in our end markets, but our priority remains to optimise client experience and invest in our people.

Our measures related to working capital and cost control are concentrated on aligning net debt and EBITDA going forward, allowing us to keep operating within our covenants and providing head room once volumes pick up again and sourcing opportunities arise.

Bert Meulman, CEO: “In these unprecedented times, our emphasis remains on maintaining our long-term business relations to ensure that the affected business lines are positioned to pick up again as soon as recovery is imminent. The resilience and adaptability that is demonstrated by our employees to manage the situation is the decisive factor in these uncertain times, and something that we foster and appreciate. We continue to closely monitor the Covid-19 developments and focus on identifying actions that mitigate the impact on our business as well as business opportunities that become apparent. Over the past years and in earlier crises we have demonstrated that we operate in segments which show a fast recovery and, although difficult to predict at this moment, we foresee a partial recovery over Q3 with further positive trends towards and in Q4.”

Dividend proposal withdrawn

Since it is impossible to predict the length and depth of the situation, capital allocation is one of our key priorities. Although liquidity is sufficient, we are taking a prudent approach and B&S Group has therefore decided to cancel the proposed final dividend of € 0.09 per share for full year 2019 to ensure resilience during these uncertain market circumstances and to further enhance its financial position. At the same time, this allows us to make room to invest in business growth once markets recover.

Annual General Meeting on May 19, 2020

B&S Group's Annual General Meeting will take place as originally planned on May 19, 2020. In light of the Covid-19 pandemic, we encourage our shareholders to exercise their voting rights by proxy and submit their questions in advance. In case the Group takes or is required to take additional measures to protect the health & safety of all stakeholders involved in the AGM, we will adapt and communicate in due course.

Financial calendar

May 18, 2020	Q1 2020 trading update
May 19, 2020	Annual General Meeting
August 24, 2020	HY 2020 results

For further information please contact:

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About B&S Group

B&S Group is a global distribution partner for consumer goods in attractive channels and across specialised markets, such as Retail B2B (business-to-business), Maritime, Remote and Retail B2C (business-to-consumer). With a well-trained and experienced workforce of over 2,500 employees, the Group serves as a trusted and reliable partner to suppliers and customers, providing essential distribution services and solving their supply chain complexities. B&S Group operates a flexible, well invested and highly efficient distribution platform that comes with strong barriers to entry. Powered by high capacity warehouses and delivered with expertise in customs and compliance, the Group offers over 40,000 consumer goods to its customers in more than 100 countries.

Visit our corporate website: www.bs-group-sa.com