El Corte Inglés

FY23 Results Presentation

June 2024

STRICTLY PRIVATE AND CONFIDENTIAL

Index

1.

A Year In Review

A Year In Review

› Solid Profitable Growth Across All Business Segments

Led by Retail and a record year for Travel, consolidating its leadership position in the leisure travel segment

€16,333m
TTV[1]

+5.4%
vs. FY22

› Consolidated EBITDA Above €1bn, Growing at Double-Digit

Double-digit EBITDA growth, clearly surpassing the €1bn threshold, led by a strong business performance and a strict financial discipline translating into significant EBITDA margin expansion

€1,081m
EBITDA

+13.6%
vs. FY22

7.5%
EBITDA Margin

+0.6p.p.
vs. FY22

› Record Earnings

Recurring Net Income up +73.7% and at its highest level since 2009

€480m
Net Income

€359m
Recurring NI

+73.7%
Recurring Net Income vs. FY22

› Accelerated Deleveraging Driven by a Strong Cash Flow Generation

Net Financial Debt decreased by c.€230m, with ND/EBITDA ratio at 1.9x (down from 2.4x in FY22) supported by business growth, a balanced capital allocation and robust cash flow generation

€2.1bn
Net Financial Debt[2]

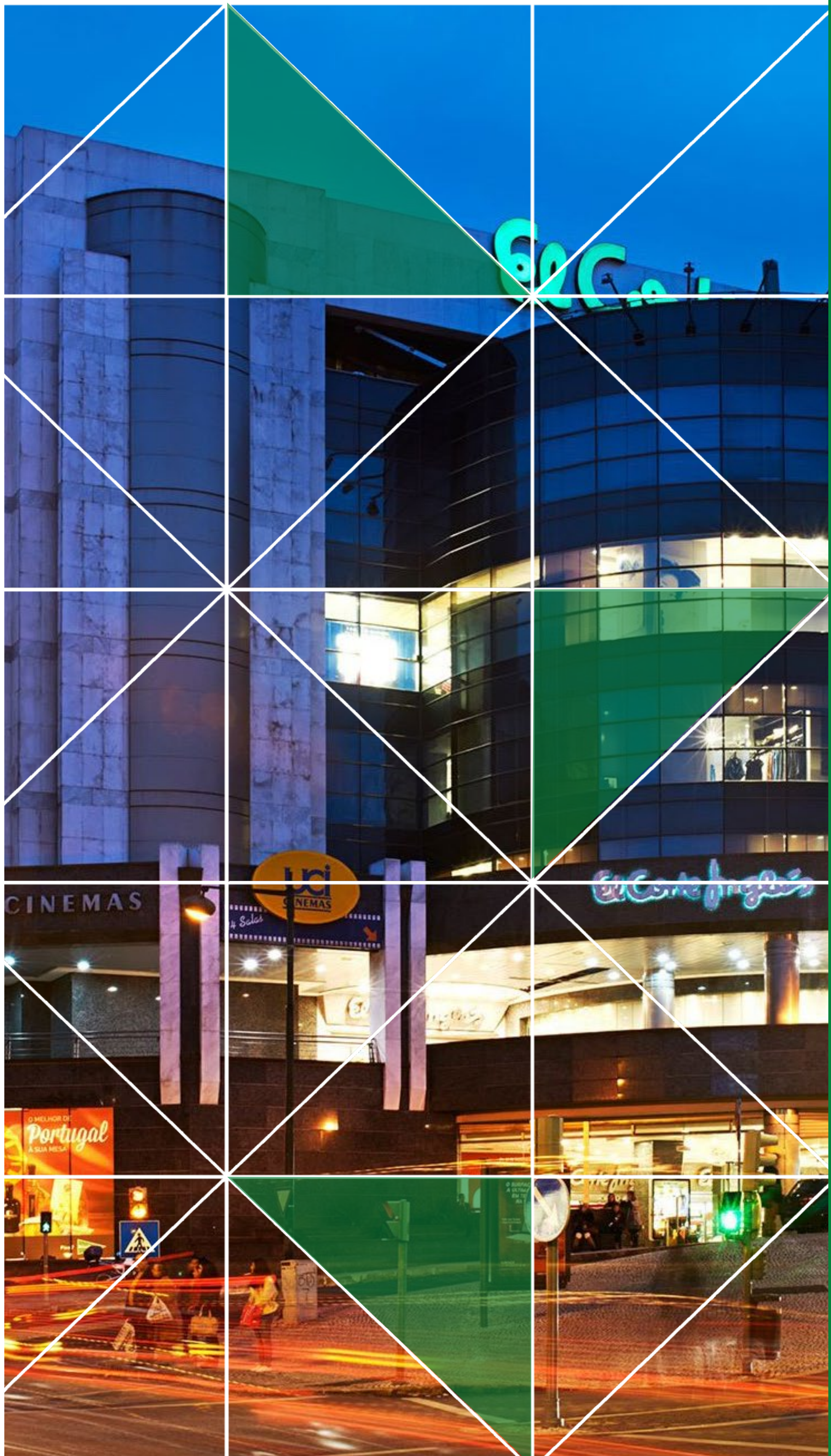
1.9x
NFD/EBITDA[2]

› Business and Financial Strategy Backed by Rating Agencies

Investment Grade Credit Rating at issuer level awarded by both S&P and Fitch for the first time in the Group's history

BBB- *Stable*
Upgrade to Investment Grade by S&P and Fitch

Note: FY23 refers to the period from Mar-23 to Feb-24. FY23 includes a change in accounting criteria by which certain items, previously classified as COGS, have now been reclassified as OpEx.
(1) Total Transaction Value; (2) Net Financial Debt on a Pre-IFRS 16 basis. Hereinafter, Net Financial Debt/EBITDA as defined in the Syndicated Loan facility and calculated according to covenants (excludes IFRS-16 and EBITDA is adjusted by non-recurring items and dividends of entities consolidated under the equity method).



2.

Financial Overview

Financial Overview

Consolidated P&L

Mid-single digit topline growth (+5.4% TTV, +5.0% Revenue vs. FY22) and double-digit EBITDA growth (+13.6% vs. FY22) evidencing solid profitable growth and continued business momentum. Recurring Net Income +73.7% vs. FY22, marking the Group's best results since 2009

Key P&L Items (€m)	FY22	FY23	YoY Growth (%)
Total Transaction Value	**15,494**	**16,333**	**5.4%**
Revenue	**13,754**	**14,440**	**5.0%**
Gross Profit	**4,387**	**4,738**	**8.0%**
Gross Profit Margin (%)	*31.9%*	*32.8%*	*+0.9p.p.*
EBITDA	**951**	**1,081**	**13.6%**
EBITDA Margin (%)	*6.9%*	*7.5%*	*+0.6p.p.*
Net Income (Incl. Extraordinary Items)	**870**	**480**	**(44.9)%**
Recurring Net Income	**207**	**359**	**73.7%**

- **Robust performance** in FY23 with **TTV >€16.3bn, +5.4% vs. FY22, and Revenue +5.0% vs. FY22,** mainly driven by **Retail and Travel outperformance**
- **Gross Profit up by +8.0% vs. FY22** on the back of positive sales evolution. Enhanced Gross Profit Margin (+0.9p.p. vs. FY22)
- **Double-digit EBITDA growth (+13.6% YoY)** on the back of **strong business performance and a strict cost discipline** driving **EBITDA up to €1,081m** and **EBITDA Margin to 7.5% (+0.6p.p.)**
- **Net Income stood at €480m.** Decrease vs. FY22 explained by extraordinary transactions in 2022 (namely Mutua Madrileña deal). **Recurring Net Income grew +73.7% to €359m, the highest result since 2009**

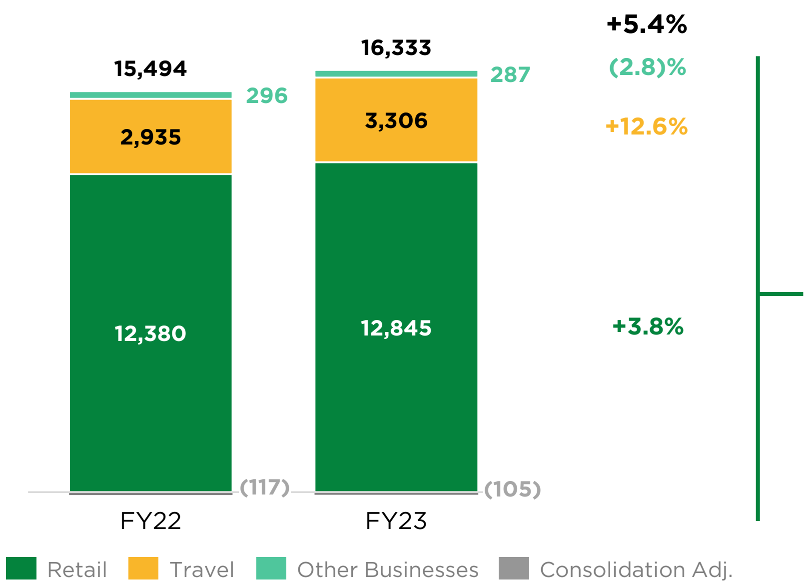
Note: FY22 restated for a change in accounting criteria (from principal to agent model) for some of the Group's businesses and concessions. Additionally, FY23 includes a change in accounting criteria by which certain items, previously classified as COGS, have now been reclassified as OpEx.

Financial Overview

Total Transaction Value – Divisional Breakdown

Solid top line growth driven by a very positive evolution of Retail and outstanding performance in Travel

Total Transaction Value (€m) | **Var. (%)**



> **Retail**

- **TTV up by +3.8% vs. FY22** (Revenue up by +3.6% or +4.7% on a LfL basis) driven by a strong execution across categories, led by the **Food** division and **resilient performance in Fashion & Beauty**

> **Travel**

- **+12.6% increase vs. FY22** (+14.9% in terms of Revenue), benefiting from a **strong performance in Leisure Travel and increased penetration of high value-added products**

> **Other Businesses**

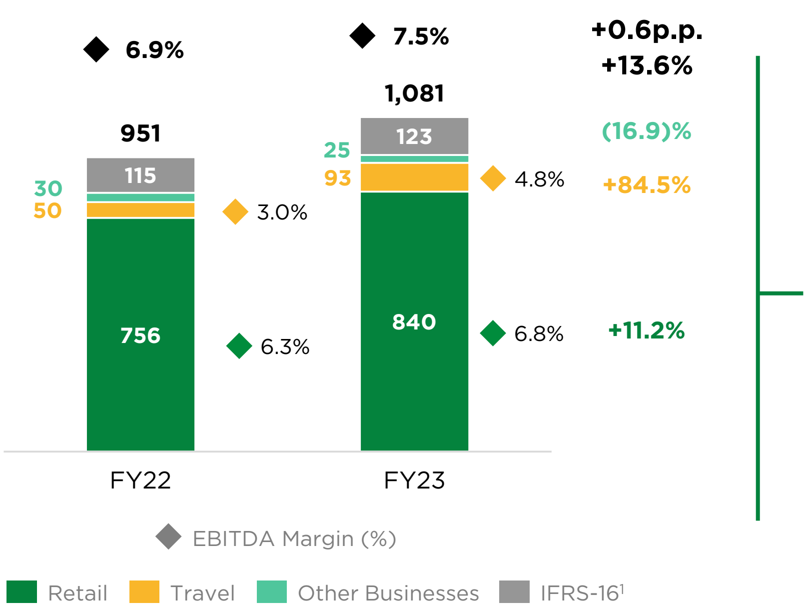
- Includes revenues from Sicor, Telecor and rental assets, amongst others, **broadly in line with FY22**

Financial Overview

EBITDA – Divisional Breakdown

Business performance and improved efficiency have led to double-digit EBITDA growth (+13.6% vs. FY22) and healthy margin expansion (+0.6p.p. YoY)

EBITDA (€m) and Margin (%) | **Var. (%)**



(1) Includes other non-material consolidation adjustments.

Strong EBITDA growth (+13.6% YoY) **coupled with Margin expansion** (+0.6p.p. up to 7.5%) mainly as a result of **solid business performance and improvements in efficiency**

> **Retail:**

- **EBITDA growth** (+11.2% YoY) driven by **Gross Profit growth and operating leverage**, leading to an **EBITDA Margin expansion of +0.5p.p.**

> **Travel:**

- **EBITDA growth** (+84.5% YoY) driven mostly by **leisure outperformance** and a **change in mix towards higher value-added products**

> **Other Businesses**

- **Decline in Other Businesses** mostly attributable to **the ramp-up of new businesses**

Financial Overview

Financial Services (Equity Method)

FECI and Insurance businesses consolidating their leadership positions in their respective markets and expanding their product offering to clients. Net Income of the Insurance business at an all-time high underscoring the strategic success of the alliance between ECI and Mutua Madrileña

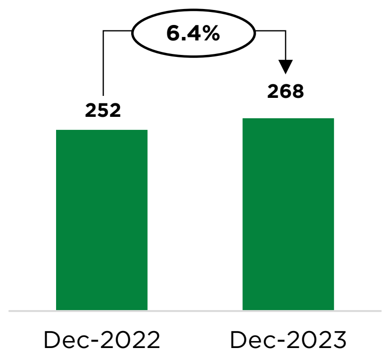
Insurance
(49.99% Ownership)

Selected Metrics

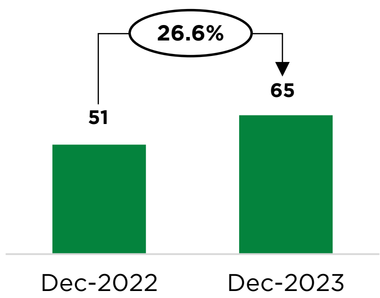
369.9%
Solvency Ratio[1] as of Dec-2023 (-12.8p.p. YoY)

c.3.3m
Insurance Policies as of Dec-2023 (+16.3% YoY)

Revenue (€m)



Net Income - 100% (€m)[2]



> **Revenue**

› **Revenue up by +6.4% in FY23** on the back of higher volumes across the Insurance Network

> **Solvency Ratio and Net Income**

› **Robust and resilient Solvency Ratio at 370%,** down vs. FY22 given **increased dividend distributions** on the back of solid performance, with Net Income up by +26.6% in FY23, reaching **€65m, an all-time record**

FECI
(49.00% Ownership)

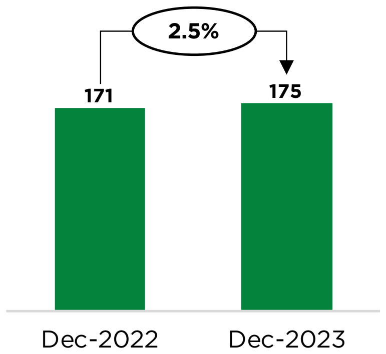
Selected Metrics

13.1%
Solvency Ratio[3] as of Dec-2023 (-1.4p.p. YoY)

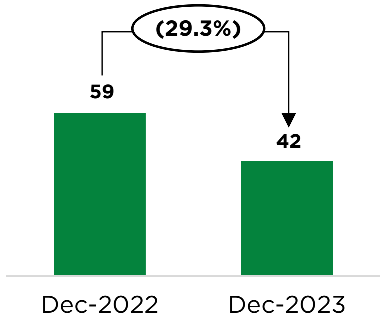
€1,872m
Average Credit Investment (+8.5% YoY)

€7,186m
New Investment in FY23 (+10.4% YoY)

Gross Profit (€m)



Net Income - 100% (€m)[2]



> **Gross Profit**

› **Gross Profit boosted by higher volumes** and a higher rate environment

> **Solvency Ratio and Net Income**

› **Solvency Ratio** down as a result of **increased dividend distributions** with a **solid underlying evolution,** with **Net Income** (down by (29.3)% YoY) **largely impacted by higher cost of funding**

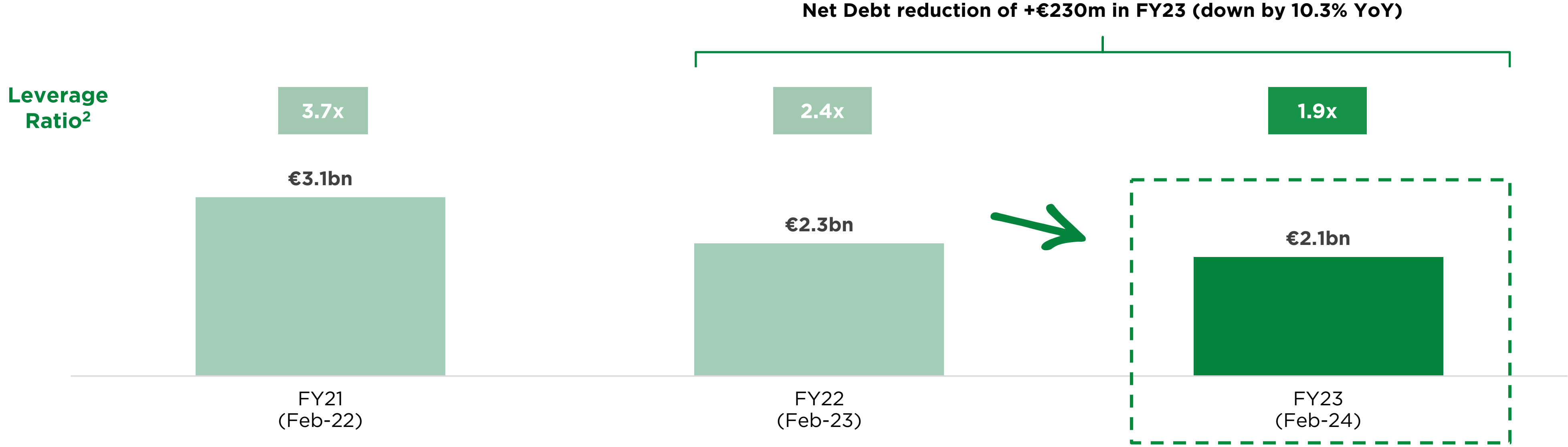
(1) Solvency Ratio defined as Eligible Own Funds divided by Solvency Capital Requirement; (2) Refers to Net Income on a 100% basis; For the Insurance Business, assumes 12-month consolidation for Dec-2022;
(3) Solvency Ratio defined as Eligible Own Funds divided by Risk Weighted Assets.

Financial Overview

Net Financial Debt Evolution

Firm deleveraging trajectory, with Net Financial Debt down by (33.5)% since FY21 and Net Financial Debt / EBITDA at 1.9x

Net Financial Debt Pre-IFRS 16[1]



- Net Financial Debt evolution has been one of the Group's strategic priorities since FY21 resulting from a **conservative and sound** financial policy
- **Healthy free cash flow generation** contributing to a **Net Financial Debt reduction of €236m in FY23**, supported by **disciplined Capex and Working Capital management**, as well as **non-core divestments**, despite one-off cash outflows and opportunistic acquisitions
- **Strong deleveraging track-record since FY21** with **Net Financial Debt down to €2.1bn**
- **Unequivocal commitment** to a financial policy of **Net Financial Debt / EBITDA <2.0x**, already achieved in FY23

(1) Pro-forma figures, considering the discontinuation of the Insurance business across all periods; (2) Ratio defined as Net Debt/EBITDA and calculated according to covenants in the Syndicated Loan facility (excludes IFRS-16 and EBITDA is adjusted by non-recurring items and dividends of entities consolidated under the equity method).

Financial Overview

Real Estate Portfolio

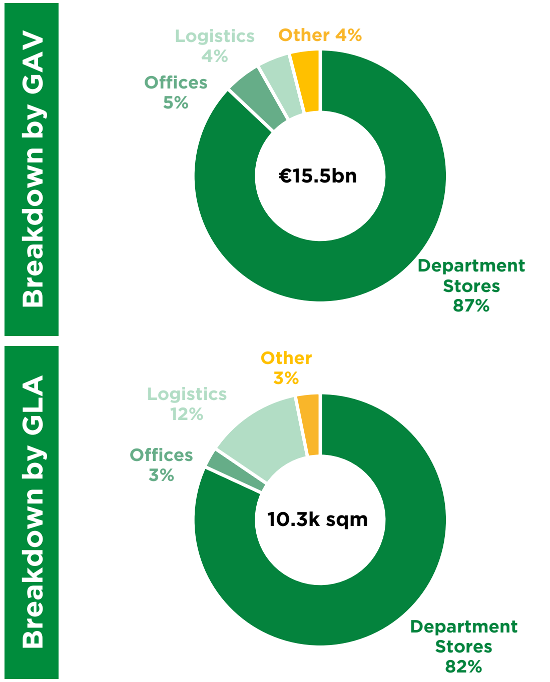
As of Feb-24, Net Financial Debt implied a 13.3% LTV over owned Real Estate GAV of €15.5bn

Overview of ECI's Real Estate Portfolio

- **As of Feb-24, ECI's portfolio was valued at €15.5bn GAV** according to market standard RICS methodology carried out by **third-party independent appraisers** (JLL for Department Stores and Savills for Offices, Logistics, Retail Assets and Land Plots)
  - **GAV is slightly down vs. FY22** on the back of **divestments of non-core assets** and **yield expansion given the macroeconomic environment in FY23**, although partially mitigated by strong operating performance of the assets
- The portfolio is **well distributed across Spain and Portugal** with **premium assets in all key retail locations**, ensuring an **unparalleled commercial footprint**
- ECI's real estate assets also include **offices in some of the best regions of Spain**, along with **distribution/fulfillment centers**
- The portfolio also comprises **highly liquid non-operating assets**

	FY22 (Feb-23)	FY23 (Feb-24)
GAV - No LfL (€bn)	**16.0**	**15.5**
Net Debt Pre-IFRS 16 (€m)	2,295	2,059
Implied Net LTV (%)	**14.3%**	**13.3%**

Portfolio Breakdown as of Feb-24



# of Assets

85 Department Stores

14 Offices

36 Logistics

201 Other Commercial Assets

29 Land

Financial Overview

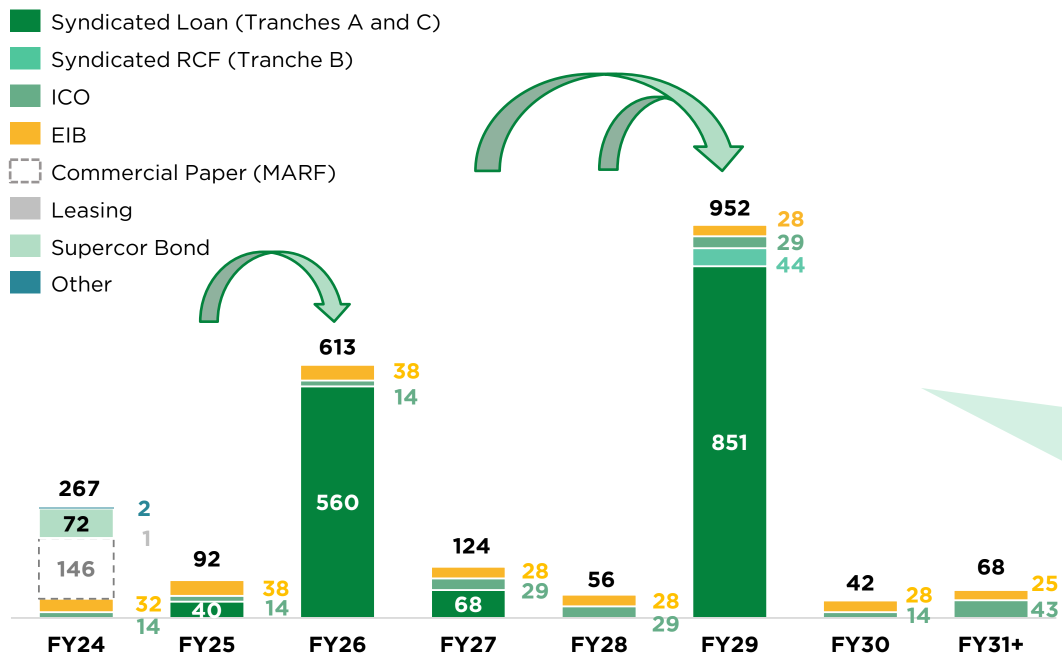
Capital Structure and Liquidity

Solid and robust capital structure following the extension of the Syndicated Facilities in Nov-23 and May-24. Successful extensions have led to long-dated and well-laddered maturities, taking WAL to 3.9 years[2]. Ample liquidity position, with >€1.2bn in cash and undrawn maturities and proven access to capital markets funding

Capital Structure

€m	FY23 (Feb-24)
Syndicated Loan	1,519
Syndicated RCF	44
ICO	186
EIB	245
Commercial Paper (MARF)	146
Leasing	1
Supercor Bond	72
Other	2
Gross Debt Pre-IFRS 16	**2,214**
Cash & Cash Equivalents	155
Net Debt Pre-IFRS 16	**2,059**

Feb-2024 PF[1] Debt Maturity Profile (Pre-IFRS 16)



Liquidity

€m	FY23 (Feb-24)
Cash & Cash Equivalents	**155**
Undrawn Facilities	1,090
Cash & Undrawn Facilities	**1,244**
Untapped Commercial Paper	1,054
Total Maximum Liquidity	**2,298**

- **First one-year extension** agreed in Nov-23 **effectively pushing maturities on the Syndicated Loan and RCF by one year** (from FY25 to FY26 for Tranche C and from FY27 to FY28 for Tranches A and B)
- **Second one-year extension on Tranches A and B** agreed in 2024 further extending maturities on these facilities to FY29

- **Weighted Average Life of the Group's debt increased to 3.9 years[2]** with no major upcoming maturities
- **c.50% of Gross Debt[3] hedged** at attractive terms
- **Strong liquidity position, with over €1.2bn in Cash and Undrawn Facilities** and **c.€2.3bn Total Maximum Liquidity** including Commercial Paper

(1) Capital structure and debt maturity profile proforma for the second one-year extension of Tranches A and B of the Syndicated Loan and the Syndicated RCF, successfully agreed in May-24; (2) Excluding Commercial Paper; (3) Excluding Commercial Paper (MARF), ICO and EIB.

Financial Overview

Investment Grade Rating from S&P and Fitch: A Key Milestone for ECI

ECI's robust performance and continued deleveraging have resulted in a rating upgrade to Investment Grade levels by both S&P and Fitch

ECI's Credit Rating Evolution

	2022	2023	2024
S&P Global	BB+ *Stable*	BB+ *Positive*	**BBB- *Stable***
FitchRatings	BB+ *Stable*	BB+ *Positive*	**BBB- *Stable***

Key Strengths Outlined by S&P and Fitch

Privileged Positioning

*"**Product and service diversification** provides **resiliency and flexibility,** such that **ECI's volatility of earnings is more comparable to large variety retailers like Target or Walmart, rather than more fashion- and beauty-concentrated**" – S&P*

*"**Strong market position** and business **diversification across different segments** from fashion to travel or the more resilient food retail" – Fitch*

Strong Operating Performance

*"ECI continued its **strong growth momentum** in FY23, ahead of our previous expectations. We expect ECI will build on (…) **improved operating performance**" – S&P*

*"FY23 results evidence a **strong performance with growth in all segments,** including discretionary fashion, competitive electronics, the resilient food segment or the **recently merged travel business**" – Fitch*

Improved Efficiency

*"ECI's **successfully reap on cost optimization efforts**, **pass through of cost inflation**, energy price moderation, and the absence of material restructuring costs (…) We expect ECI to **continue meeting its business plan** and target metrics, in line with recent track record" – S&P*

*"ECI has deployed an **adequate pricing strategy and strict cost discipline** to moderate inflationary pressures" – Fitch*

Unparalleled Real Estate Portfolio

*"ECI's **real estate portfolio continues to provide financial flexibility** and **supports the current rating**. The portfolio also comprises **development projects with the capacity to generate additional income**" – S&P*

*"We view ECI's **monetization of its non-core real-estate portfolio as a source of financial flexibility** as it owns a **large unencumbered real-estate portfolio valued at €15.5bn**" – Fitch*

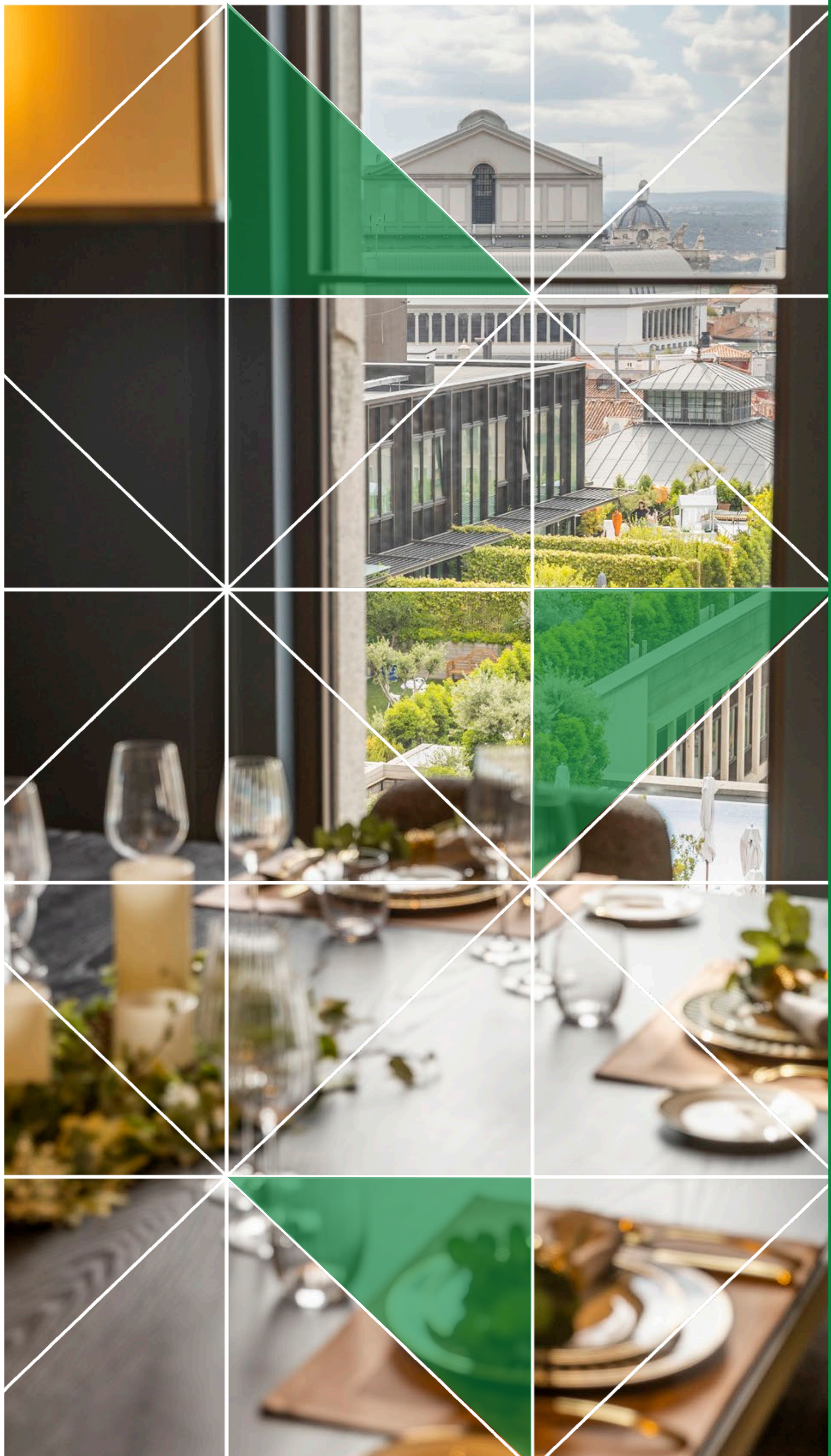
Continued Deleveraging and Strict Financial Discipline

*"On the back of this **solid operating performance**, and **having met its financial policy** of reported Net Debt to EBITDA below 2x, we are more **convinced of the Company's ability to sustain these metrics**" – S&P*

*"**Management is committed to a financial policy of reducing operating and financial leverage.** ECI is committed to **maintaining leverage in line with an investment-grade rating**" – S&P*

*"Sustained **reduction in leverage** post the completed refinancing. We **expect the Company to stay committed** to its **prudent financial policy**" – Fitch*

*"The upgrade reflects **ECI's commitment to ensuring deleveraging** with a target EBITDA net leverage of 2.0x. (…) **We expect the company will maintain its financial discipline.**" – Fitch*



3.

Remarks & Outlook

Remarks & Outlook

- FY23 marks a key milestone for the Group, having achieved the highest Recurring Net Income since 2009
- Resilient business performance, evidenced by solid growth across Retail categories and record years in both Travel and Insurance businesses
- Strength of the business and financial profile of the Company endorsed by Rating Agencies, awarding the Company with an Investment Grade rating for the first time in the Group's history
- Positive trend sustained in early FY24 with continued focus on driving top-line growth, improving margins and reducing operating leverage
- Sustained cash flow generation, well-laddered debt maturities and a strong liquidity position create the conditions for the Group to continue deleveraging and investing in the business

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