

## Mila retailer to join the Eurocash Group

A chain of 188 supermarkets will gain a strong industry investor

- **Eurocash will take over 100% of Mila S.A., owner of a network of 188 supermarkets located mainly in central Poland.**
- **Mila will thus gain a strong strategic partner in the field of retail store development.**
- **Purchase of Mila is part of the strategy of building a nationwide supermarket chain based both on cooperation with franchise partners and running own stores in order to support chain development in new regions of the country.**
- **The strategic goal of the Eurocash Group is to consistently improve the competitiveness of Polish independent retail stores, which are the Group's main customers.**
- **The acquisition of Mila's network is conditional upon, inter alia, a positive decision of antitrust body UOKiK.**
- **The transaction value was set at PLN 350 million.**

After a successful completion of the transaction, the national leader in wholesale distribution of groceries will become the owner of a network of 188 supermarkets operating under the Mila brand, located mainly in central Poland. Mila's network covers most of the voivodeships. The largest number of stores operate in Kujawsko-Pomorskie, Mazowieckie, Łódź, Lubuskie, Wielkopolska, Świętokrzyskie and Śląskie voivodeships. The total sales realized by this network in 2016 amounted to nearly PLN 1.5 billion.

Thanks to Eurocash's investment, the Mila network will acquire a strong strategic partner with the know-how and resources needed to further develop the network and increase its efficiency in logistics.

The acquisition of Mila, just as the acquisition of the EKO supermarket chain in January 2017, is part of the strategy of building a nationwide supermarket chain based on cooperation with franchise partners as well as running Eurocash's own stores in order to support chain development in new regions of the country.

"Our mission is to consistently improve the competitiveness of Polish independent retail stores. In view of the unwavering expansion of discount stores, to ensure our customers' competitiveness, we must work to increase the scale of our Group's operations and improve our efficiency. Mila's network has very high competence in running supermarkets with a wide assortment of fresh produce. Thanks to this acquisition, we are taking another step towards building a nationwide supermarket chain that includes both franchise outlets and outlets run by Eurocash, especially in regions of the country where the franchise network is not yet well developed," said Jacek Owczarek, Eurocash board member.

"The professional approach of the owners and the management of Mila enabled the transaction process to proceed smoothly. We know that Mila will be very well managed until the closing of the transaction and later within the Eurocash Group," added Jacek Owczarek.

The acquisition of Mila will strengthen the logistics capabilities of the Eurocash Group, particularly in the distribution of fresh produce to the Group's franchisees in central Poland. This transaction will also allow Eurocash Group to further develop competence in retail operations and address expectations of final consumers.

In order for the transaction to be completed, the consent of the President of the Office of Competition and Consumer Protection (UOKiK) is required. The value of the transaction has been set at PLN 350 million. That price tag does not include selected properties not acquired by Eurocash.

Mila current owners' transactional advisor was PwC, and legal advisors - Weil, CMS and Gessel. Eurocash's financial advisor was Trigon, and Deloitte Legal acted as legal advisor.

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Eurocash Group is the largest Polish company dealing with wholesale distribution of food products, household chemicals, alcohol and tobacco (FMCG). Through a number of distribution formats, it focuses on the wholesale distribution of FMCG products to traditional retail outlets throughout Poland. As part of the Eurocash Group's franchise and partner network, nearly 15,000 independent retail stores are concentrated.