



SPADEL GROUP: HALF YEAR RESULTS 2022

Spadel reports strong sales growth and market share gains, but operating profit impacted by soaring raw material and energy prices

The Spadel Group achieved strong sales growth in the first half of 2022, closing the period with an 11.2% increase in turnover. At the same time, operating profit (EBIT) fell by 33%.

The increase in turnover was reflected in all of the Group's markets, with increases of almost 10% in BeLux, 10.5% in the Netherlands, 9.3% in France and more than 24% in Bulgaria, enabling Spadel to grow faster than its competitors in each of the markets in which it operates and to strengthen its leadership position in Belgium and the Netherlands. The significant increase in turnover is mainly due to the growth in sales volumes and the launch of certain innovations that have been well received by the market. This is the case for the new, more ecological Spa Reine Eco Pack 5L format or the new range of lemonades based on 100% natural ingredients in the Benelux, for example.

The significant decline in operating profit (EBIT) is mainly due to the surge in raw material and energy prices. This price explosion represents an average increase of around 17% on all Group inputs during the first half of the year. The decline in operating profit was only partially offset by price increases and a savings plan.

The Group remains particularly attentive to the evolution of raw material, packaging, energy and transport prices, which remain at exceptionally high levels and continue to increase and weigh on the Group's margins. The Group therefore expects continued sales growth, but a significant decline in operating profit over the full year 2022, despite the implementation of a savings plan. The search for a balance between rising raw material prices and sales prices to supermarkets is a major challenge for the Group in the coming months.

- ▶ **Strong sales growth of 11.2%** reflected in all our markets, driven by the dynamism of our brands and our commercial policy, marked by listings with new customers, as well as innovations.
- ▶ **Operating profit (EBIT) down 33.0%** as a result of soaring prices for raw materials, packaging, energy and transport ... partially offset by price increases and a savings plan for commercial and operational expenses.
- ▶ The Group projects continued sales growth, but a decline in operating profit over the full year 2022.

1. HALF-YEARLY KEY FIGURES (unaudited)

Consolidated results (in € thousand)	June 2022	June 2021	Variation
Turnover	156.695	140.879	11,2%
Supplies and goods	-38.509	-27.124	42,0%
Miscellaneous services and goods	-62.948	-55.356	13,7%
Staff costs	-34.148	-31.863	7,2%
Depreciation and impairment	-10.712	-10.336	3,6%
Other operating income / (expenses)	4.048	5.317	-23,9%
Operating profit / (loss)	14.426	21.517	-33,0%
Financial income	340	392	-13,1%
Financial expenses	-2.595	-480	440,6%
Share in the result of companies accounted for using the equity method	-167		---
Profit / (loss) before tax	12.004	21.429	-44,0%
Taxes	-3.598	-3.574	0,7%
Profit / (loss) for the period	8.406	17.855	-52,9%
EBITDA (Operating Cash Flow) ^(*)	25.138	31.853	-21,1%

(*) Operating profit plus depreciation and impairment

Consolidated balance sheet (in € thousand)	June 2022	Dec 2021	Variation
Assets			
Non-current assets	238.668	242.101	-1,4%
Current assets	179.909	156.546	14,9%
Total assets	418.576	398.647	5,0%
Liabilities			
Equity	251.696	251.537	0,1%
Non-current liabilities	38.909	38.702	0,5%
Current liabilities	127.972	108.408	18,0%
Total liabilities	166.881	147.110	13,4%
Total liabilities	418.576	398.647	5,0%

Key figures per share	June 2022	June 2021	Variation
Number of shares	4.150.350	4.150.350	=
Operating profit per share (EUR)	3,48	5,18	-33,0%
Net earnings per share (EUR)	2,03	4,30	-52,9%

2. COMMENTS ON THE CONSOLIDATED RESULTS

2.1 Turnover

Consolidated net sales, excluding excise duties and ecotaxes, amounted to 156.7 million euros for the first half of the year, up sharply by 11.2% compared to the previous year.

This increase in turnover, driven by an 8.3% volume effect and a 2.9% price/mix effect, was reflected in all our markets, with increases of almost 10% in Belux, 10.5% in the Netherlands, 9.3% in France and more than 24% in Bulgaria.

This remarkable growth reflects the dynamism of our brands and our commercial policy, punctuated by listings with new customers, as well as by innovations such as the new, more ecological 5L Spa Reine Eco Pack format or the launch of the new range of lemonades based on 100% natural ingredients in the Benelux.

The positive sales development was also influenced by the impact of the consumption containment measures in the out-of-home channel that were still in place during the first quarter of last year.

2.2 Operating profit

Operating profit (EBIT) was EUR 14.4 million, down 33.0% compared to 2021 (EUR 21.5 million).

This significant decline in operating profit, despite the strong performance of our brands and sales growth in their respective markets, is mainly the result of soaring prices for raw materials, packaging, energy and transport... This explosion in prices represents an average increase of around 17% on all our inputs during the first half of the year.

This impact was only partially offset by price increases and a plan to reduce commercial and operational expenses.

Operating cash flow (EBITDA) at the end of June 2022 is €25.1 million, compared with €31.9 million in 2021 (-21.1%).

2.3 Financial income

Financial income amounted to EUR 0.3 million, compared to EUR 0.4 million in the previous year.

Financial expenses amounted to EUR 2.6 million, up on the previous year mainly due to a write-down of financial assets.

2.4 Tax

3.6 million, stable compared to the previous year.

2.5 Net profit

8.4 million, down 52.9% compared to 2021.

3. BALANCE SHEET DATA

At 30 June 2022, shareholders' equity, valued in accordance with IFRS, stood at 251.7 million euros, up slightly compared to the end of 2021. Equity covers 105.5% of non-current assets.

The solvency ratio, which is the ratio of equity to total liabilities, is 60.1%.

Inventories and trade receivables and payables are up compared to the end of 2021. These developments reflect the seasonal fluctuations of the business and the higher sales in the summer months.

Operating activities generated gross cash before tax of EUR 25.9 million, compared to EUR 30.9 million in the first half of 2021.

La situation de trésorerie du groupe au 30 juin 2022 s'élève à 66,0 millions d'euros.

4. INVESTMENTS

Investments in the first half of the year amounted to 7.3 million euros. They mainly concern:

- The installation of a production line in Spa for the new Spa Reine Eco Pack 5L format;
- The installation of a new palletiser in Bru;
- Work in the production halls and warehouses in Bulgaria;
- Installation of a new labelling machine in Ribeauvillé;
- The purchase of crates and glass bottles in Spa, Ribeauvillé and Bru;

5. OUTLOOK

Despite the quality of the first half of the year in terms of sales growth, and the good summer season underway, the Group remains particularly attentive to the evolution of raw material, packaging, energy and transport prices, which remain at exceptionally high levels and continue to increase and weigh on our margins.

The Group therefore expects continued sales growth, but a significant decline in operating profit over the full year 2022.

The search for a balance between the increase in raw material prices and our sales prices to retailers, in order to protect our margins, will remain a major challenge in the months to come.

In this unprecedented environment of price and wage inflation, supply chain pressures and changing consumer habits linked to purchasing power, the Group continues to demonstrate agility and resilience by adapting its short and medium term strategy and developing cost saving plans to ensure sustainable growth.

The Group continues its efforts as a leader in the mineral water market by strengthening its investments and offering consumers increasingly innovative products focused on health, hydration, naturalness and sustainability. After achieving milestones such as carbon neutrality and Platinum certification for sustainable water management from the Alliance for Water Stewardship (AWS), we are now the first family-owned mineral group to be recognised as a positive impact company by achieving B Corp certification. This focus on our societal and environmental impact for a more circular and inclusive economy also demonstrates our capacity for innovation.

SPADEL IN SHORT

- Brands marketed: SPA, BRU, WATTWILLER, CAROLA, DEVIN.
- Five production sites: SPA MONOPOLE, BRU-CHEVRON, LES GRANDES SOURCES DE WATTWILLER (France), LA S.A. DES EAUX MINERALES DE RIBEAUVILLE (France) and DEVIN (Bulgaria).
- Consolidated turnover 2021: 282.2 million euros.
- Employees as at 31 December 2021: 1,295.
- Operating profit (EBIT) 2021: EUR 36.6 million.
- Net profit 2021: EUR 26.6 million.

Media and Investors Relations

Email : press@spadel.com

www.spadel.com