The Future of Retail Sector

Trends and Developments in the Greek Market

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Contents

Demand Analysis

Sector Overview

The Retail sector is the backbone of the Greek economy

The Retail sector is responsible for about 4.6% (EUR 7.3 billion) of the gross value added of the Greek economy and is ranked 6th in terms of turnover volume, among the 63 sectors of the Greek economy. As far as employment is concerned, the Retail sector ranks 2nd, after the Accommodation and Catering Services sector, employing about 10.6% (484 thousand people) of all the employed personnel in the economy. Thus, the Retail sector undoubtedly plays a very crucial role in the Greek economy, both in terms of production and employment.

The Retail sector includes retailers who sell goods to the end user; these goods are usually not manufactured by them. The sector can be split into sub sectors, based on the type of products sold.

*Out of survey scope
Source: Hellenic Statistical Authority; KPMG analysis

Retail

- Household
- Grocery
- Consumer Electronics
- Apparel & Accessories
- Toys
- Automotive
- Other* (e.g., Books & Print, Retail Fuel, Car Parts, etc.)
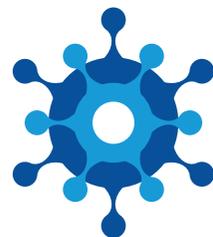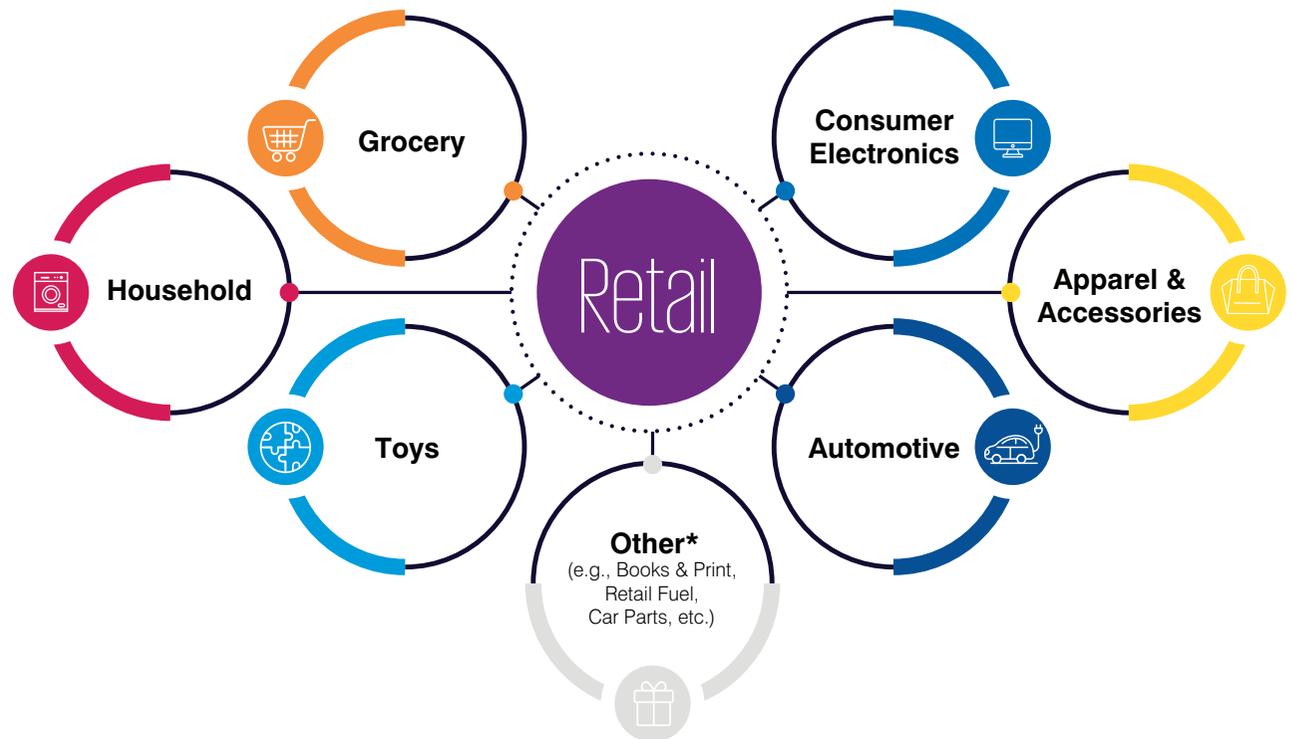
Covid-19

It comes as no surprise that the pandemic outbreak undermined the performance of the Retail sector. The retail volume index slipped by 2.8% during the first 10 months of 2020 vs the first 10 months of 2019. Not surprisingly, the lockdown conditions accelerated the switch to electronic transactions, with households increasingly turning to e-consumption and thus triggering the digital transformation of businesses.

Sector Size and Growth

While retail sector has had its share of challenges in the past two years due to the pandemic, it is forecasted to follow a rising performance in the years to come. A survey conducted among 250 world leading retailers such as Amazon, Walmart, Tesco etc. provides useful insight regarding the retail market, revealing the sector's upward trend during 2014-2024 period.

The size of the sector in Greece and all the respective data presented in the survey have been estimated from **retailers** with an **annual turnover greater than EUR 10 million for 2019**.

Sources: Companies published financial data, KPMG analysis
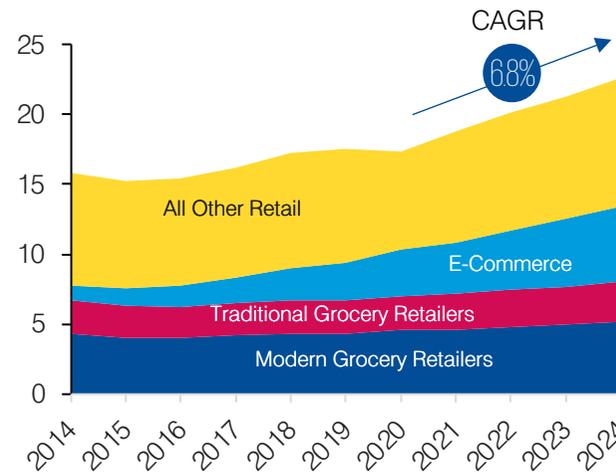
Global

Turnover 2020: USD 22.6 trill.(e)

— The Global retail market is expected to reach USD 22 636 billion by 2024 (CAGR: 6.8%).

— Revenue generated by retailers based in North America and Europe represented the majority (80%) of the world's leading 250 retailers.

— Grocery Retailers' revenue is estimated at USD 6.96 trillion in 2020, while the e-commerce revenue is estimated at USD 3.36 trillion. Both are expected to experience notable growth by 2024.

CAGR 6.8%
All Other Retail
E-Commerce
Traditional Grocery Retailers
Modern Grocery Retailers
(2014–2024)

Greece

Turnover 2020: EUR 26.4 bill.(e)

— The Retail sector reached a total turnover of EUR 31 billion in 2019. The turnover estimation for 2020 is EUR 26.4 billion.

— Retail has experienced a turnover CAGR of 5.6% between 2015 and 2020. Among the sub sectors, Grocery recorded the largest turnover CAGR with 12.9%.

— The Retail sector can be broken down into 7 sub sectors. The largest sub sector, Grocery retailers, accounts for the 38.4% of the total Retail turnover, followed by "Other" retailers with 34.3% share and Automotive with 9.3% share in 2020.


Consumer Electronics, Automotive, Household, Apparel & Accessories, Toys, Grocery, Other (2015–2020)
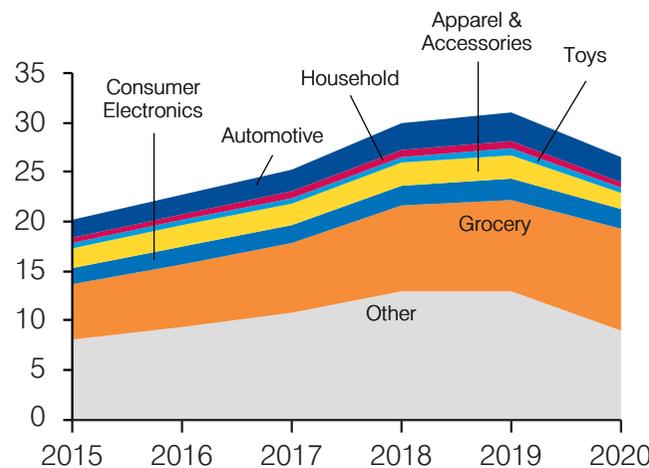
Greek Macroeconomic Indices

Consumer Price Index (CPI)

The Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

2016	2017	2018	2019	2020	2021
104.6	105.8	106.5	106.8	105.4	105.6

The CPI increased slightly in 2021, with an upward trend in the last months of the year, signifying a potential reduce in the purchasing power of consumers in 2022 as well.

Retail Trade Turnover Index

The index of the retail trade is a business indicator which measures the monthly changes of the deflated turnover of retail trade

2016	2017	2018	2019	2020	2021
97.9	99.6	101.6	102.9	98.9	104.1

Retail demand is back on track in Greece, as the Retail Trade Turnover Index has fully recovered in the first half of 2021, surpassing the demand levels of the past five years.

Sources: Hellenic Statistical Authority; KPMG Analysis

The Future of Retail Sector

Pricing Drivers

The pricing of products in the Consumer Goods and Retail sector is affected by multiple factors. The most significant drivers though, have to do with the cost, the market trends and regulatory mechanisms. These factors can be further analyzed as follows:

Cost-Based Factors

Cost of raw materials and fuel

The increase in the prices of raw materials, cereals, dairy, sugar, coffee and beef starts from 3.63% and reaches 26.59%, according to data from the Athens Chamber of Commerce and Industry (EVEA). At the same time, in addition to the rising prices in supermarkets, there is also an increase in fuel prices, which in turn further increases the cost of products.

Transportation Costs

Due to the COVID-19, there has been an increased surge in demand for home delivery of products, but most companies don't have the necessary processes and infrastructure to satisfy the demand. This has led to high delivery charges and longer lead-times. Retailers are re-designing their operational models to adjust accordingly. Leading retailers in Greece, such as Jumbo Group, are centralizing their supply network.

Micro/macroeconomic Drivers

Inflation

The consumer price index slightly increased in 2021. Even if the annual household income increased as well (1.2% increase in 2020), the inflationary pressures reduced the household purchasing power. At individual level, the purchasing power decreased by 7% in 2021. Inflation is expected to continue its upward trend in 2022 as well.

Price sensitivity

Every 1% increase in the price of basic household products results to a 2.5% decrease in the quantity sold, while more than half of consumers switch to substitute brands if the price of their preferred choice increases. Consequently, suppliers and retailers who, before the pandemic, wanted to shift to personalized marketing should most probably consider to preserve part of the mass marketing initiatives to preserve market share.

Regulatory Drivers

Price cap for certain products

As per government instructions, due to continued risk of spread of coronavirus, price caps have been added to essential products such as masks, antiseptics etc. These products have been added to the list of the products for which pricing caps have already been imposed, such as the bottled water.

Price monitoring

Supermarkets with annual turnover greater than EUR 90 million, are required to daily update their shelf prices, for each store or overall (single product price per chain). The dedicated platform is called e-Katanalotis - the e-Consumer platform of the General Secretariat for Trade and Consumer Protection of the Ministry of Development and Investment. Thus, off-promo price of the products is set daily and cannot fluctuate within the same day.

Financial Trends

In order to better understand the characteristics of the Retail sector, we have employed common measures of financial performance. The gross profit margin for Retail sector slightly fluctuates above 22% throughout the period between 2015-2020. EBITDA margin moved between 4.3% and 4.6% over the 6-year period and remained stable in the last two years.

Gross Profit Margin of Retail sector

Year	Value
2020	22.7%
2019	22.8%
2018	22.9%
2017	22.1%
2016	22.4%
2015	22.8%

EBITDA Margin of Retail sector

Year	Value
2020	4.4%
2019	4.4%
2018	4.3%
2017	4.4%
2016	4.6%
2015	4.5%

Retail sector's EBITDA margin has been stable in the last 6 years

Net Debt to EBITDA ratio slightly fluctuates over the years without exceeding 10 years in most cases. Focusing on the sub sectors within the Retail, Household retailers have the highest Net Debt to EBITDA ratio in 2020 with 14.3, while having one of the lowest ratios together with Toys retailers in the 2015-2018 period.

In terms of ROCE ratio, Grocery sub sector generated the highest operating income for every euro invested in 2020 compared to the rest sub sectors. However, most of the sub sectors have seen their net operating profit declining in 2020.

Average Net Debt / EBITDA
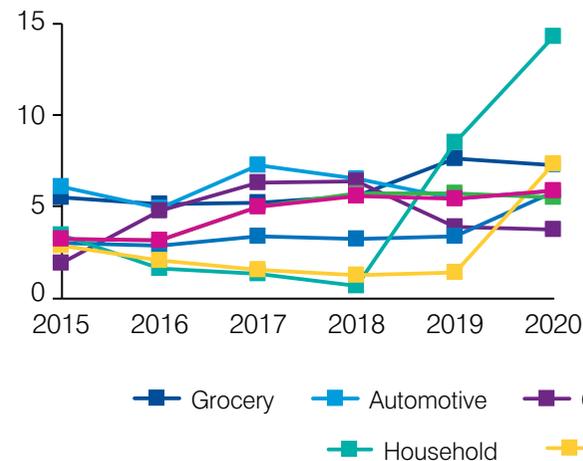
Average Return on Capital Employed (ROCE)

Legend: Grocery, Automotive, Consumer Electronics, Apparel & Accessories, Household, Toys, Other, Retail
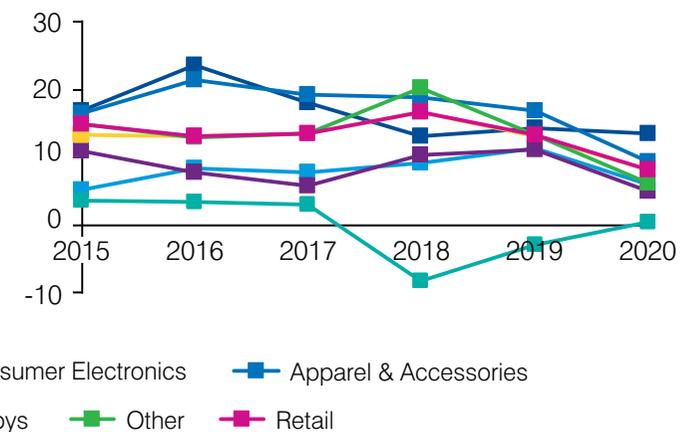
Sources: Companies published financial data, KPMG analysis

Supply Analysis

Grocery

The Grocery sub sector consists of retail chains that mainly sell edible products. This includes supermarkets, meat, fish, vegetable & fruit retail stores as well as pet food retailers.

The top five grocers, in terms of turnover, account for around EUR 7.9 billion in total, or approximately 75% of the sub sector in 2020, indicating a highly concentrated market. Sklavenitis had the highest turnover, increasing from EUR 2.63 billion in 2019 to EUR 3.15 billion in 2020 (+19.7%). AB Vassilopoulos follows, with a slight increase from EUR 1.95 billion in 2019 to EUR 2.02 billion in 2020 (+3.6%). In the 3rd and 4th place we can find METRO and Masoutis, increasing their turnover by EUR 70 million and EUR 60 million respectively, amounting to EUR 1.33 billion for METRO and EUR 0.88 billion for Masoutis in 2020. Galaxias increased its turnover by 14% in 2020.

In terms of market shares, only Sklavenitis and Galaxias increased their share, while AB Vassilopoulos lost part of its share. The concentration of the sub sector is evident from the fact that 23 out of 34 players have a share below 1%.

Turnover of the top players
(in EUR million)

Total Turnover of Grocery sub sector
(in EUR million)

CAGR

12.1%

5 737 — 6 313 — 6 946 — 8 788 — 9 325 — 10 156(e)

2015   2016   2017   2018   2019   2020

Market shares (%) of the top players

	2018	2019	2020
Total	77.0%	76.4%	77.7%
SKLAVENITIS	27.0	28.2	31.0
AB VASILOPOULOS	22.6	20.9	19.9
METRO	13.6	13.5	13.1
MASOUTIS	8.8	8.9	8.7
PENTE (GALAXIAS)	5.1	4.8	5.0
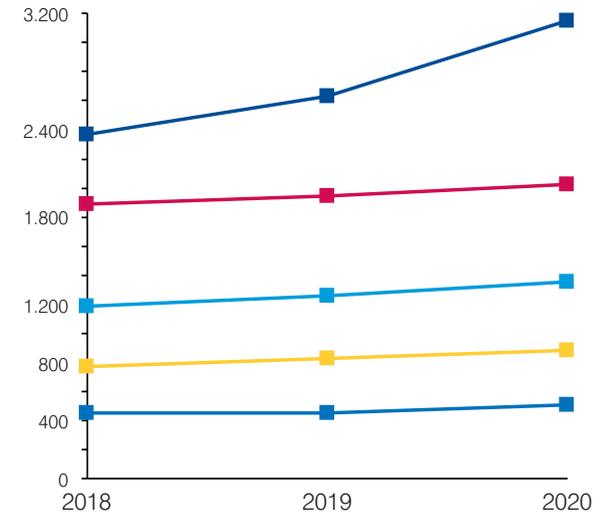
Legend:
- SKLAVENITIS
- AB VASILOPOULOS
- METRO
- MASOUTIS
- PENTE (GALAXIAS)
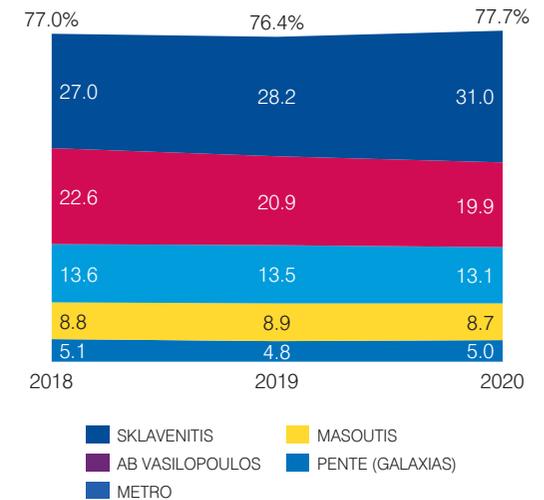
Sources: Companies published financial data, KPMG analysis

Grocery

Regarding EBITDA, AB Vassilopoulos led the grocers untill 2019. Its EBITDA was much higher than that of its competitors and only Sklavenitis in 2019 managed to approach the same profitability levels. However, in 2020 Sklavenitis surpassed AB Vassilopoulos by a wide margin and topped the Grocery sub sector.

Sklavenitis: After the acquisition of Marinopoulos in 2017, a move that resulted to a negative EBITDA, Sklavenitis has become the biggest supermarket in Greece, recording increased profits since then. Its Net Debt to EBITDA ratio largely fluctuated during 2016-2019, but stabilised in 2020.

AB Vasilopoulos: Is currently the second biggest player among the grocers, achieving a small year-on-year growth in EBITDA from 2019 and onwards. AB Vassilopoulos' Net Debt to EBITDA ratio, is one of the best in the sub sector.

Metro: In 2016, Metro acquired the supermarket chain Veropoulos, which in part explains its declining EBITDA in 2017 and its high Net Debt to EBITDA ratio in the same year. From 2018 and onwards, its ratio has a value close to the average of the Grocery sub sector.

Masoutis and **Galaxias** both follow similar trends in their EBITDA and Net Debt to EBITDA values. Nevertheless, Masoutis steadily increases its EBITDA from 2019, while Galaxias managed to reverse its EBITDA downward trend in 2020.

EBITDA
(in EUR million)
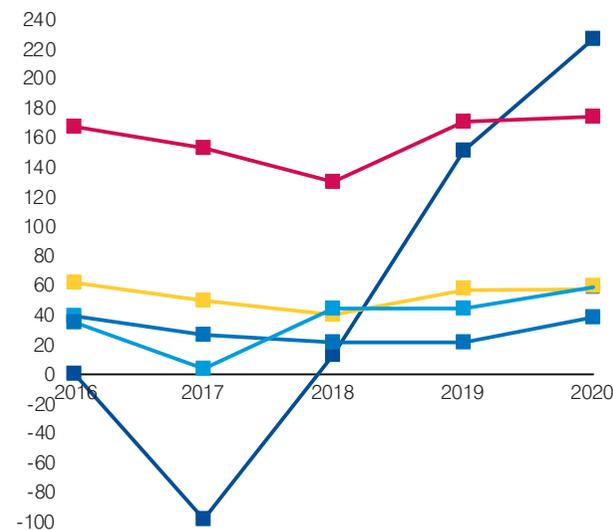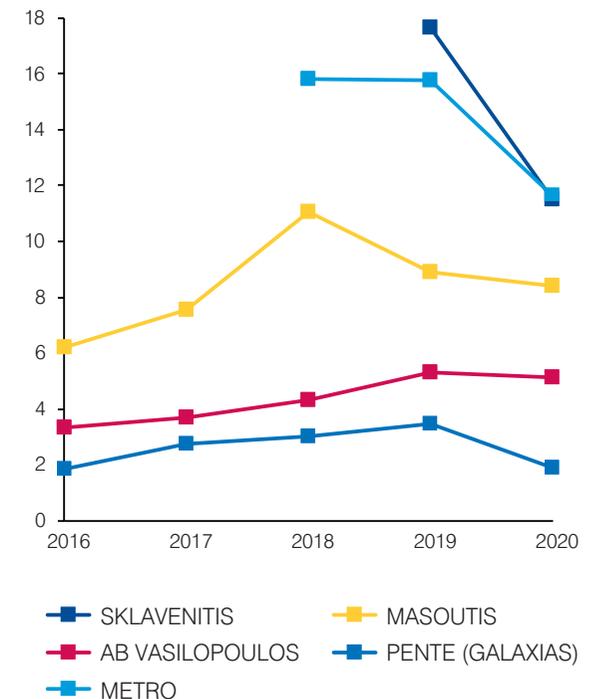
Net Debt to EBITDA

Legend: SKLAVENITIS, MASOUTIS, AB VASILOPOULOS, PENTE (GALAXIAS), METRO

Note: Ratios with negative or extreme values are not depicted in the chart

Sources: Companies published financial data, KPMG analysis

Grocery New Entrants

The demand for low grocery prices and the rise of e-grocery have triggered the interest of three global players into entering the Greek market.

MERE
Hard Discounter

Founded: Russia, 2017
Presence: EU, US, Asia
Sales 2020: USD 2.5 billion

—MERE is the largest hard discount supermarket chain in Russia. It has already opened its first stores in Larissa, Lagada, Tripoli and Korinthos, with Agrinio to be the next city to open a store.

—It has been negotiating directly with producers for months, introducing new dynamics in the relationship between supermarket chains and suppliers, by implementing a two-month repayment policy.

—MERE aims to provide prices up to 40% below the competition, but currently the range of products is limited.

Wolt Market
Supermarket chain

Founded: Finland, 2014
Presence: 23 countries
Sales 2020: USD 345 million

—Wolt plans to open small supermarkets – Wolt Markets – which will not be visited by customers. Instead, customers will place orders for grocery shopping electronically in the Wolt app, and Wolt Markets employees will pack and ship the products in about half an hour. Wolt Markets will have the same range of products typical supermarkets have.

—In November 2021, Wolt got acquired by DoorDash, the largest food distribution company in the United States, a move that provides the impetus for an even more dynamic continuation of its activities.

Carrefour
Supermarket chain

Founded: France, 1958
Presence: 30+ countries
Sales 2020: USD 78.6 billion

—Carrefour International Partneship announced a new partnership signed with Retail & more S.A., a subsidiary of the Teleunicom Group, in order to restore Carrefour's brand and top products to Greek consumers

—The first stores will open in Greece by the summer of 2022

—Carrefour stores will be hosted by the gas stations of Motor Oil subsidiaries and affiliates.

Consumer Electronics

5 companies held a market share of 82.5% of the turnover in Consumer Electronics in 2020

Based on the revenue filters applied, Consumer Electronics sub sector consists of 12 retailers. There is a consistent growth in the subsector, with a revenue CAGR of 4.1% from 2015 to 2020.

As depicted in the graph below, only 5 retailers have managed to reach an annual revenue above EUR 100 million in 2020. Dixons, Plaisio and Retail World were the winners in 2020, with a turnover increase of EUR 32, 37 and 32 million respectively. The top 5 Consumer Electronics retailers held 82.5% of the market share in 2020.

Media Saturn was acquired by Retail World S.A. in 2020 and, as a result, its financial figures have been incorporated in the Retail World's balance sheet.

Turnover of the top players
(in EUR million)

	2015	2016	2017	2018	2019	2020
	366	408	457	532	547	579
	268	279	281	303	310	347
	318	305	299	298	302	273
	263	305	287	300	300	285
	202	208	210	222	228	260
	185	189	187	187	193	
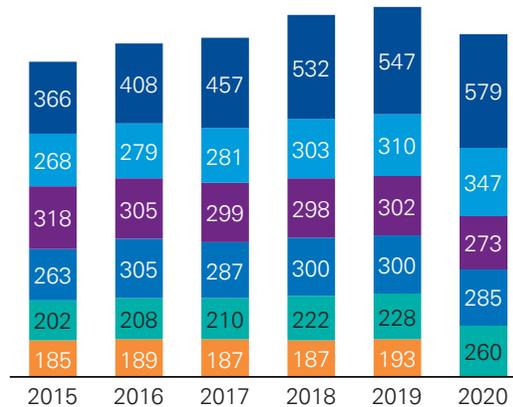
Total Turnover of Retail Consumer Electronics (in EUR million)
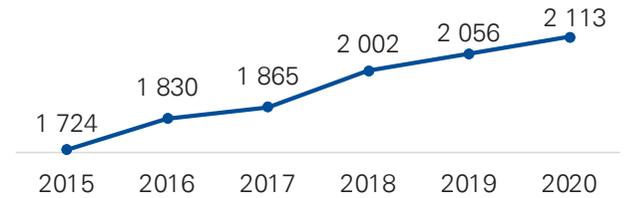
2015	2016	2017	2018	2019	2020
1 724	1 830	1 865	2 002	2 056	2 113

Market shares (%) of the top players

	2015	2016	2017	2018	2019	2020
Total	92.9%	92.5%	92.3%	91.9%	91.4%	82.5%
Dixons	21.2	22.3	24.5	26.5	26.6	27.4
Plaisio	15.5	15.2	15.1	15.1	15.1	16.4
Germanos	18.4	16.7	16.0	14.9	14.7	12.9
Kentro Kinitis	15.2	16.7	15.4	15.0	14.6	13.5
Retail World	11.7	11.4	11.2	11.1	11.1	12.3
Media Saturn	10.8	10.3	10.0	9.3	9.4	

- **DIXONS SOUTH - EAST EUROPE**
- **PLAISIO COMPUTERS A.E.B.E.**
- **GERMANOS**
- **KENTRO KINITIS TILEFONIAS**
- **RETAIL WORLD**
- **MEDIA SATURN**
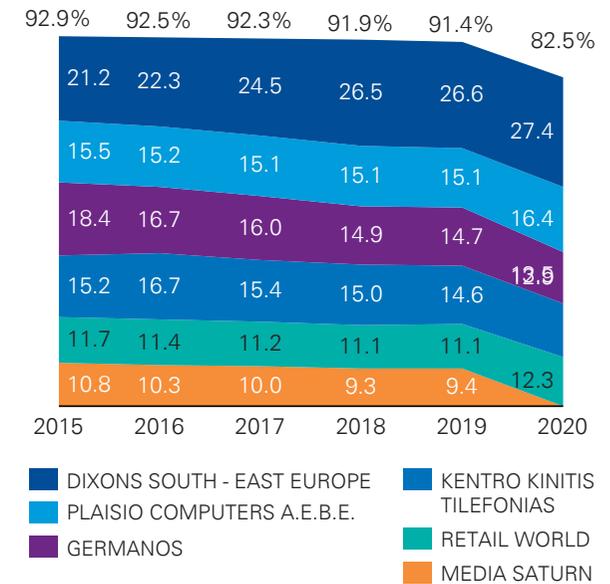
Sources: Companies published financial data, KPMG analysis

Consumer Electronics

Dixons South-East Europe: Dixons is once again the leading retailer in terms of EBITDA by a wide margin, with almost triple growth of the EBITDA between 2015 and 2019. However, in 2020 its EBITDA declined by 10%.

Retail World: Retail World achieved a huge profit increase between 2015 and 2019; from a negative EBITDA in 2015 to almost EUR 18 million in 2019. In 2020, the acquisition of Media Saturn resulted – as expected – to a near zero EBITDA and a huge increase in the Net Debt to EBITDA ratio due to the debts inherited from Media Saturn.

Regarding the remaining top Consumer Electronics retailers, **Germanos** doubled its turnover between 2018 and 2019.

In terms of Net Debt to EBITDA ratio, Plaisio Computers and Germanos had a ratio around 5 in 2020.

Note: Ratios with negative or extreme values are not depicted in the chart

Sources: Companies published financial data, KPMG analysis

EBITDA
(in EUR million)

Net Debt to EBITDA

Legend:
- DIXONS SOUTH - EAST EUROPE
- GERMANOS
- RETAIL WORLD
- PLAISIO COMPUTERS
- KENTRO KINITIS TILEFONIAS
- MEDIA SATURN
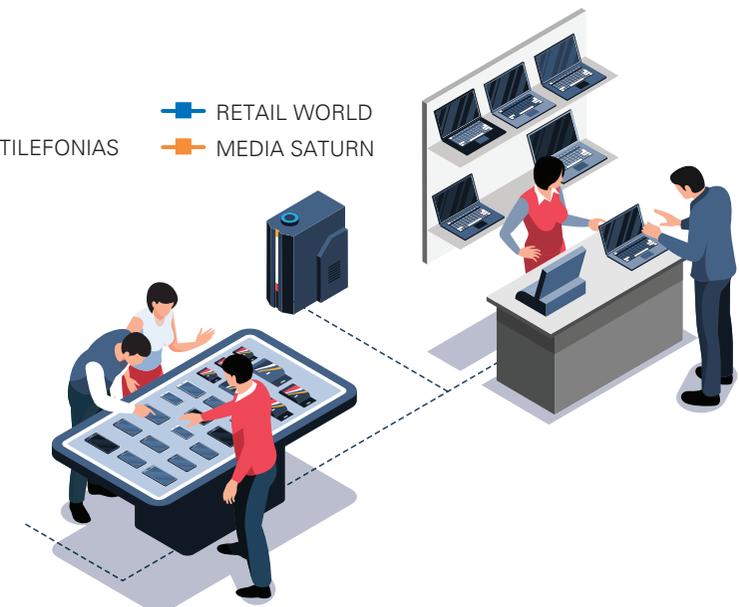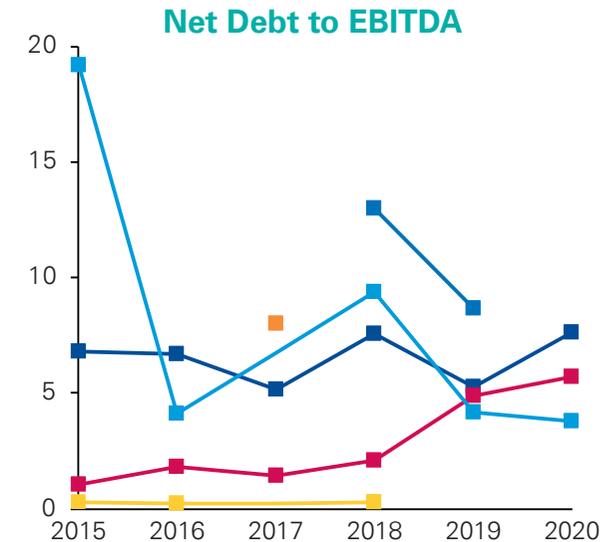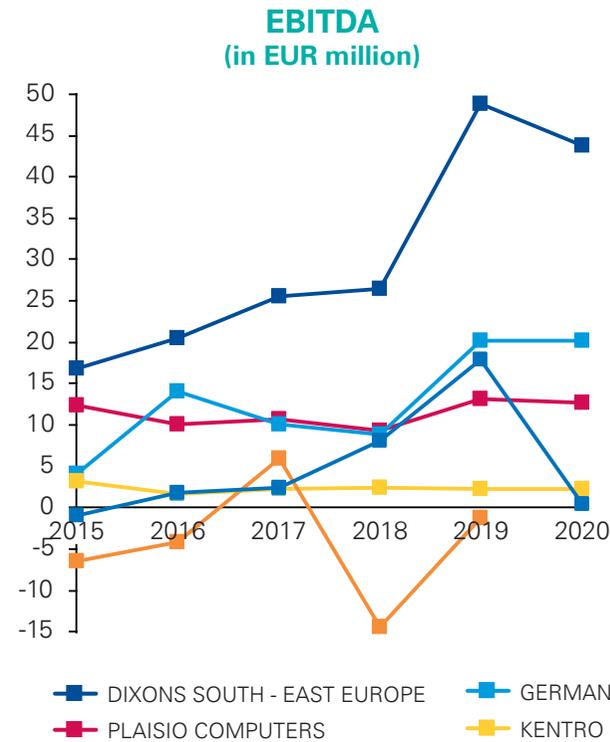
Household

The turnover of the Household sub sector dropped by 15.5% in 2020

House Market and **Praktiker** are the leaders in this sub sector, with Praktiker achieving the highest turnover in 2020.

Both retailers though have significantly reduced revenues in 2020 compared to the previous five years. **Vicko** and **JYSK** on the other hand, not only maintained, but increased their turnover in 2020 respectively.

The market share (%) of the top two players is estimated to be shrunk in 2020.

Total Turnover of Retail Household Equipment (in EUR million)

2015	2016	2017	2018	2019	2020
463	499	510	545	579	489 (e)
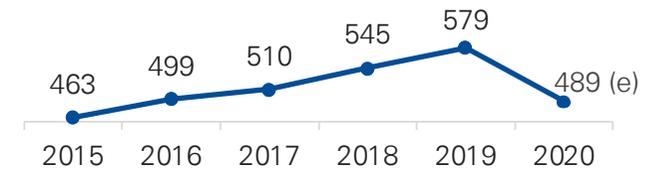
ⓘ *Leroy Merlin has not published financial results for 2020.*

Turnover of the top players (in EUR million)
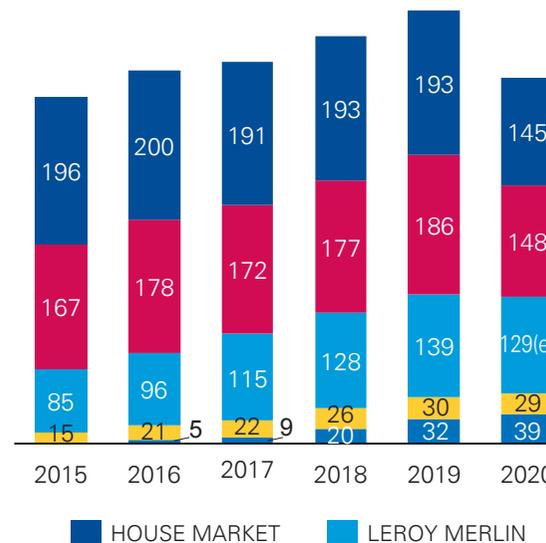
	2015	2016	2017	2018	2019	2020
HOUSE MARKET	196	200	191	193	193	145
PRAKTIKER HELLAS	167	178	172	177	186	148
LEROY MERLIN	85	96	115	128	139	129(e)
JYSK	15	21	22	20	32	39
VICKO		5	9	26	30	29

Market shares (%) of the top players

	2015	2016	2017	2018	2019	2020
HOUSE MARKET	42%	40%	38%	35%	33%	30%
PRAKTIKER HELLAS	36%	36%	34%	33%	32%	30%
LEROY MERLIN	18%	19%	23%	23%	24%	26%(e)
JYSK	3%	4%	4%	4%	6%	8%
VICKO		1%	2%	5%	5%	6%

Legend: HOUSE MARKET · LEROY MERLIN · JYSK · PRAKTIKER HELLAS · VICKO
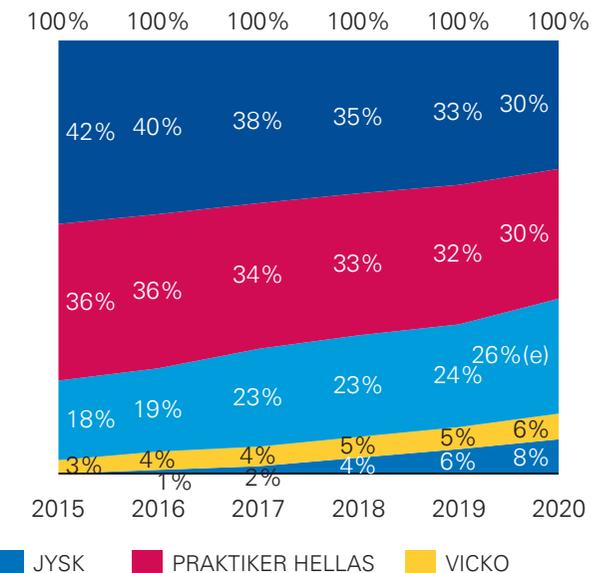
Sources: Companies published financial data, KPMG analysis

Household

House Market: Except for 2019, when House Market's EBITDA reached EUR 17.6 million, in the rest years its EBITDA moved between EUR 10 and 11 million, which accounts for the highest value of the Household sub sector. In terms of its Net Debt to EBITDA ratio, the reduced revenue in 2020 resulted to an increase in the ratio, reaching 14, which accounts for its highest value in the last six years.

**Praktiker**: In 2017 and 2018, Praktiker's EBITDA followed a downward trend, while in 2019, its EBITDA showed a sign of recovery, reaching EUR 2 million. The drop in the EBITDA, induced an increase in the Net Debt to EBITDA ratio, taking its highest value in 2018 with 40. In 2019 and 2020 the ratio was also beyond 20.

Leroy Merlin: From 2015 to 2018, Leroy Merlin had a negative EBITDA, and only in 2019 managed to achieve positive values. In 2019, the Net Debt to EBITDA ratio for Leroy Merely was equal to 50, the highest among its peers.

Jysk: Jysk is a relatively new player in Greece with presence since 2015. As a result, its EBITDA is small compared to its peers. Jysk was achieving near-zero or negative EBITDA until 2019. The 2020 was the first year Jysk achieved a marginally positive EBITDA.

Vicko: From 2016 and onwards, Vicko's EBITDA moves around EUR 3.5 million per year with low levels of Net Debt.

EBITDA
(in EUR million)
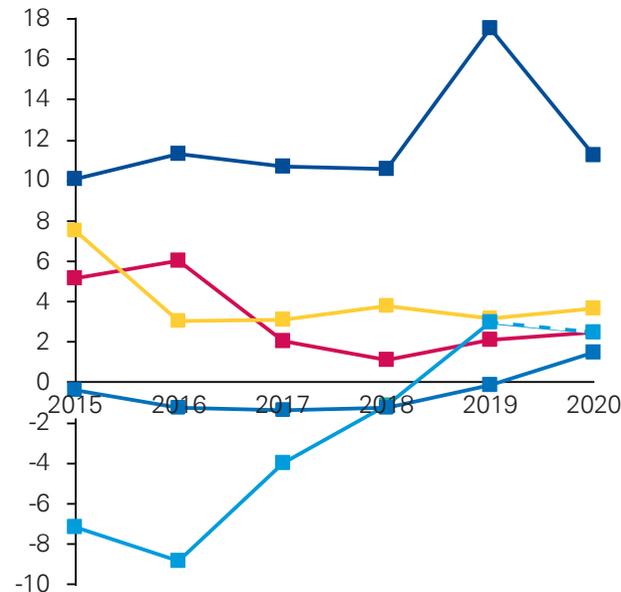
HOUSE MARKET LEROY MERLIN JYSK
PRAKTIKER HELLAS VICKO ---- Estimate

Net Debt to EBITDA
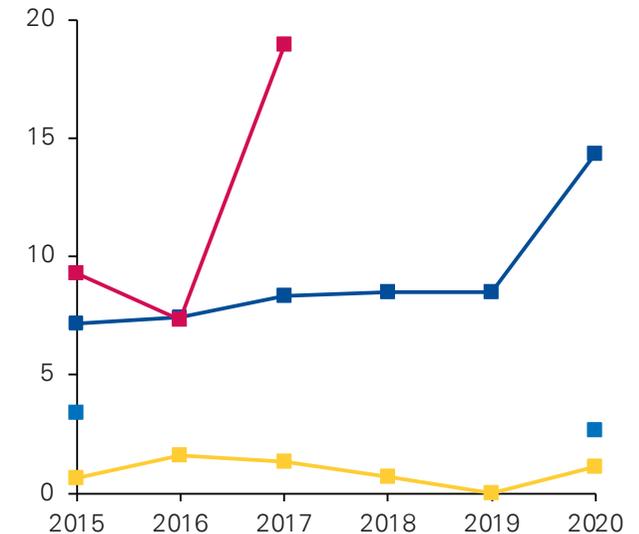
Note: Ratios with negative or extreme values are not depicted in the chart
Sources: Companies published financial data, KPMG analysis

Apparel & Accessories

Apparel & Accessories retailers lost 38% of their revenue in 2020

Based on the revenue filters applied, Apparel & Accessories sub sector consists of 37 retailers, having a turnover of EUR 1.5 billion in 2020.

All top-10 Apparel & Accessories retailers show a consistent growth over the 5-years period of 2015-2019. Adidas Hellas had one of the smallest market shares among the top retailers in 2015, but almost doubled its turnover by 2019. In 2020, the pandemic had a severe effect on the domestic retail market, which resulted in significant decreases in the retailers' turnover, mainly affecting the ones with the highest turnover in 2019.

Total Turnover of Retail Apparel & Accessories (in EUR million)

2015	2016	2017	2018	2019	2020
2.016	2.124	2.223	2.346	2.503	1.545(e)

Market shares (%) of the top players

	2015	2016	2017	2018	2019	2020
Total	60.5%	60.2%	60.7%	59.7%	60.2%	58.6%
ZARA HELLAS	9.7%	10.5%	10.9%	11.5%	11.8%	10.9%
DUTY FREE SHOPS	14.0%	12.9%	12.8%	11.6%	11.6%	5.2%
						6.4%
ATTICA	7.8%	7.9%	8.0%	7.7%	7.3%	7.0%
H & M	7.1%	7.4%	6.9%	6.6%	6.4%	7.5%
ADIDAS HELLAS	3.6%	4.2%	4.7%	4.9%	5.7%	5.4%
NOTOS COM.	5.8%	5.4%	5.4%	5.2%	5.1%	6.3%
INTERSPORT ATHLETICS	4.2%	4.3%	4.5%	4.7%	4.8%	2.9%
BERSKA HELLAS	3.4%	3.3%	3.1%	2.9%	2.7%	3.8%
ROLEX HELLAS	2.9%	2.4%	2.4%	2.4%	2.5%	3.2%
SHOP & TRADE	1.9%	1.9%	2.0%	2.1%	2.3%	

Turnover of the top players (in EUR million)

	2015	2016	2017	2018	2019	2020
ZARA HELLAS	196	224	242	270	296	168
DUTY FREE SHOPS	283	274	284	273	290	81
ATTICA	158	167	179	181	184	99
H & M	144	158	155	155	160	108
ADIDAS HELLAS	73	88	104	116	142	117
NOTOS COM.	118	116	121	123	127	83
INTERSPORT ATHLETICS	84	91	101	111	121	97
BERSKA HELLAS	69	70	53	56	61	60
ROLEX HELLAS	58	50	68	68	69	45
SHOP & TRADE	38	41	44	48	57	49

Legend: ZARA HELLAS, DUTY FREE SHOPS, ATTICA, H & M, ADIDAS HELLAS, NOTOS COM., INTERSPORT ATHLETICS, BERSKA HELLAS, ROLEX HELLAS, SHOP & TRADE

Sources: Companies published financial data, KPMG analysis

Apparel & Accessories

Duty Free Shops S.A.: Had the highest EBITDA by far during the 2015-2019 period. However, in 2020 the pandemic caused the shutdowns of many airports and only a tiny number of flights were being held, leading to an EBITDA drop by 68%, from EUR 101 million to only EUR 32 million.

Zara Hellas: The company's EBITDA follows an upward trend from 2015 to 2019. In 2020, Zara Hellas experienced a decline by 20%, from EUR 42.6 million in 2019 to EUR 34 million in 2020. In terms of the Net Debt to EBITDA ratio, the company performs similarly with most of the top retailers in the same sub sector.

Attica: Despite the COVID-19 situation in 2020, the company's EBITDA was not affected negatively. Instead, it has grown by 42%, from EUR 30.9 million in 2019 to EUR 44 million in 2020. Its Net Debt to EBITDA ratio in 2020 was about 8, one of the lowest values compared to its peers.

Notos: In 2019 the company managed to increase its EBITDA by almost 5 times compared to 2018, but decreased in 2020 by 37%. The Net Debt to EBITDA ratio was very high until 2018, which led the main shareholders in July 2021 to come to an agreement with a group of investors, the four systemic banks and Optima bank for restructuring its debts.

Shop & Trade: The company's EBITDA decreases from 2017 and onwards, becoming the least profitable retailer in 2020 in terms of EBITDA among the top market players. The Net Debt to EBITDA ratio had the highest value among its peers in 2020, except from Notos com.

EBITDA
(in EUR million)
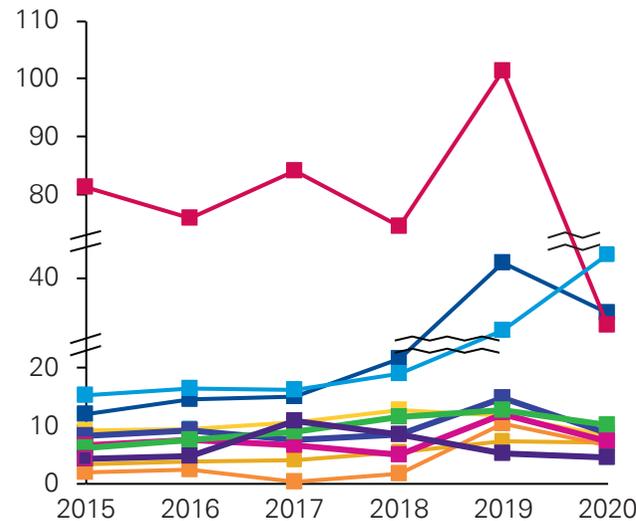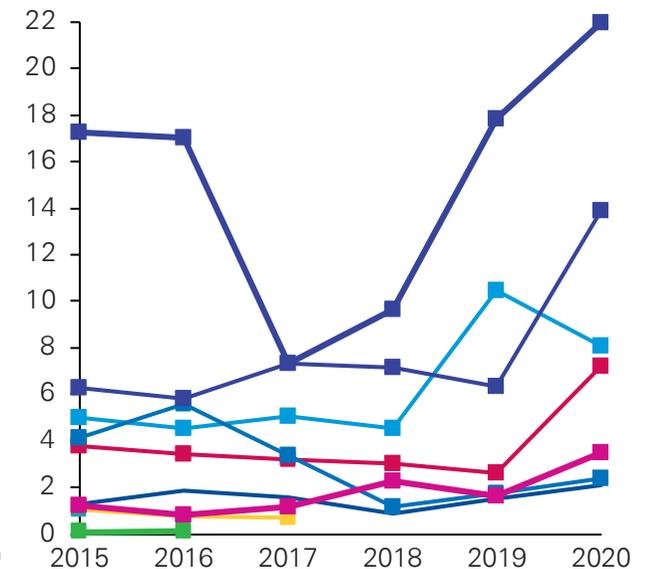
Net Debt to EBITDA

Legend:
- ZARA HELLAS
- DUTY FREE SHOPS
- ATTICA
- H & M
- ADIDAS HELLAS
- NOTOS COM.
- INTERSPORT ATHLETICS
- BERSKA HELLAS
- ROLEX HELLAS
- SHOP & TRADE

Note: Ratios with negative or extreme values are not depicted in the chart

Sources: Companies published financial data, KPMG analysis
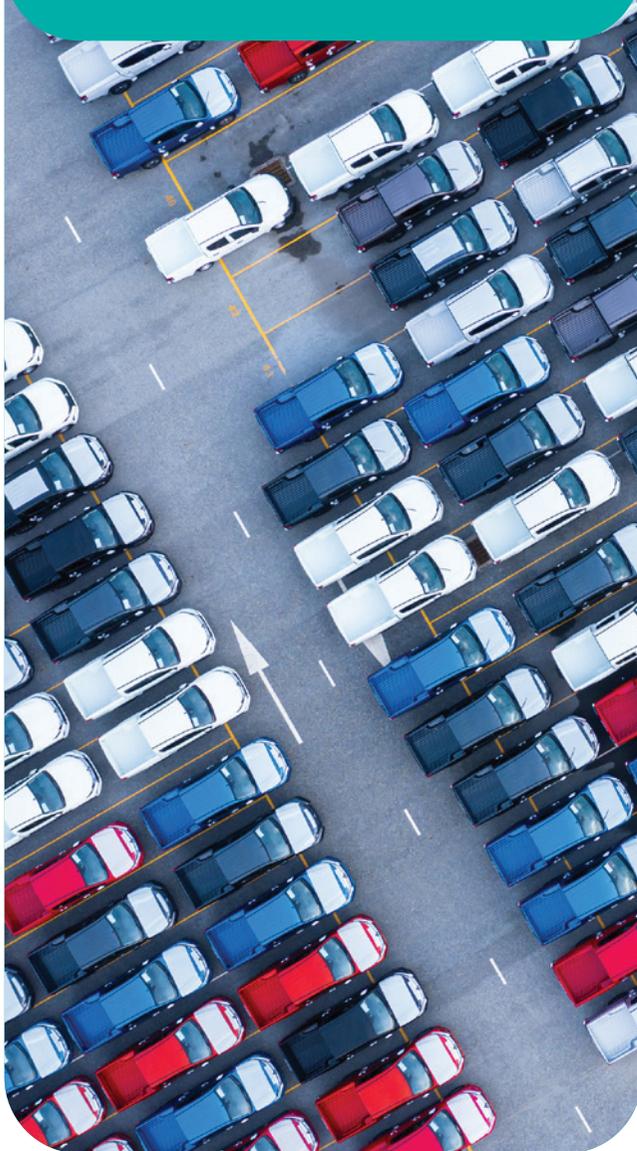
Automotive

Automotive sub sector has recorded a 16.3% decrease in sales from 2019 to 2020

The Automotive sub sector consists of 32 companies. The sub sector has achieved a yearly average growth of 13.8% from 2015 to 2019, while recorded its peak value in 2019 with almost EUR 3 billion turnover. In 2020, the sub sector's turnover was reduced by EUR 480 million, with the top 10 automotive retailers to lose 25% of their cumulative sales.

Following the whole Automotive sub sector, most of the top retailers in 2019 achieved an increased turnover compared to the previous years. Among them, Autotechnica Hellas (Velmar) in 2015 had a turnover of EUR 20 million, while in 2019 reached a turnover of EUR 191 million. From 2017 and onwards, Kosmocar S.A. is the leader among the automotive retailers in terms of turnover.

ℹ️ *Mercedes Benz has not published financial results for 2020*

Total Turnover of Retail Automotive
(in EUR million)

2015	2016	2017	2018	2019	2020
1 750	1 994	2 264	2 607	2 937	2 457 (e)

Turnover of the top players
(in EUR million)

	2015	2016	2017	2018	2019	2020
KOSMOCAR	172.2	168.2	256.7	299.6	343.1	273.2
SFAKIANAKIS	207.6	257.1	269.4	300.6	299.8	250.5
AIGLON (part of Syggelidis group)	119.8	125.7	168.9	208.3	272.9	238.5
TOYOTA	148.7	170.1	180.2	213.5	232.8	179.1
AUTOTECHNICA (Velmar)	19.9	97.4	130.9	163.6	191.0	169.7
MERCEDES-BENZ	135.9	163.4	153.9	165.9	189.9	159.7(e)
BMW	112.6	142.5	127.8	139.6	152.3	132.0
THEOCHARAKIS. N.	113.7	118.9	122.1	142.8	147.5	113.7
KARENTA	71.5	73.9	84.4	99.6	104.2	87.4
HYUNDAI	32.3	12.8	44.7	60.5	94.7	75.6

Automotive

## The Automotive sub sector maintains its market share concentration through the years

In 2019, the top 10 retailers of the Automotive sub sector had a total market share of 69%. However, that share slightly dropped in 2020.

The market shares of Aiglon (part of Syggelidis group) and Autotechnica (Velmar) followed an upward trend from 2016 to 2020, while the shares of the rest retailers didn't change significantly over the last years.

Kosmocar: It is the leader of the Automotive sub sector in terms of turnover for 2020. It has achieved its highest market share in 2019 with 11.5%, but in 2020 lost 0.4% of its share.

Sfakianakis: Its market share dropped between 2017 and 2019, while having its highest share in 2016. Its market share in 2020 was 10.2%, being the second biggest automotive retailer in the sub sector.

Market shares (%) of the top players

	2015	2016	2017	2018	2019	2020	
Total	64.8%	66.7%	68.0%	68.8%	69.0%	68.4%	
COSMOCAR	9.8%	8.4%	11.3%	11.5%	11.7%	11.1%	
SFAKIANAKIS	11.9%	12.9%	11.9%	11.5%	10.2%	10.2%	
AIGLON (part of Syggelidis group)	6.8%	6.3%	7.5%	8.0%	9.3%	9.7%	
TOYOTA	8.5%	8.5%	8.0%	8.2%	7.9%	7.3%	
AUTOTECHNICA (Velmar)	1.1%	4.9%	5.8%	6.3%	6.5%	6.9%	
MERCEDES-BENZ	7.8%	8.2%	6.8%	6.4%	6.5%	6.5%(e)	
BMW	6.4%	7.1%	5.6%	5.4%	5.2%	5.4%	
THEOCHARAKIS. N.	6.5%	6.0%	5.4%	5.5%	5.0%	4.6%	
KARENTA	4.1%	3.7%	3.7%	3.8%	3.5%	3.6%	
HYUNDAI							
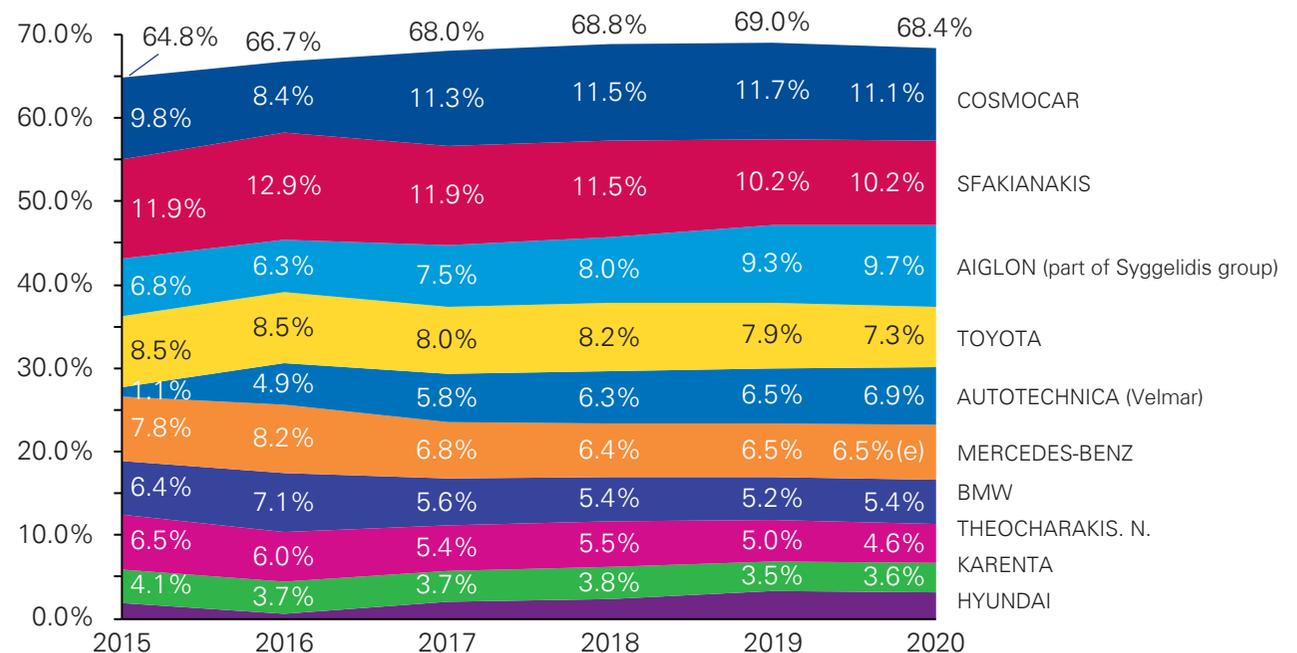
Sources: Companies published financial data, KPMG analysis

Automotive

Most of the companies had a decreased EBITDA in 2020 compared to their respective EBITDA in 2019, and most of them had also an increased Net Debt to EBITDA ratio compared to their same ratio in 2019.

Kosmocar: From 2015 to 2019, Kosmocar achieved an increasing EBITDA. Its Net Debt to EBITDA ratio revolves around 11, one of the highest valus among its peers.

Sfakianakis: It is by far the most profitable retailer in terms of EBITDA within the automotive sub sector for the five out of the six last years. In 2017 though, its EBITDA was the second highest behind Hyundai Hellas.

Hyundai Hellas: Marked an enormous growth in terms of EBITDA after a 2-year period of negative EBITDA (2015-2016). These negative values in 2015 and 2016 were a result of large operational costs.

Aiglon (part of Syggelidis group): Has an EBITDA that ranges from 300 thousand to around EUR 7 million and a yearly average of EUR 3.8 million. In terms of its Net Debt to EBITDA ratio, 2015 and 2016 were years of extremely high values due its low EBITDA. As EBITDA increased in the following years, the Net Debt to EBITDA ratio sharply decreased in 2017 and remained relatively stable the following years.

**EBITDA
(in EUR million)**
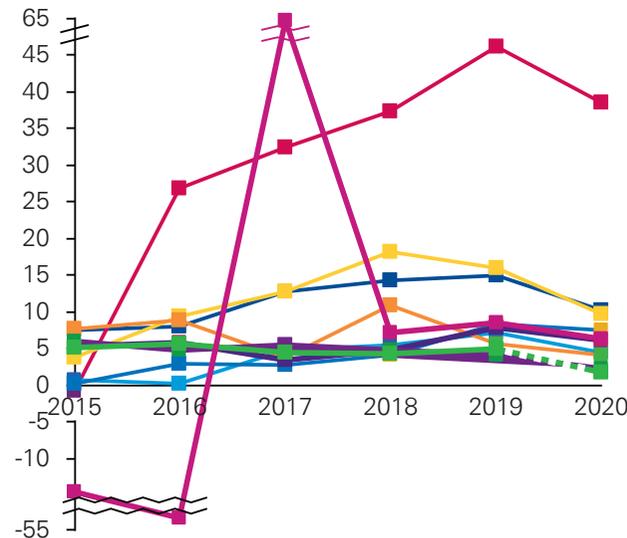
Net Debt to EBITDA
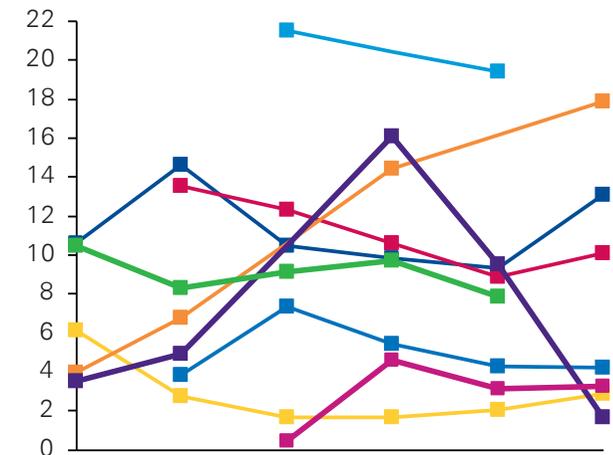
- ■ KOSMOCAR
- ■ SFAKIANAKIS
- ■ AIGLON (part of Syggelidis group)
- ■ TOYOTA
- ■ AUTOTECHNICA (Velmar)
- ▪▪▪ Estimate
- ■ MERCEDES-BENZ
- ■ BMW
- ■ THEOCHARAKIS, N.
- ■ KARENTA
- ■ HYUNDAI

Note: Ratios with negative or extreme values are not depicted in the chart
Sources: Companies published financial data, KPMG analysis

Toys

Jumbo is the undisputed leader of the sub sector, with a market share of nearly 90% in 2020. Toys' sales decreased by 20% in 2020.

Based on the revenue filters applied, Toys sub sector consists of 3 companies with a total turnover of EUR 603 million in 2020. In the period 2015-2019, the sub sector achieved a turnover CAGR equal to 6.8%. However, in 2020, the sub sector's turnover declined by 20%, reaching the 2015 levels.

In 2020, COVID-19 outbreak resulted to a limited-to-none travelling/tourist activity, creating a highly unfavorable environment for the Toys sub sector. Jumbo's turnover decreased by EUR 134 million between 2019 and 2020.

Total Turnover of Print & Toys
(in EUR million)

2015	2016	2017	2018	2019	2020
578	619	655	708	756	603

Turnover of the top players
(in EUR million)

	2015	2016	2017	2018	2019	2020
MOUSTAKAS	44.6	52.1	54.3	55.5	57.0	41.0
MAX STORES	14.9	16.7	17.6	19.9	22.9	20.8

■ MOUSTAKAS ■ MAX STORES
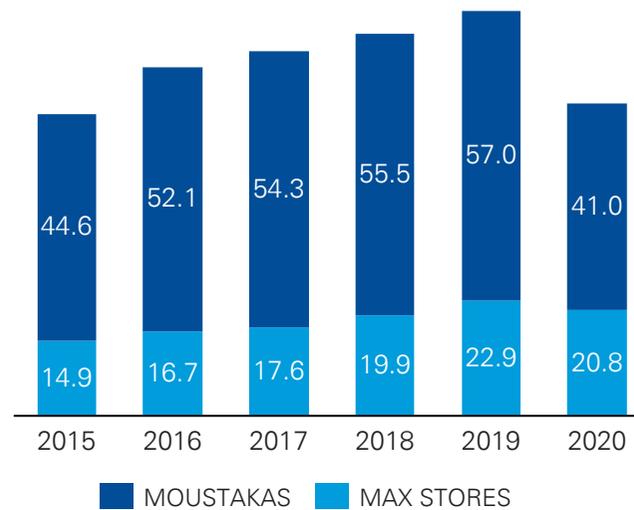
Turnover of the Jumbo
(in EUR million)

| 2015	2016	2017	2018	2019	2020
519.0	550.5	583.5	632.7	676.2	541.9
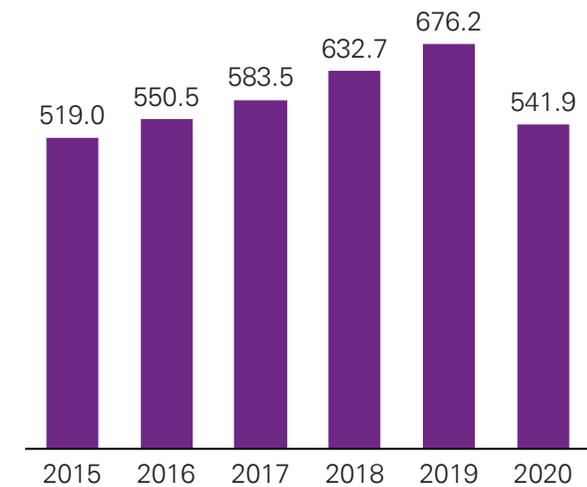
Sources: Companies published financial data, KPMG analysis

Toys

Jumbo: Jumbo is the top performing retailer in terms of EBITDA, following a continuous upward trend from 2015 until 2019. In 2020, the EBITDA of Jumbo was reduced by 24% compared to 2019, as a consequence of the pandemic. As far as the Net Debt to EBITDA ratio is concerned, until 2019 Jumbo maintained a significantly low ratio under 1. The huge decline of the turnover in 2020 resulted in an inevitable increase of the ratio in 2020, by it is still the lowest among its peers.

Moustakas: Until 2019, Moustakas' EBITDA moved slightly above EUR 5 million on average. In 2020, its EBITDA experienced a significant decline by EUR 6.8 million, reaching EUR 2.3 million. In terms of Net Debt to EBITDA, Moustakas experienced a very steep increase of the ratio in 2020, which indicates that its Net Debt grew while revenues decreased.

Max Stores: Max Store's EBITDA does not exceed the EUR 2 million on an annual basis, remaining almost stable throughout the 6-year period. In terms of Net Debt to EBITDA ratio though, Max Stores has by far the highest value among the retailers in the same sub sector.

EBITDA
(in EUR million)
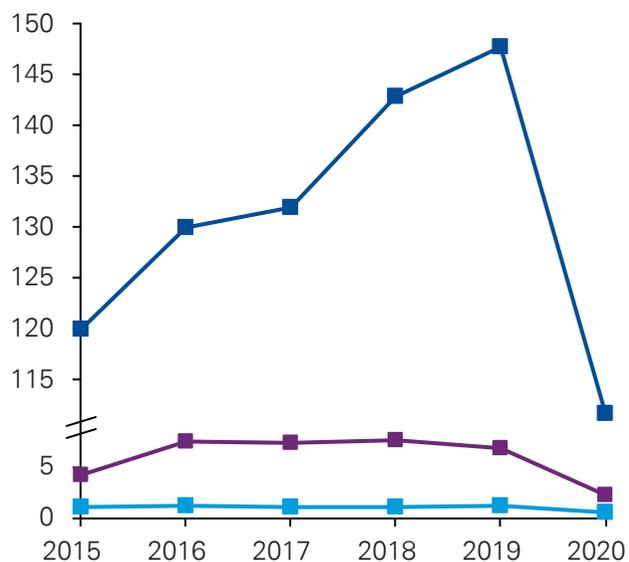
Net Debt to EBITDA
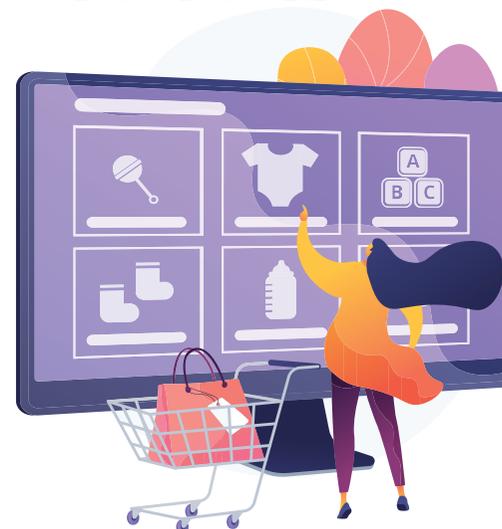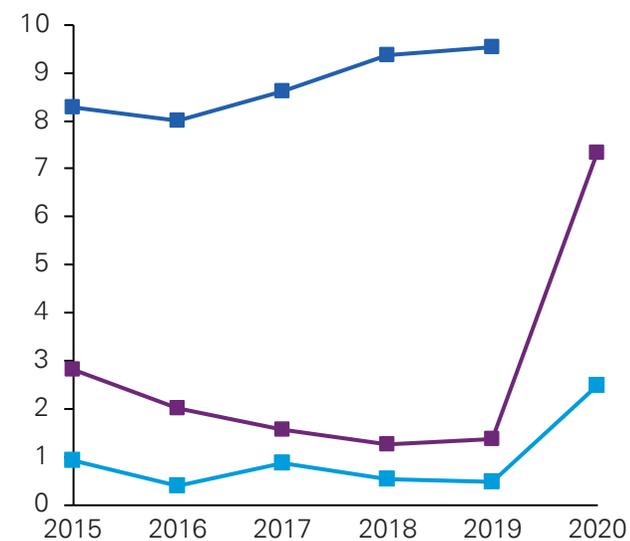
- ■ JUMBO
- ■ MAX STORES
- ■ MOUSTAKAS

Note: Ratios with negative or extreme values are not depicted in the chart

Sources: Companies published financial data, KPMG analysis

Trends
Transformation
Disruption

Sector Overview

After the disruption the Retail sector experienced in the last couple of years, retailers have started looking towards the "new reality'"...

ESG

Retailers are setting reduction goals for gas emissions and for the exposure to toxic chemicals in order to increase sustainability scores and improve operational performance

Artificial Intelligence

Processing of data derived from AI & Machine Learning algorithms provides deeper business insights across the value chain, automates operations and reinforces predictive consumer spending

Omnichannel

Retailers & Consumer Goods companies are expanding distribution channels and customer reach, while obsessing over customer experience across all channels to ensure customer satisfaction

Life Cycle

Consumers want to be informed about the product life cycle (food and beverage labels) and are concerned about data privacy (80% of Greek consumers rank this as a top priority)

Healthy & Affordable

Shrinking household income both locally and globally, has shifted consumer preference towards more economic products and items that are perceived as essential and healthy

E-Commerce

Online marketplaces are transcending geographic proximity and small niche players may reach consumers regardless of their physical location

The rise of Q-Commerce

Quick Commerce is the next stage of E-commerce or M-Commerce where the entire trade of products depends on the speed of delivery.

Features of Q-Commerce

Same day Delivery – even < 1 hour. Speaking for "quick", we do not mean 24 hours - that is little less than standard delivery

Availability The challenge of having stock available for immediate delivery.

Local focused No matter how powerful logistics are, the delivery range is necessarily limited to proximity

Convenience The orders received are for instant consumption.

1st generation Commerce

- Physical store
- Self-service
- All products available
- Privately owned cars
- Mega stores
- 3-4 people households
- Discounts matters

2nd generation e-Commerce

- PC
- Delivery 3-4 days
- Main products available
- Delivery trucks
- Central stock & Dark-stores

3rd generation Q-Commerce

- Mobile
- Same-day delivery
- Smaller product assortment
- Two-wheeled delivery or click-and-collect
- Local stores & stock management
- Often 1-2 people households
- Easiness, VfM & speed matters

Trends

New entries

Quick delivery platforms are developing logistics hubs (200-300m^2) in the city.

Mobile e-commerce

Mobile usage is a trend that is growing significantly every year.

The share of mobile e-commerce sales in total e-commerce sales has greatly increased over the last years.

72.9% (2021)

↑

52.4% (2016)

COVID-19: Impact on consumer behavior

Consumer trend

Reaction · Resilience · Recovery · New Reality

Key
- ● Full impact
- ◐ Partial impact
- (?) Uncertain impact

New ways of shopping

— Increased online penetration
— Reduction in impulse occasions and purchases (confectionary, drinks, coffee)
— Higher demand for local convenience
— Resurgence in one-stop shop
— At-home product / brand marketing and experiences (virtual and physical)

Trust

— Growth in trusted brands
— Higher demand for traceable supply chains and local manufacturing
— Reduction in out-of-home experiences
— Reluctance to travel internationally
— Enhanced time at home (home and garden products)

Health & wellbeing

— Focus on home and workplace hygiene
— Continued growth of interest in healthy foods
— Interest in at-home exercise and outdoor pursuits (incl. cycling)
— Increased time for relationships and connections with friends and family (incl. pets)

COVID-19: Impact on consumer behavior

Consumer trend

Pressure on wallet & lower confidence

Ethical consumer
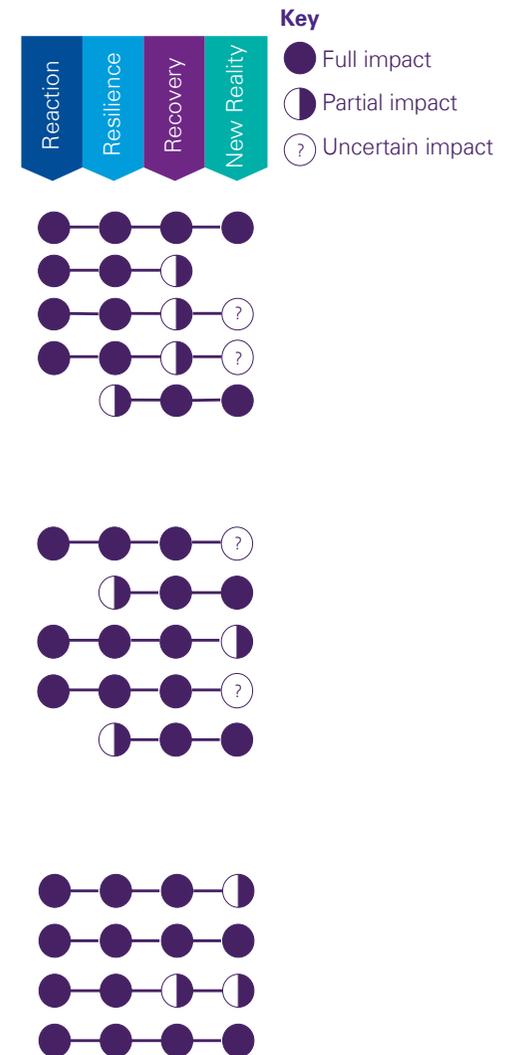
	Reaction	Resilience	Recovery	New Reality
Private label growth		◑	●	?
Growth of mass and affordable luxury (i.e. premium trade down)		◑	●	?
Increased spending on indulgence Food and Beverages (incl. alcohol)	●	◑	●	?
Reluctance to spend on big-ticket items	●	●		?
Retailer and producer range rationalization	●		?	
Manufacturing process change e.g. outsourcing; limited inventory holding	●	●	◑	
Increased awareness and interest in environmental and social impact	◑	◑	●	●
Disposable product choices over sustainability trends (e.g. disposable coffee cups)	●	●		
A growing investor focus on company ESG performance	◑	◑	●	●
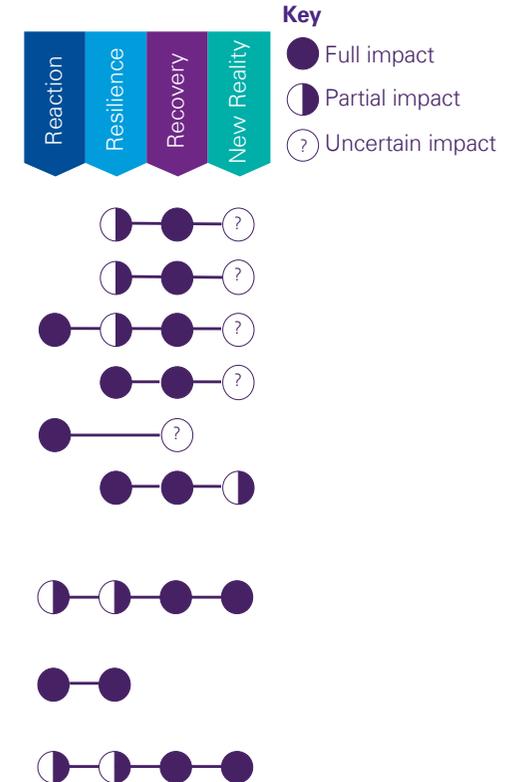
E-commerce & online super-market shopping: Sharp rise in the Greek market

"The majority of consumers (94%) felt ready to continue shopping online in the post lockdown period, while 14% of them felt ready to increase the frequency of shopping[2]"

	Total E-Commerce (EU)[1]	B2C E-Commerce (Greece)[1]	Online Super-Market Sales (Greece)
2021			EUR 255 million
2020	EUR 757 billion	Growth Rate 77% Highest in EU	
2019	EUR 690 billion		EUR 45 million

56%
10%
467%

Online purchases

48% food or coffee delivery

26% super market, clothes, pharmacy or electronics

The third wave of COVID-19 pandemic has accelerated the use of online shopping for groceries.[3]

% increase in online sales volume

669%
449%
335%
277%
31%

Jan-20 Apr-20 Jul-20 Oct-20 Jan-21

Online Grocery

25% of internet users order food online
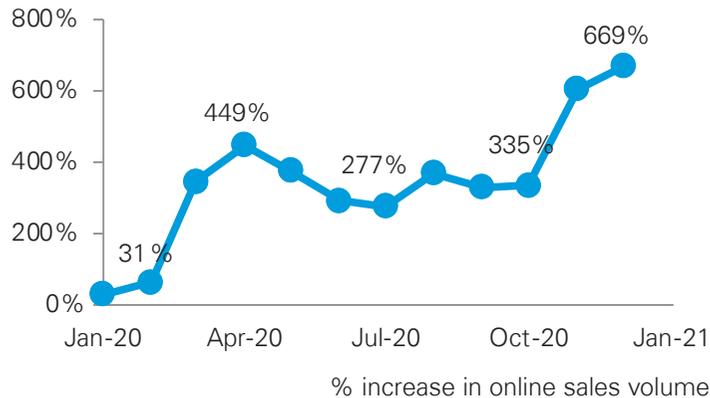
— The demand has increased by 669% Y-o-Y growth rate in sales volume for December–20.

— The third wave of Covid-19 has boosted the sales of grocery shopping. The average conversion rate has reached 3.1% in Q4 -20 compared to 2.7% in Q3-20 and 2.1% in Q4-19

Smaller, but more frequent orders in online channels

39% of sales value is coming from orders placed after direct visits at online super-markets (websites)

Safety from being infected by Covid -19 and convenience of shopping are the main drivers for consumers for choosing online shopping

Delivery costs, quality of products, speed of delivery, and prices are the main drivers for consumers to choose their supplier

KPMG The Future of Retail Sector

Online shopping drivers and behaviors

Greek consumers tend to do product/ promos/ offers research across online channels and end up making purchases in physical stores (Online-To-Offline (O2O) Commerce)[1].

Regarding online purchases, the lowest possible price is the main criterion for 40% of consumers. Customers that buy online, choose stores based on a mix of the following factors:

1. Economic Reasons (price, free delivery) – weight 51%
2. Product characteristics (brand and product features) - weight 31%
3. Other e-store experience elements (were customers persuaded by the store?) – weight 18%[2]

Approaching the Greek Consumer

Consumption habits Greeks are bargain hunters, but, apart form price, convenience also impacts their shopping behavior[1].

66% are supermarket bargain hunters[3]

44% postpone purchases until finding the appropriate offer for the items they wish to buy[3]

56% choose a supermarket for the special prices and discounts it offers[3]

25% do not have a clear idea about the advantages of online shopping[5]

56% prefer special prices to low prices[3]

71% believe that online shopping provides security against COVID-19[5]

63% considers convenience an advantage for online orders[5]

41% are motivated by the speed of delivery[5]

60% expect personalization & frictionless processes[4]

Consumers are happily navigating through the e-shops. However, a large portion is unsatisfied with delivery times

23% will shop more frequently online

43% are happy with e-shop websites

64% are unhappy about delivery times
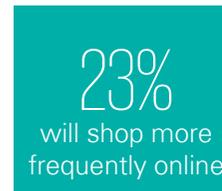
Sources:
1. KPMG Research   2. Greek e-Commerce Association (GR.EC.A), September 2021
3. Research Institute of Retail Consumer Goods (IELKA), 2019 Retail consumer survey, sample: 2.000 consumers
4. Me, My life, My wallet, KPMG survey 2020   5. Research Institute of Retail Consumer Goods (IELKA), survey 2020

KPMG   The Future of Retail Sector

Delivery: a critical part of the online shopping experience

31% …of consumers considers the smooth running of the whole process as an additional satisfaction factor[1]

58% rates delivery experience as 9 or 10[1]

7% rates delivery experience as <5[1]

Customer satisfaction is negatively affected mainly by the company which handles the order

25% …of consumers wants to be informed about the progress of the order via any means[1]

Email is the first preference of 19% of consumers

Phone is preferred by only 6% of consumers

The COVID-19 pandemic has re-defined Greek consumer behavior and greatly increased the use of online shopping for super market. How does this differs with other retail online shopping?

Online customers were asked about their preferences regarding delivery vs in-store collection for super market purchses. They believe store collection is superior in terms of price and speed. But home delivery is the preferred option in the majority.[2]

	Home delivery	Both	Collect in Store
Preferred option	57%	26%	17%
Better as a whole	46%	33%	21%
Better service	53%	26%	21%
Cheaper	14%	48%	38%
Faster	33%	22%	45%
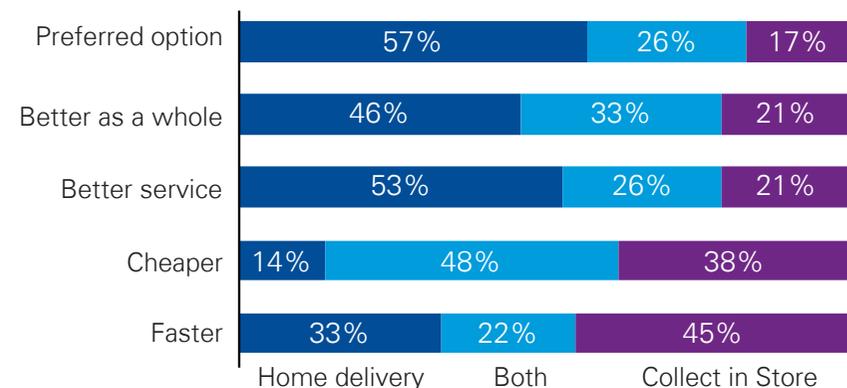
Sources: 1. Greek e-Commerce Association (GR.EC.A.), February 2022   2. IELKA, survey 2020

Customers needs and expectations are constantly changing

63% consider Value for Money as an important decision making factor when shopping[1]

90% are willing to pay more to ethical retailers[2]

76% expect brands they deal with to provide e-commerce services[3]

20% Decrease in the use of face to face channels after Covid-19[4]

Financial constraints and time and effort during the purchase are critical for customers.

Trust is increasingly affecting customers' interactions and behaviors. However, it is becoming more and more complex to build trust and create loyal customers.

Customers' digital skills are continually increasing. Technological solutions should be adopted by retailers to ease and accelerate customers' interactions, from searching to purchase and payment.

42% ease of buying is a key purchasing driver[1]

56% are considering the environmental and social practices of a company[2]

18% Increase in use of digital channels after Covid-19[4]

45% of customers predict that digital channels will be their main way of contacting brands in the future[4]

1. Consumers and the new Reality, KPMG International, June 2020
2. KPMG Customer Experience in the new reality, 2020
3. KPMG International Research February, August 2020
4. Responding to consumer trends in the new reality, KPMG International, November 2020

What drives consumers' loyalty?

Loyalty for the Greek Consumers

85.6%
are registered at supermarket loyalty programs

80%
use them every time they make a purchase
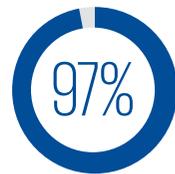
97%
are registered in at least one reward program

64%
are willing to switch company if a competitor offers more benefits

3%
are satisfied by the benefits offered by existing programs

1 out of 2
remain loyal to the supermarket brand when shopping online[2]

2+
supermarket brands are chosen for their purchases[2]

Sources: 1. The truth about customer loyalty, KPMG International, 2019
2. Research Institute of Retail Consumer Goods (IELKA), 2019 Retail consumer survey, sample: 2.000 consumers

Loyalty Economics

Loyal customers spend
67%
more than their peers

52%
of consumers will buy their favorite brand even if it is cheaper and more convenient to buy a rival product[1]

46%
will remain loyal even after a bad experience[1]

65% of sales is created by loyal customers

86% will recommend a company they are loyal to[1]

75% of consumers choose to buy from retailers who reward their purchases and loyalty

30% of consumers is likely to change the retailer they use to buy due to lack of personalization in their experience

75% of consumers would switch to a company with a better loyalty program[1]

A glimpse into the future of the Retail sector

Extended Reality (XR)

Extended Reality (XR), comprised of Virtual Reality (VR) and Augmented Reality (AR), is used in multiple applications, such as touchscreen mirrors at fitting rooms and in store, virtual retail locations (e.g. virtual showrooms), virtual try-ons at-home and planogramming. It can be backed-up with AI-based technology, such as digital stylists and chatbots, and act as an alternate channel for products evaluation.

Autonomous Delivery

Last mile delivery realized with self-driving vehicles (e.g. trucks) or drones leading to costs reduction, as well as productivity improvement due to continuous operations.

Co-opetition

As partners in ecosystems, retailers and suppliers are collaborating and exchanging information to achieve delivery of higher customer value, rather than viewing each other as competitor.

3D-Printing

Available in-store product printing allows for on-demand production and shorter response time even to volatile customer preferences.

Blockchain Technology

It enables transaction verification improving the commitment of the retailer towards the customer through applications in reward/loyalty programs, and authenticity verification transforming supply chain operations (e.g. product tracking). Assets can be digitized securely in a decentralized manner.

Automation with Innovative technology

Innovative technology, such as robotics for manufacturing and picking operations, Robotic Process Automation (RPA) software for back-office tasks and self-checkout devices for customers, helps retailers automate several processes and may lead to operating costs decrease and utilization increase.

Connected Store & Supply Chain Networks

Traditional stores are transforming to smart stores, where inventory is updated in real-time on the online platform, offering enhanced customer experience. Moreover, new dynamic supply chain models allow supply chain stakeholders to exchange goods with data and information.

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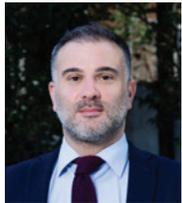
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