ID LOGISTICS

HALF-YEAR RESULTS 2019

Today's speakers

ERIC HEMAR
Chairman and Chief Executive Officer

CHRISTOPHE SATIN
Managing Director

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Chief Financial Officer

H1 2019 Key figures

+10.9%

€744.5m

REVENUES
(AT CONSTANT EXCHANGE RATES)

+15.4%

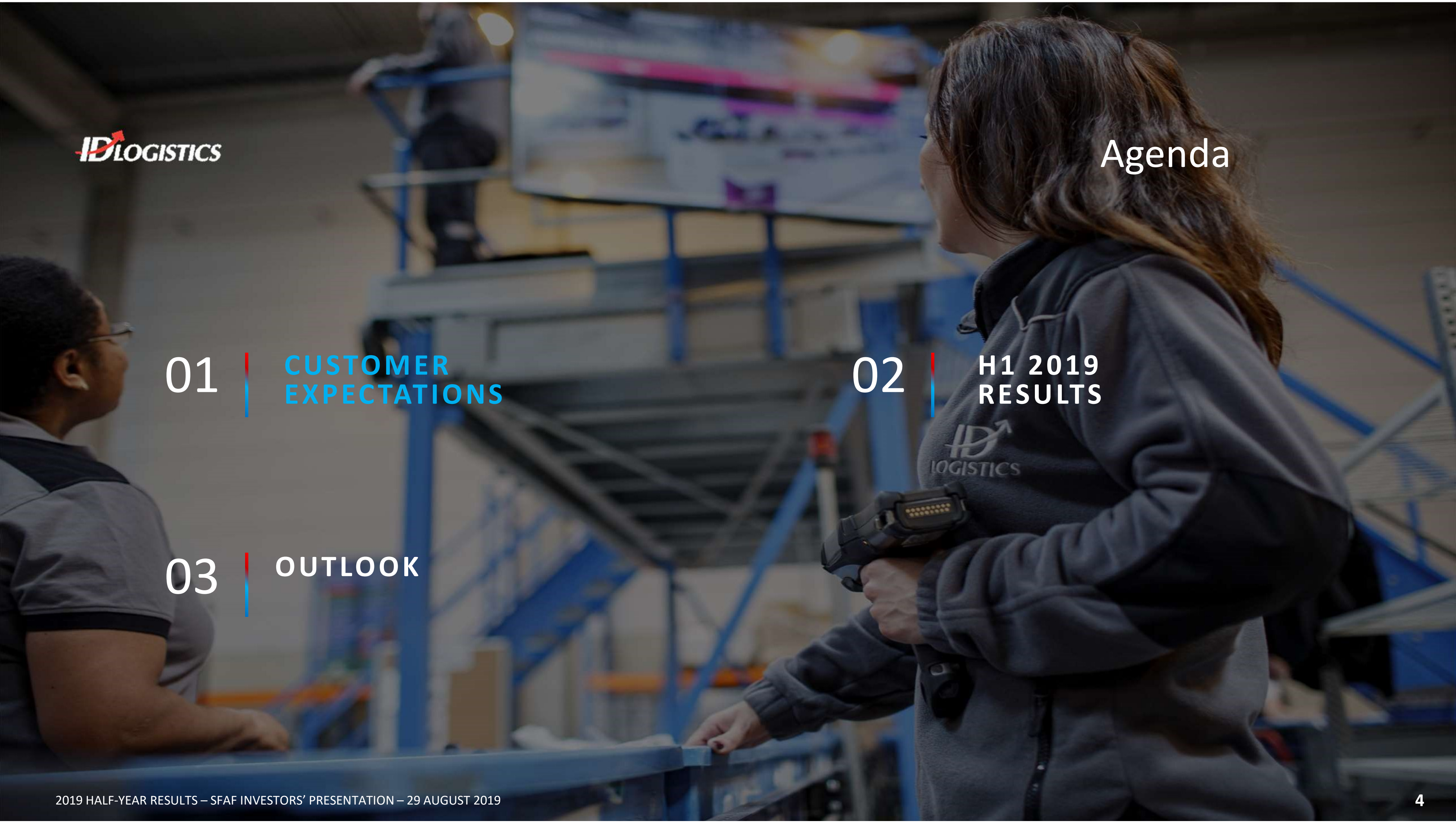
€17.2m

UNDERLYING OPERATING INCOME
excluding IFRS 16

+10.8%

€8.2m

NET INCOME
excluding IFRS 16



Agenda

01 **CUSTOMER EXPECTATIONS**

02 **H1 2019 RESULTS**

03 **OUTLOOK**

Assessment of customers' expectations and confidence

1st survey lead by ID Logistics among logistics and supply-chain managers at major groups:

Survey carried out in May 2019 on a representative sample of major industrial, retail, consumer goods, and cosmetics groups to establish their confidence and challenges regarding their logistics organization

The following companies took part: ADOVA GROUP, BIOMERIEUX, BOUYGUES TELECOM, CARREFOUR, CDISCOUNT, COCA-COLA, CONFORAMA, GROUPE SEB, KRONENBOURG, MOBIVIA, MONOPRIX, PERNOD-RICARD, PIERRE FABRE, PPG, PUMA, SAINT GOBAIN, SEPHORA, SFR, SMCP, TOTAL, UNILEVER, YVES ROCHER...

This 1st survey was conducted by CPV using rigorous methodology

Creation of a confidence index towards logistics/supply-chain managers at major groups

Logistics: a priority level of investment for key accounts

4 key takeaways from this 1st survey:

1. **73%** of supply-chain managers believe that their company wants to make innovation in logistics an **investment priority and long-term performance driver**

2. They believe that **their logistics facilities are appropriately scaled to meet their expectations** (utilisation rate of 75% in warehousing, 70% in transportation)

BUT:

3. **50%** believe that **these investments will stabilize logistics costs**, but **50%** believe that **overall logistics costs will rise in the long term**

4. **Only 45%** believe they can achieve **carbon neutrality within the time frame set**

3 key challenges for ID Logistics

For ID Logistics, this high customer expectation is reflected in its strategy through:

- Continued move upscale in terms of investment, technical expertise and innovation, etc.
- Support for leading traditional retailers with the transformation of their business model (digital, proximity, returns management, etc.)
- Ability to keep pace with major players, particularly in e-commerce, as they expand worldwide.

3 substantive priorities for ID Logistics

In practical terms, these challenges translate into 3 priorities for ID Logistics:

More staff training and ramp-up in innovation to stand out from our competitors

Agile and responsive commercial and geographical development:

- Expansion in cosmetics, in pharmaceuticals, and in home deliveries, but on stand-by in aerospace
- Opening of new units in Romania and Chile, but closure in South Africa

Involvement in sector consolidation through external acquisitions or takeovers

ID Logistics: significant successes…

…in France and around the world:

- L'Occitane in France
- PPG in the Netherlands
- Coty overhaul in Germany and Spain
- Kiabi Southern Europe in Spain
- 4th location for the world e-commerce leader in Germany

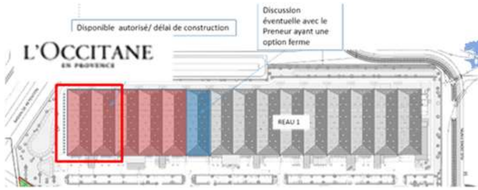
Significant successes: L'Occitane case study

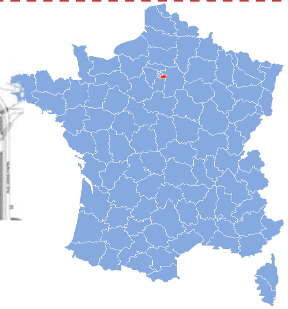
L'OCCITANE EN PROVENCE

Start-up: July 2019

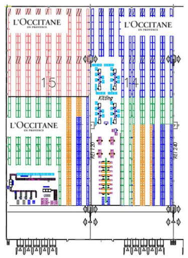
Location	Surface area	SKUs
Reau (France)	12,400 sq. m.	2,850

FTEs	Storage
60	18,000 pallets





Operation profile	Outbound: 500,000 orders p.a. Distribution channels: Retail stores / e-commerce / Wholesalers and marketplaces
Processes	Inbound | Storage | Fulfilment | Shipment | Inventory management | Packing
WMS & special technologies	- WMS: LMxt (IDL) - Multiple order fulfilment pallet truck - Pick-ups and shipments with a "put-to-light" system - Video tracking
Products	Marketable objects: **Fragrances & cosmetics** and related spin-offs, such as samples and testers, display racks, advertising panels, bags, etc.



Significant successes: Kiabi case study

KIABI
la mode à petits prix

Start-up: Nov. 2017

Location	Surface area	SKUs
Tarragona (Spain)	27,150 sq. m. + 13,000 sq. m.	>96,500

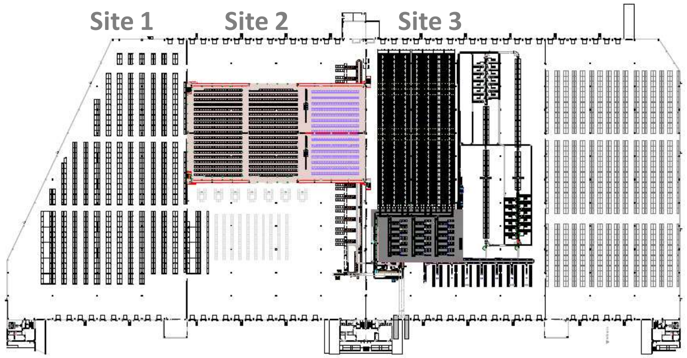
FTEs	Storage
2018: 200 (from 2019: 500)	14,000 pallets +130,000 locations

Operation profile

- OSR capacity > 100,000 packages (2019)
- Mezza. > 130,000 packages
- 230 million units IN (2019)

Processes

- Inbound | Rack storage & ground mezzanine + 2 levels | Stock Management | Shipment | Returns | Quality control
- Flows: 10% e-commerce; 90% stores (250 stores in 2019)

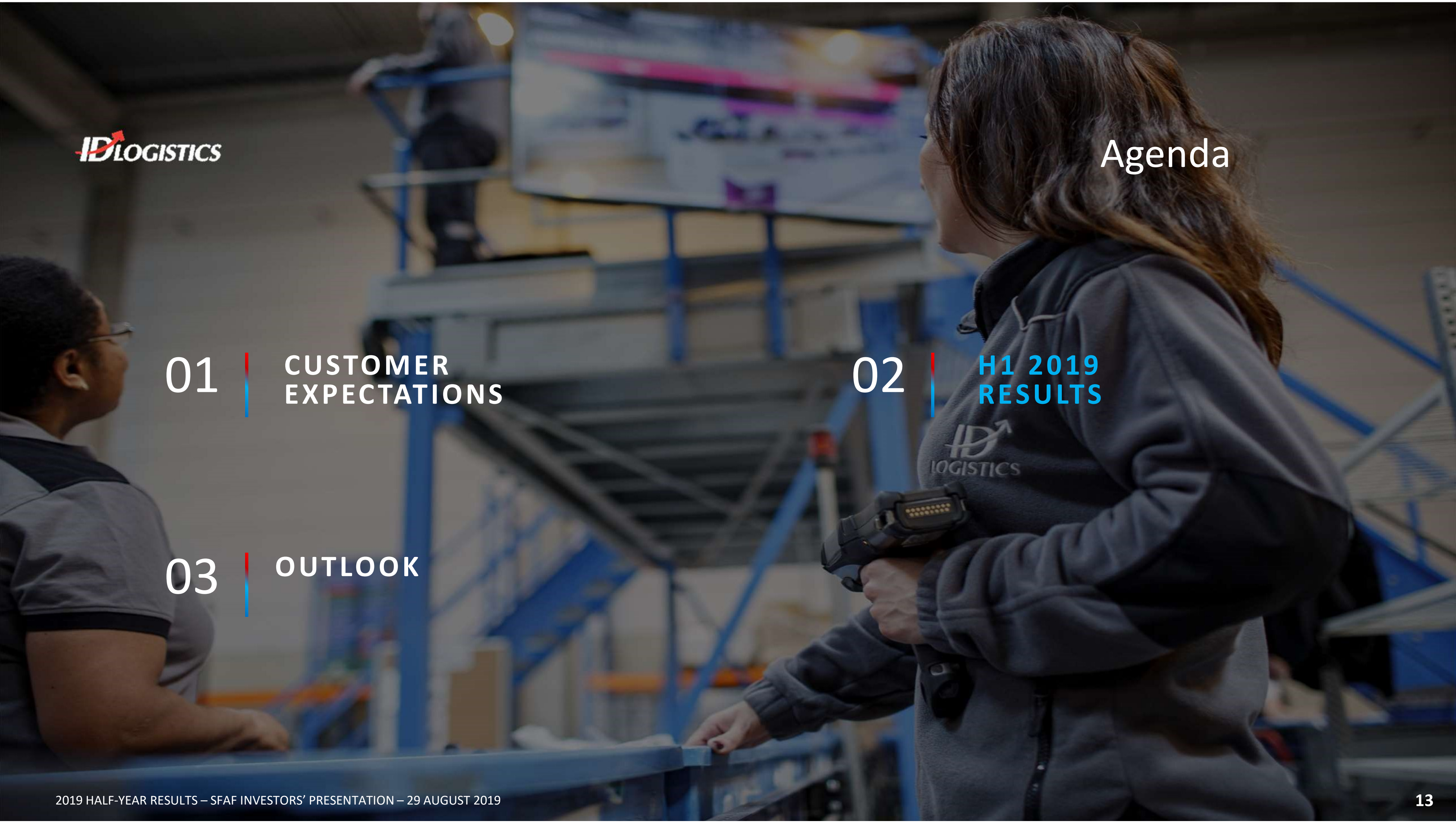


WMS & special technologies

- WMS Manhattan
- RF
- Knapp automated WCS - OSR storage
- Split Tray Sorter
- Pick to Light station

Products

Textiles: clothes, shoes, accessories, bags, etc.



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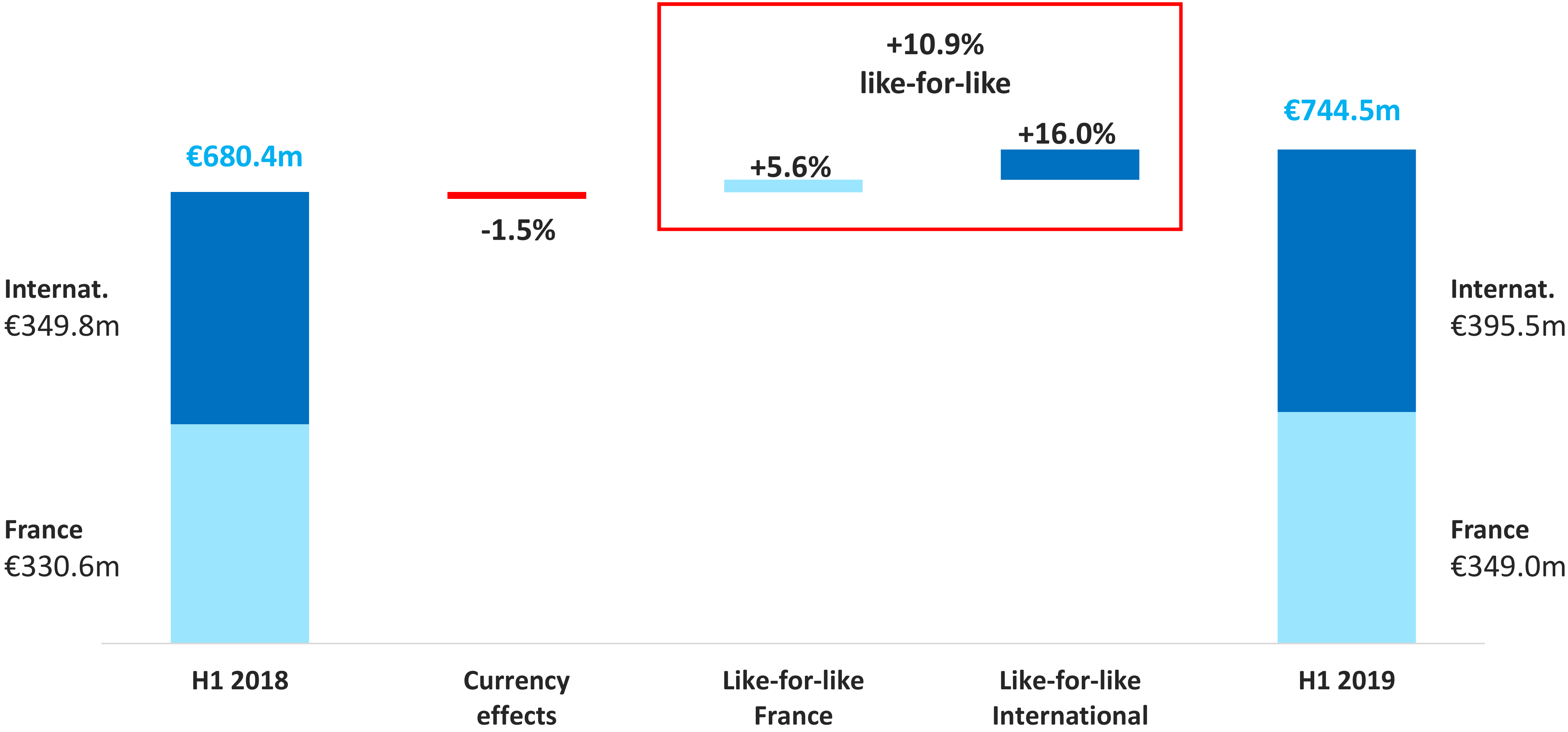
H1 2019 revenues: +10.9%



2019 underlying operating income: +31%

	H1 2019 (1)			H1 2018			
(€ m)	France	Internat.	**TOTAL**	France	Internat.	**TOTAL**	Chg.
Underlying operating income	13.2	6.3	**19.5**	11.8	3.1	**14.9**	**+31%**
As a % of revenues	*3.8%*	*1.6%*	***2.6%***	*3.6%*	*0.9%*	***2.2%***	***+40bp***

- **France**

  Further improvement in underlying op. income to €13.2m
  - Productivity gains on contracts that started up in 2017 and 2018
  - Tight grip on new contracts that started up in 2019
  - Conversion of the CICE tax credit: -€0.9m vs. H1 2018
  - IFRS 16: impact of +€0.3m vs. H1 2018

- **International**

  Increase in underlying operating income to €6.3m despite strong revenue growth
  - Productivity gains on contracts that started up in 2017 and H1 2018
  - Costs on 13 contract start-ups in H2 2018/H1 2019
  - Currency effect: impact of -€0.3m vs. H1 2018
  - IFRS 16: +€2.0m vs. H1 2018

The usual seasonality pattern is for ID Logistics to post stronger results in the second half of the year than in the first.

(1) *including the impact of IFRS 16 - Leases applied effective 1 January 2019, without restating the amounts reported for 2018*

Net income up 11% *(excluding IFRS 16)*

(€ m)	H1 2019[(1)]	H1 2018
Underlying operating income	**19.5**	**14.9**
Amortisation of customer relationships	(0.6)	(0.6)
Net financial income/(expense)	(7.6)	(2.3)
Tax expense (income tax + CVAE)	(5.0)	(4.7)
of which CVAE levy	*(2.9)*	*(2.9)*
of which income tax	*(2.1)*	*(1.8)*
Share in income of associates	0.3	0.1
Consolidated net income	**6.6**	**7.4**
o/w non-controlling interest	*1.1*	*1.4*
o/w attr. to ID Logistics' shareholders	*5.5*	*6.0*

Changes vs. H1 2018:
- IFRS 16 impact: -€4.6m
- Capex financing: stable
- Others (currencies, etc.): -€0.7m

Increase in the effective tax rate to 25% (taxable reduction in payroll charges vs. non-taxable CICE tax credit)

H1 2019 net income of €8.2m excluding IFRS 16

(1) including the impact of IFRS 16 - Leases applied effective 1 January 2019, without restating the amounts reported for 2018

Cash generation reinvested in organic growth

(€ m)	H1 2019[1]	H1 2018
EBITDA	95.3	27.5
Change in the WCR and other items	(13.1)	2.9
Net capital expenditure	(36.7)	(23.1)
Cash generated/(used) by operating activities	**45.5**	**7.2**
Net interest paid	(6.6)	(1.9)
Net borrowings (repayments)	(59.6)	(2.9)
Other changes (foreign exchange, BSA warrants, etc.)	0.3	3.3
Increase/(decrease) in net cash	**(20.4)**	**5.7**
Net cash at beginning of period	105.7	90.1
Net cash at end of period	**85.3**	**95.8**

Tight WCR management despite strong business growth vs an improvement of 3 days in H1 2018

Operating capex increase at 4.9% of revenues:
- €6.3m (0.8% of revenues): maintenance
- €16.1m (2.2% of revenues): start-ups over the past 12 months
- €14.3m (1.9% of revenues): start-ups over the next 12 months

Including IFRS 16 impact of -€4.6m in H1 2019

of which €58.1m in IFRS 16 lease repayments during H1 2019

(1) including the impact of IFRS 16 - Leases applied effective 1 January 2019, without restating the amounts reported for 2018

ID LOGISTICS

Solid financial structure

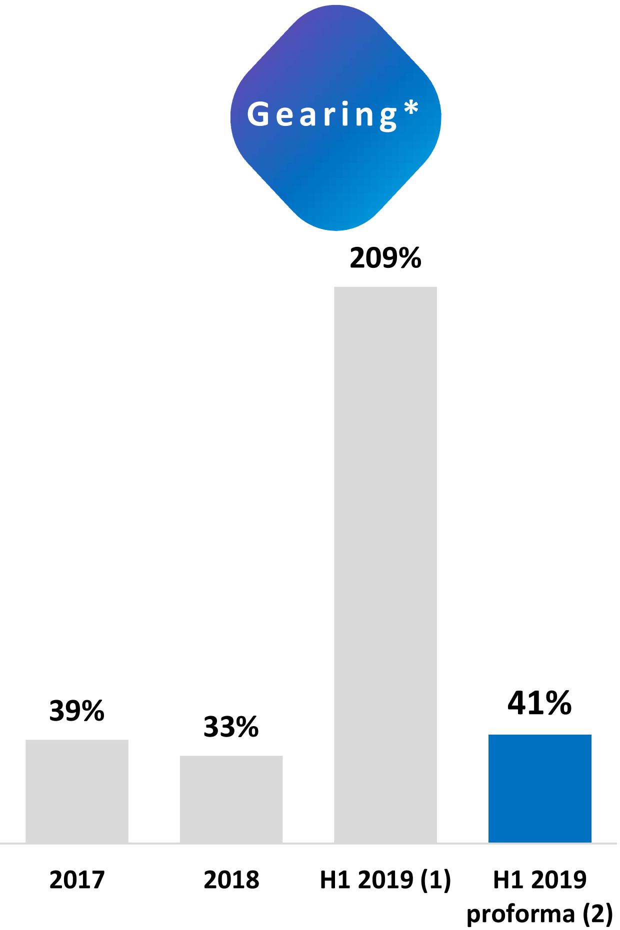
(€ m)	30 June 2019[1]	31 December 2018
Goodwill	172.7	172.7
Other non-current assets	170.0	148.7
Rights of use (IFRS 16)	327.7	*n/a*
Non-current assets	**670.4**	**321.4**
(Negative) working capital requirement	**(61.7)**	**(68.6)**
Net financial debt	81.9	63.0
Lease liabilities (IFRS 16)	329.9	*n/a*
Net debt	**411.8**	**63.0**
Equity	**196.9**	**189.8**

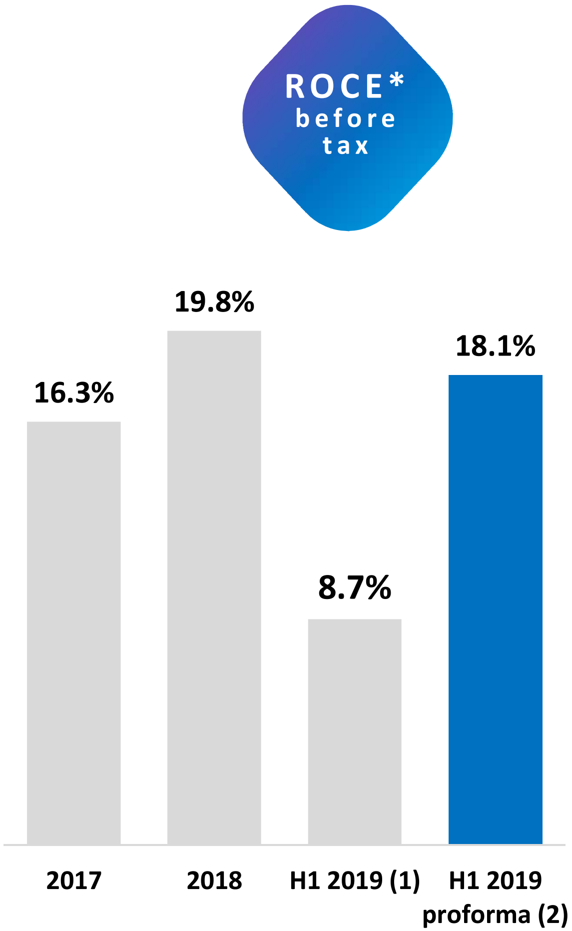
Negative WCR representing 17 days' revenues vs. 19 days at year-end 2018

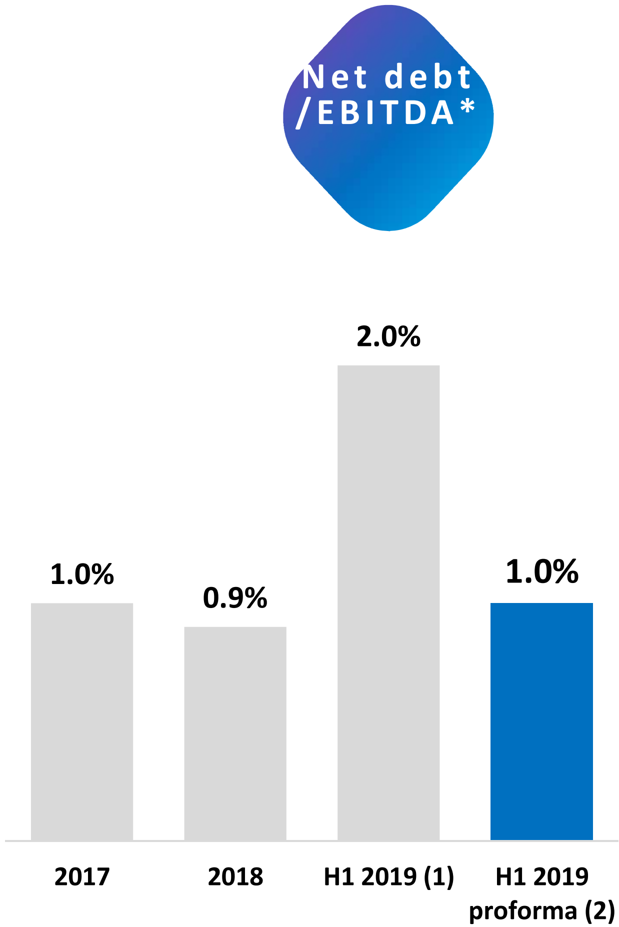
Net debt rose in line with capex

(1) including the impact of IFRS 16 - Leases applied effective 1 January 2019, without restating the amounts reported for 2018

Substantial investment capacity







**See definitions in the appendix*

(1) including the impact of IFRS 16 - Leases applied effective 1 January 2019, without restating the amounts reported for 2018

(2) pro forma excluding the impact of IFRS 16 - Leases applied effective 1 January 2019, without restating the amounts reported for 2018

Overview of the IFRS 16 effects

(€ m)	H1 2019[(1)]	IFRS 16 impact:	H1 2019[(2)]	H1 2018
Revenues	**744.5**	**-**	**744.5**	**680.3**
EBITDA ***% of rev.***	**95.3** ***12.8%***	**62.7**	**32.6** ***4.4%***	**27.5** ***4.0%***
Underlying operating income ***% of rev.***	**19.5** ***2.6%***	**2.3**	**17.2** ***2.3%***	**14.9** ***2.2%***
Consolidated net income	**6.6**	**(1.6)**	**8.2**	**7.4**
Non-current assets	**670.4**	**328.3**	**342.1**	**321.4**
WCR	**(61.7)**	**-**	**(61.7)**	**(68.6)**
Net debt[(3)]	**(411.8)**	**(329.9)**	**(81.9)**	**(63.0)**
Equity	**196.9**	**(1.6)**	**198.5**	**189.8**

IFRS 16 – Leases:

- Applicable effective 1 January 2019
- No restatement of comparatives (simplified retrospective method)
- Leases accounted for as
  - right of use on the asset side
  - lease liability on the liabilities side

IFRS 16 lease liabilities covered by customer commitments

(1) including the impact of IFRS 16 - Leases applied effective 1 January 2019, without restating the amounts reported for 2018
(2) pro forma excluding the impact of IFRS 16 - Leases applied effective 1 January 2019, comparable to the amounts reported for 2018
(3) the contractually agreed leverage covenant for the Logiters acquisition debt excludes the impact of IFRS 16. It was satisfied at 30 June 2019.

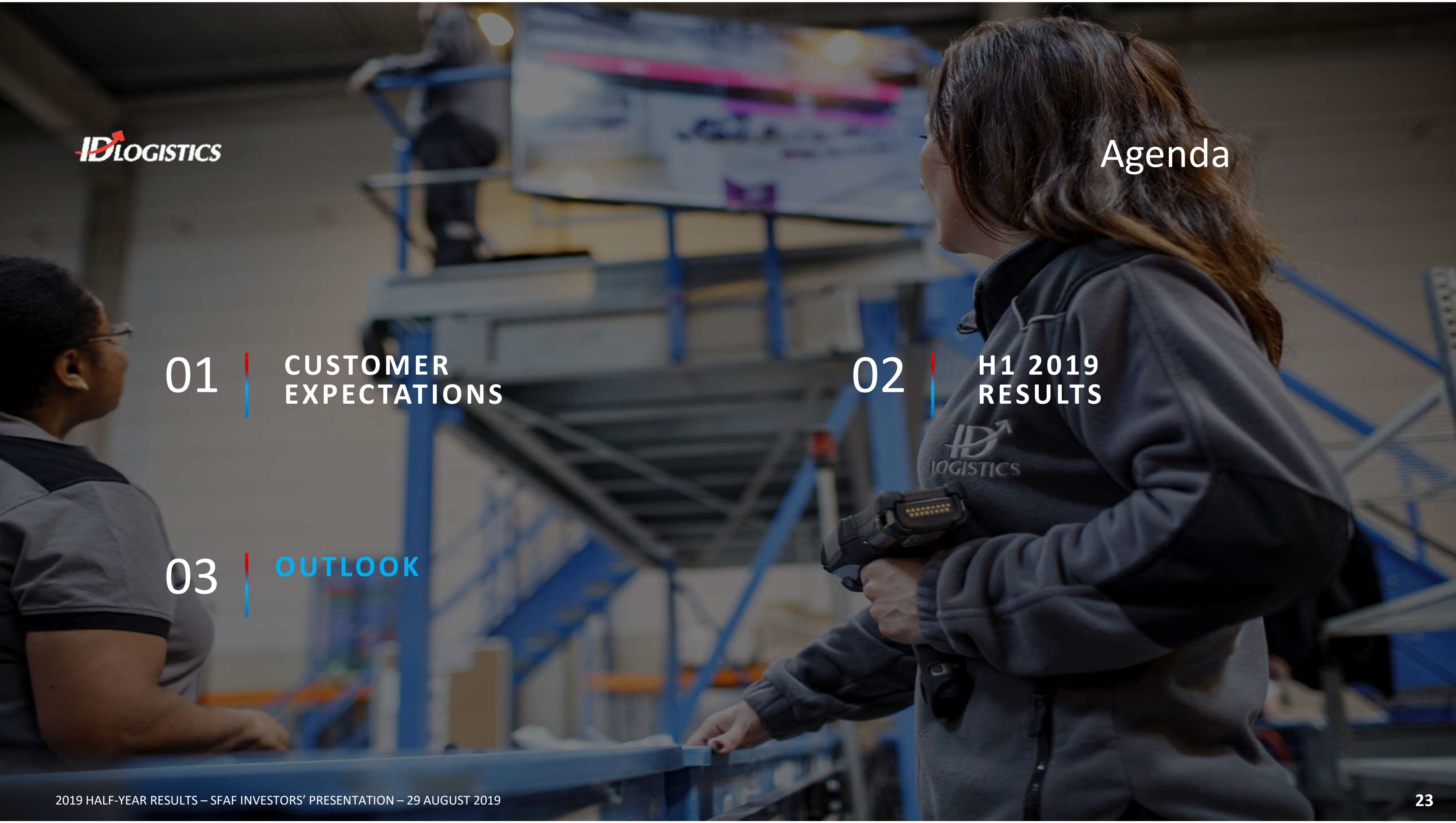
Overview of the IFRS 16 effects

Asset-light strategy unchanged

- Lease-based model maintained for properties and equipment vs. acquisition
- Makes it possible to offer customised solutions for each location
- Provides flexibility to support customers with their transformation
- Limits the risk at the end of customer contracts

No impact on investment capacity

- Lease liabilities represent the discounted commitments given by ID Logistics and for which ID Logistics has received commitments to use assets from its customers
- Existing banking covenants are assessed excluding IFRS 16



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2019 outlook

01

Successfully start up large technical projects

02

Maintain a strong sales pipeline

03

Increase our revenues and profitability

04

Moving forward on external growth projects

Appendix: financial definitions

LIKE-FOR-LIKE

Organic revenue performance excluding the impact of:
- acquisitions and disposals: the revenue contribution of companies acquired during the period is excluded from the same period, and the revenue contribution made by companies sold during the previous period is also excluded from that period
- changes in the applicable accounting principles
- changes in exchange rates by calculating the revenues in the various periods based on identical exchange rates, so that the reported figures for the previous period are translated using the exchange rates for the current period

EBITDA

Underlying operating income before net depreciation of property, plant and equipment and amortisation of intangible assets

NET FINANCIAL DEBT

Gross debt plus bank overdrafts and less cash and cash equivalents

GEARING

Ratio of net debt to consolidated equity

ROCE

Ratio of underlying operating income to capital employed (non-current assets less negative working capital requirement)