

PRESS RELEASE

2020 EARNINGS

El Corte Inglés surmounted the year of the pandemic with positive EBITDA and confidence in its strategy going forward

- El Corte Inglés managed to mitigate the effects of the pandemic thanks to decisive commitment to its physical establishments, digitalisation and new business development.*
- The company ended FY20 with positive EBITDA but reported a net loss before provisions of €445 million due to the restrictions imposed in response to Covid-19.*
- The company's flexibility and ability to adapt to unfathomable change fuelled growth in the online business, which registered year-on-year growth of 2019.*
- The Retail business is recovering in the first quarter of FY21, despite the lingering effects of the health crisis.*

Madrid, 4 June 2021. El Corte Inglés Group surmounted the year of the pandemic with positive EBITDA of €142 million, having leveraged its flexibility and responsiveness to renovate its stores, drive digitalisation, shore up its omnichannel platform and develop new businesses. That responsiveness has reinforced the company's confidence in its business strategy going forward.

The Group reported revenue of €10.43 billion and a net loss before provisions of €445 million in FY20, shaped primarily by the closure of much of its business during the initial lockdown and successive restrictions at the regional level, compounded by the total absence of domestic and international tourism.

Framed by its prudent accounting criteria, the Group recognised €2.5 billion of provisions in 2020, including fixed asset, inventory and tax asset impairment charges. Most of the provisions derive from the restatement of assets as a result of the Group's transformation to a more digital business model. Layering in those provisions, the Group reported a net loss of €2.95 billion.

By segment, the Retail business, where the revenue contraction was limited to 19% year-on-year, in line with the reduction in revenue from shopping tourism, was able to mitigate the effects of the pandemic thanks to its decisive commitment to the omnichannel strategy and digitalisation, facilitating synergistic fusion between the online and offline environments. The boost to services such as same-day delivery, in-store pickup and Click&Car, and the use of the Group's stores as logistics platforms to fulfil and dispatch orders, were key to the Retail business' performance.

That digitalisation effort lifted the weight of online sales to 17.3% of total Retail revenue and marked year-on-year growth of 132%.

The lack of mobility and absence of tourists had a very significant impact on the Travel business, with revenue contracting 89%. Other areas such as the Insurance business displayed tremendous resilience, defending their sales volumes in a year as complex as 2020.

Elsewhere, the Group reinforced its liquidity which stood at €3.55 billion at year-end, enabling the firm to service all of its obligations without incident or delay. Group borrowings increased by €560 million to €3.81 billion.

In the past year, El Corte Inglés has accelerated the transformation of its business model to a system aligned with digitalisation, an omnichannel presence, diversification and sustainability. In sum, rapid progress on the transformation of El Corte Inglés from retailer to unique business ecosystem. All of which with an unwavering focus on product and service quality, performance and innovation with the overriding aim of making people's lives easier.

By way of preview into the first quarter of FY21, the company is in a position to report that retail sales are trending in line with expectations, at close to 2019 levels, despite the lingering effects of the pandemic.