

# Attica Department Stores

Investment Presentation

*JUNE 2023*

**IDEAL**  
HOLDINGS

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# **I. ADS Investment opportunity**

# Executive summary - Investment rationale

## Target

- Attica Department Stores

## Industry/ Sector

- Specialized Retail Department Stores

## 2022 Sales

- €190m

## 2022 EBITDA

- €19.3m

## 2022 EAT

- €10.2m

## Equity consideration

- €100m

## Proposed investment

## Business

## Financial impact

- Attica Department Stores (“ADS”) fits 100% in IDEAL Holdings SA (“IDH”) investment philosophy:
  - *Leading company,*
  - *Strong CF,*
  - *Healthy BS,*
  - *Excellent Management,*
  - *Alignment of interest;*
- IDH to acquire **100% of KT Golden Retail**, which owns 100% of Attica Department Stores (“ADS”) for a **total equity consideration of € 100m**;
- The transaction will be funded by **Debt € 65.0m and Equity € 35.0m**, (Own Shares € 2.5m and New shares €32.5);

- **Stable & defensive business with high cash conversion** rates (average pre Covid levels **48%**);
- **Strong position** in a consolidating market, with **low competition**;
- Well-known **brand equity** and **unique store locations**;
- **Mitigated inventory risk** due to business model (~**65% consignment**)
- Management with **proven track record** and ability to **constantly deliver solid returns**.

- **EPS accretive (€0.39 to €0.62, c. 60%)**;
- **Capital structure rationalization** via acquisition debt;
- **Revenue stream diversification**.



## II. Transaction overview

# Sources & Uses of funding

<i>Sources</i>	<i>Amount in €</i>	<i>(%)</i>
Acquisition Debt	65,000,000	<b>65.0%</b>
Acquirer's new shares (Equity) (*)	32,543,200	<b>32.5%</b>
Acquirer's treasury stock (*)	2,456,800	<b>2.5%</b>
<b>Total sources</b>	<b>100,000,000</b>	<b>100.0%</b>

<i>Uses</i>	<i>Amount in €</i>	<i>(%)</i>
KT Golden shares acquisition	100,000,000	<b>100%</b>
<b>Total uses</b>	<b>100,000,000</b>	<b>100%</b>

**Shareholders' dilution ~17.6%**

**(\*) Own shares sold at €4.15 per share  
New shares issued at €4.15 per share**

# Acquisition metrics

<i>Metrics</i>	<i>ADS</i>	<i>ADS</i>		<i>IDH</i>	<i>Type</i>	<i>IDH</i>
	<b>2022</b>	<b>2023</b>		<b>2022</b>	→	<b>2023</b>
<b>P/E</b>	10.3x	8.0x		<b>12.9x</b>	<i>Accretive</i>	<b>8.3x</b>
<b>P/ Sales</b>	0.5x	0.5x		<b>1.1x</b>	<i>Accretive</i>	<b>0.6x</b>
<b>P/ Book value</b>	1.1x	1.0x		<b>1.9x</b>	<i>Accretive</i>	<b>1.1x</b>
<b>EPS</b>	-	-		<b>€0.39</b>	<i>Accretive</i>	<b>€0.62</b>
<b>ROE</b>	11%	13%		<b>15%</b>	<i>Flat</i>	<b>13%</b>
<b>EV/ EBITDA (x)</b>	4.8x	4.0x		<b>7.9x</b>	<i>Accretive</i>	<b>5.6x</b>
<b>EV/ EBIT (x)</b>	5.8x	4.7x		<b>9.0x</b>	<i>Accretive</i>	<b>6.7x</b>

- 2022 No of shares: 40,134,921
- 2023 No of shares: 48,003,921
- IDH Share Price: €4.95
- 2023 figures are indicative and do not constitute guidance

The image shows a storefront for 'attica THE DEPARTMENT STORE'. The store name is displayed in a large, white, lowercase sans-serif font above the entrance. To the right of the name is a logo consisting of vertical lines of varying heights. The store windows are visible, showing interior displays. The left window features a pink garment hanging on a mannequin and a small table with white items. The right window has a prominent pink vertical panel with the names 'Sam Edelman', 'TODS', and 'HOGAN' written on it. The overall scene is brightly lit with spotlights.

attica  
THE DEPARTMENT STORE



attica  
THE DEPARTMENT STORE

## III. ADS Business Overview



# ADS Business

## ADS overview

Consignment:  
65%

# of  
Stores: 5

- ✓ Citylink
- ✓ Golden Hall
- ✓ Tsimiski
- ✓ Cosmos
- ✓ Athens Mall

Size:  
62,000 m<sup>2</sup>



Customers:  
~350k

*“Dominant position with a long-dated track record and proven resilience, established brand value and limited competition”*

## ADS business model

### Positioning

- ❖ **Market leader** strongly benefiting from sector consolidation and its strong **competitive position**;
- ❖ Excellent **brand positioning** with protection from **price wars**;
- ❖ Well positioned to **capitalize on the strong Greek tourism** tailwinds and **the Hellinikon Project**;

### Business Model

- ❖ **Low inventory risk** due to its **consignment business model**; consignment 65% and own merchandise 35%;
- ❖ **Discretion on the product mix** based on 6-month renewable supplier contracts;
- ❖ **Preferred partner** of international luxury brands;
- ❖ **Strong cash-flow** generating ability;
- ❖ **Anchor tenant** of LAMDA with long-term lease contracts;
- ❖ **Flexible P&L economics**:
  - low operating leverage,
  - variable rent expense as a % of revenues.

# ADS summary of key financials

## ADS Financials (non IFRS16)

€millions	2018	2019	2020	2021	2022
Revenue	181.3	183.7	98.8	144.1	190.6
Gross Profit	59.7	60.9	31.0	45.6	65.9
<b>EBITDA</b>	<b>19.1</b>	<b>18.1</b>	<b>4.4</b>	<b>14.6</b>	<b>19.3</b>
EBITDA margin	10.5%	9.9%	4.5%	10.3%	10.3%
EBITDA/ GP	32.0%	29.7%	14.2%	32.0%	29.3%
EBIT	16.2	15.3	1.3	11.2	15.9
<b>EBT</b>	<b>12.2</b>	<b>12.5</b>	<b>(1.7)</b>	<b>8.0</b>	<b>12.4</b>
Cash & cash equivalents	67.3	32.1	29.1	58.9	57.4
Debt	17.8	2.0	73.9	63.1	50.1

2020 and 2021 fiscal years were affected by Covid-19

## P&L trading update May 2023 vs 2022

€millions	May 2022	May 2023	Growth
Revenue	64.6	74.9	16%
Gross Profit	21.1	27.5	30%
<b>EBITDA</b>	<b>2.6</b>	<b>6.6</b>	<b>154%</b>
EBIT	1.2	5.2	n/a
<b>EBT</b>	<b>0.0</b>	<b>3.8</b>	<b>n/a</b>

# Projected financials

## ADS P&L 5Y Projections (non IFRS16)

€millions	2023E	2024P	2025P	2026P	2027P
Sales	209.7	220.2	226.8	233.6	240.6
Gross Profit	74.4	78.2	81.3	84.5	87.9
<b>EBITDA</b>	<b>23.5</b>	<b>24.5</b>	<b>25.5</b>	<b>26.5</b>	<b>27.6</b>
EBIT	19.8	20.6	21.4	22.5	23.5
EBT	16.0	17.1	18.0	19.3	20.6
<b>Financial ratios</b>					
EBITDA margin (%)	11.2%	11.2%	11.2%	11.2%	11.2%
Maintenance Capex	3.6	3.7	3.8	3.9	4.0
Growth Capex	5.9	1.8	-	-	-
<b>Total Capex</b>	<b>9.5</b>	<b>5.5</b>	<b>3.8</b>	<b>3.9</b>	<b>4.0</b>
FCF to stakeholders	8.5	13.1	15.2	16.2	17.2
<b>Cumulative Net Cash</b>	<b>8.5</b>	<b>21.5</b>	<b>36.7</b>	<b>52.9</b>	<b>70.2</b>

▪ Projected figures are indicative and do not constitute guidance

### Key assumptions

- ❖ Sales growth: CAGR 4.8%
- ❖ Gross Profit margin: 35.5%
- ❖ EBITDA margin: 11.2%
- ❖ Expected growth & maintenance 5-year Capex: ~€27m
- ❖ Average Cash Conversion: 54.5%
- ❖ Maintenance Capex equals Depreciation
- ❖ Growth Capex expected to further increase sales **not included** in the projections
- ❖ Cumulative FCF (€70.2m) in 5 years fully repays ADS acquisition Debt.

# Top line growth drivers 2023 onwards

## 1. Additional m<sup>2</sup>

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- Expand existing locations with proven economics. The Company has just expanded its women's department by **2,000m<sup>2</sup> at Citylink**;
- Explore new store locations for monobrand stores.

## 3. Online & other business expansion

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- Further **upside of e-commerce** business;
- New **"Boss" store (870 m<sup>2</sup> )**, in Golden Hall, started operation in Q1 2023;
- **Attica Selections (400 m<sup>2</sup> )**, at **Athens International Airport**, started operations in Q2 2023;



## 2. Portfolio & partnership expansion

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- Selective **brand portfolio** to be further **expanded** with new partnerships;
- Portfolio mix to elevate sales per m<sup>2</sup>;
- ADS suppliers' **preferred partner**.

## 4. Hellinikon Project

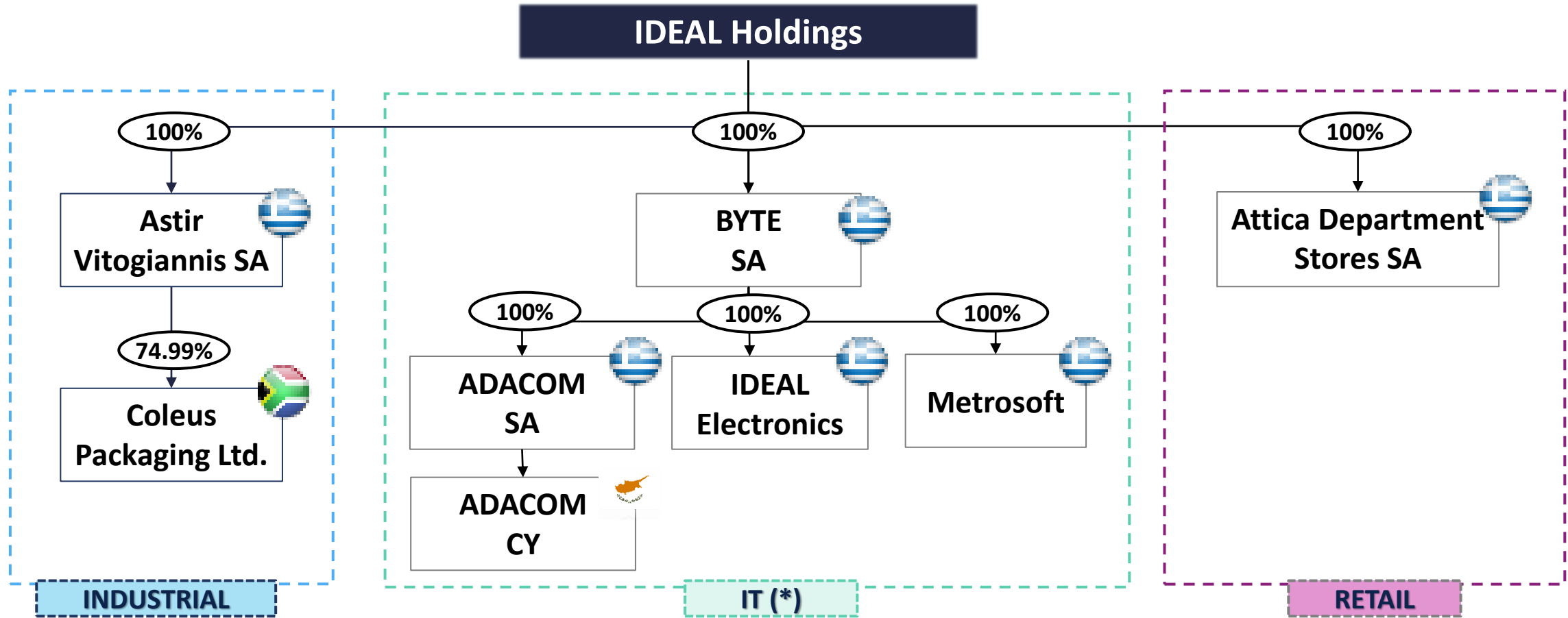
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- **Hellinikon SA** will create highly attractive opportunities, not factored in the financial projections.

A hand is shown interacting with a futuristic, glowing digital interface on a tablet. The interface displays various data visualizations, including a line graph with multiple colored lines (blue, orange, green, pink) and a grid of data points. The background is a soft, out-of-focus light blue and white. A dark blue vertical bar is visible on the left side of the image.

## **IV. Consolidated view**

# New IDEAL Holdings structure



■ Parent entity ○ Percentage of ownership  
 (\*) New structure under completion

# IDH consolidated figures

€millions	2022A	2023E	Growth %
<b>Revenue (€m)</b>	<b>174.7</b>	<b>392.1</b>	
Gross Profit (€m)	51.0	127.7	
<b>EBITDA (€m)</b>	<b>27.4</b>	<b>53.2</b>	<b>+94%</b>
EBIT (€m)	24.1	46.0	
<b>EBT (€m)</b>	<b>21.5</b>	<b>38.5</b>	<b>+79%</b>
No of shares	40,134,921	48,003,921	+20%
Share Price (€)	4.95	4.95	
<b>EPS (€)</b>	<b>0.39</b>	<b>0.62</b>	<b>+60%</b>
<b>P/E (x)</b>	<b>12.9X</b>	<b>8.3x</b>	
P/ BV (x)	1.9X	1.1x	
<b>EV/ EBITDA (x)</b>	<b>7.9X</b>	<b>5.6x</b>	
EV/ EBIT (x)	9.0X	6.7x	

▪ 2023 figures are indicative and do not constitute guidance

▪ **IDH ranks on ATHEX (excl. banks):**

▪ **24<sup>th</sup> in Revenues**

▪ **25<sup>th</sup> in EBITDA**

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