29 April 2020

SELECTA GROUP

31 DECEMBER 2019 RESULTS

COVID-19 UPDATE

Financial Highlights: 31 December 2019 Results

- Revenue rose by 1.1% at actual exchange rates and 0.8% at constant currency to €406.4 million for the three months ended December 31, 2019, compared to €401.8 million for the three months ended December 31, 2018, driven by portfolio additions and M&A growth, which was partly offset by the effect of less working days, long public holidays in December and a reduction in sales per machine per day. Revenue for the twelve months ended December 31, 2019, was €1,630.5 million, representing an increase of 5.9% at actual exchange rates and 5.6% at constant currency compared to revenue for the twelve months ended December 31, 2018.
- Adjusted EBITDA decreased by 39.9% at actual exchange rates and 40% at constant currency to €38.2 million for the three months ended December 31, 2019, compared to €63.6 million for the three months ended December 31, 2018, primarily due to negative flow-through of sales per machine per day reductions, investments in growth capabilities as well as costs of sale and leaseback transactions, partly offset by synergy savings, growth in trade and portfolio expansions. Adjusted EBITDA for the twelve months ended December 31, 2019, was €246.2 million, representing a decrease of 1.3% at actual exchange rates and 1.7% at constant currency compared to Adjusted EBITDA for the twelve months ended December 31, 2018.
- Net cash used in operating activities was an outflow of €131.5 million for the three months ended December 31, 2019, reflecting a more conservative approach to working capital management.

David Hamill, Executive Chairman said:

"Overall this was a disappointing quarter for Selecta on the back of the strong performance we had seen in the twelve months ended September 30, 2019. The negative impacts from distinct events in several markets, such as the strikes in France, floods in Venice and the phasing of Christmas public holidays 2019 were amplified by operational shortcomings across multiple geographies, notably in France and the UK. We have developed and implemented a comprehensive transformation programme for the respective country-organisations – however, due to the disruption of the COVID-19 crisis on our business, these are currently on pause."

COVID-19 Update:

Safeguarding the health, safety and wellbeing of our staff, business partners, customers and other stakeholders is of the utmost importance and a major focus for the leadership team of Selecta.

The current crisis is having a negative impact on Selecta's business by causing significant disruption across all of its markets and severely affecting its operations:

- Selecta's main source of revenue directly correlates with (i) employees spending time at their workplace and (ii) footfall in travel hubs such as airports and train stations; and
- Given countrywide lockdowns implemented in most European markets in which Selecta operates, those key drivers and hence Selecta's activity levels have materially declined since the beginning of March.

The fast-moving nature of the situation and uncertainty around the spread and duration of the virus mean there is a wide variation of potential outcomes. However, Selecta is currently taking various measures to mitigate the financial impact, such as:

- Undertaking a comprehensive cost saving programme and lowering Selecta's fixed cost base;
- Applying for applicable government support schemes available to the business, including furloughing a significant part of Selecta's workforce; and
- The vast majority of Selecta's leadership team has taken voluntary salary cuts for the months to come.

In addition, Selecta has taken various actions to strengthen its financial flexibility and preserve its financial runway in the event that COVID-19 related headwinds persist, including:

- Deferral or cancellation of planned capital expenditures;
- Deferral of tax payments, in line with government programmes;
- Entering into negotiations with selected landlords to discuss deferral of rental payments and vending fees;
- Management of orders for inventories to the extent possible;
- Negotiating extended payment terms with many of our suppliers;
- Drawing the Group's revolving credit facility in full; and
- Agreeing to the provision of a EUR 50 million liquidity line by entities managed, advised or controlled by KKR, which has now been fully drawn.

While Selecta is at this time unable to accurately forecast the full extent of the COVID-19 impact, it continues to review, assess and undertake measures necessary to address its financing and liquidity needs in light of these adverse market conditions.

In order for its leadership team to fully focus its time and attention on managing the business in these uncertain times, Selecta will not host a quarterly call. We appreciate your patience and understanding and will make further comment as and when appropriate.

- ENDS -

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About Selecta Group

Headquartered in Switzerland since 1957, Selecta is Europe's leading route-based unattended self-service retailer, providing coffee and convenience food solutions in the workplace and in public spaces. With over 10,000 employees and 475,000 points of sale spanning 16 countries across Europe, Selecta serves more than 10 million consumers a day on average. The excellence of Selecta's route-based operations has been recognised with multiple industry awards.

For more information, please visit www.selecta.com

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