

# Announcement

*(Translation from the Portuguese original)*

Maia, 11<sup>th</sup> July 2024

Sonae SGPS, SA ("Sonae" or "the Group") informs that, following its announcement on [6<sup>th</sup> June 2023](#) and after the approval of the Spanish Competition Authority, its subsidiary MCretail, SGPS, SA ("MC") has concluded the transaction for the combination of Druni SA ("Druni") and Arenal Perfumerias SLU ("Arenal").

This transaction creates the Spanish market leader in the health, wellness and beauty segment, with a nation-wide coverage through a network of more than 470 stores and a strong e-commerce presence. Druni and Arenal reached a total combined turnover of over one billion euros in 2023.

To complete this transaction, MC acquired a 50% stake in Druni by contributing its 60% stake in Arenal along with an investment of c.148 million euros and a conditional amount of up to 36 million euros payable in 2025 and 2026. Simultaneously, Arenal's founding shareholders sold their 40% stake in the company to Druni for 81 million euros. As such, the combined entity is now a 50-50 partnership between MC and Druni's founding shareholders. Druni will be fully consolidated by MC and Sonae, given the governance rights enclosed in the shareholders' agreement.

Druni has been delivering an impressive operational performance, significantly outperforming the market, having closed 2023 with a turnover of 791 million euros (CAGR<sub>2021-23</sub> of +36%), and an EBITDA (pre-IFRS16) of 78 million euros<sup>1</sup> (CAGR<sub>2021-23</sub> of +65%).

This partnership allows MC to significantly strengthen its position in the health, wellness and beauty segment, one of its key strategic pillars, enhancing the joint assets and capabilities of both Druni and MC (most notably of Continente, Wells and Arenal).

For Sonae, this transaction represents an important strategic milestone by increasing the Group's international exposure and diversification in a retail segment with strong growth tailwinds, ensuring a market leadership position in partnership with a reference management team in the sector.

Further information and details can be found on the presentation appended to this announcement.

The Representative for Market Relations,

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<sup>1</sup>Preliminary unaudited financials for the year ended on 31 December 2023.

## **Appendix to the Announcement**

Presentation about Druni and Arenal combination

# Combination of Druni and Arenal

Announcement presentation

11 July 2024



# MC started its journey in the Spanish beauty market in 2019 through the acquisition of Arenal, with the ambition to achieve a leading position in Spain

First step into the Spanish HWB<sup>1</sup> market through the acquisition of 60% in Arenal in early 2019...

...with the ambition to expand its geographical presence and fuel growth



**arenal**

- ✓ Acquisition in the beginning of 2019 of controlling stake in Arenal, a **leading regional player in Northwestern Spain**
- ✓ Since then, growth has been fueled by **expansion in Galicia**, but also into the **northeast** and **central regions**
- ✓ Reinforcement of **online value proposition** and **strengthening selected segments**, such as parapharmacy

**€234m**  
Turnover<sup>2</sup>

**74**  
Stores

Since 2018:

**+2.1x** topline growth  
**+33** stores

# Druni is a leading retailer of perfumery, cosmetics & parapharmacy in Spain, with a national presence and a stronger footprint in Valencia, Catalonia and Madrid

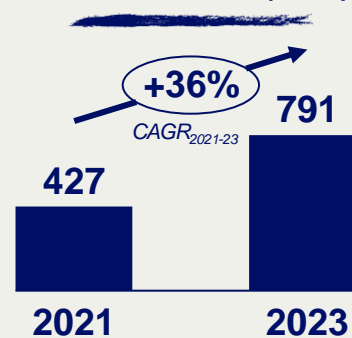
Druni has a nationwide presence, with a heavier footprint in the Southeast region...

...combined with a strong value proposition and exceptional financial performance

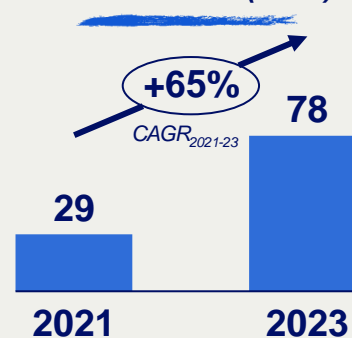


Online channel  
complementing the  
physical store network

## Turnover<sup>1</sup> (€m)



## EBITDA<sup>1</sup> (€m)



# DRUNI

- ✓ **Family-owned business**, founded in Valencia in 1987, focuses on specialised retail of **perfumery and cosmetics**
- ✓ Stronger presence in the regions of **Valencia, Catalonia and Madrid**, supported by a rapidly expanding **online channel**

## # Stores

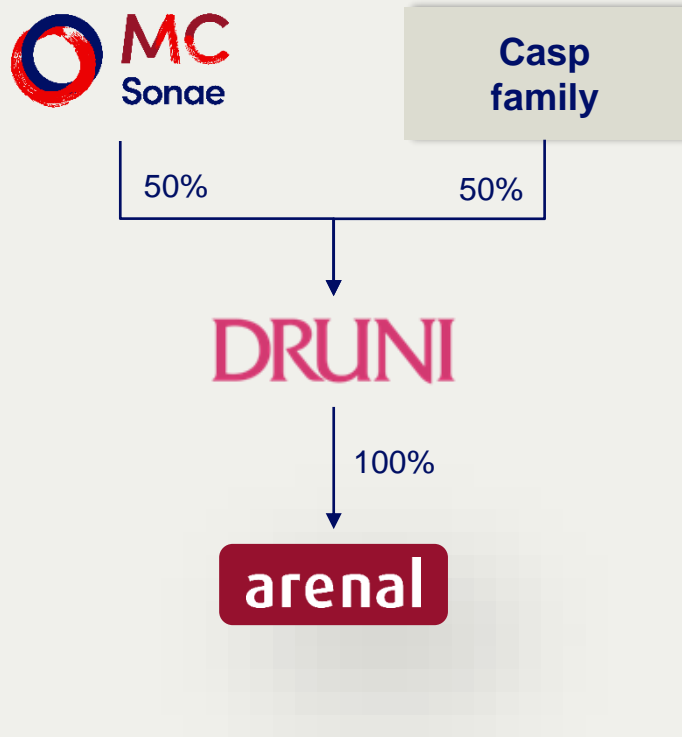
# +400



# MC reached an agreement for the combination of Druni and Arenal anchored in a shareholding structure with a 50/50 partnership with the Casp family

Shareholder structure represents a 50/50 joint-venture...

...anchored around a long-term partnership with balanced governance



Transaction steps



Governance

- MC builds a 50% stake in Druni through the **contribution of its 60% stake in Arenal** and a **cash consideration of €148m<sup>1</sup>**
- Druni acquires remaining **40% stake in Arenal** from the Vázquez family for €81m<sup>2</sup>
- Governance model built as a **long-term partnership, leveraging on the complementary strengths** of each party
- Druni will be **fully consolidated by MC**, given the **governance rights** enclosed in the shareholders' agreement



# The combination of Druni and Arenal will create a leading specialised retailer in HWB<sup>1</sup> in Spain, leveraging the complementarity of both businesses

Strong footprint complementarity between Arenal and Druni...



Spanning Spain with seamless omnichannel offering

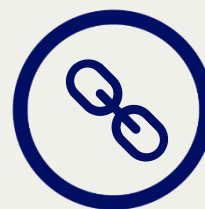
... setting the foundations to champion the next stage of growth



Create a leading Spanish player in HWB<sup>1</sup>



Accelerate expansion of complementary store footprints and omnichannel proposition



Leverage complementary capabilities



Extract meaningful synergies



Room to explore new growth avenues

Turnover<sup>2</sup>

>€1bn

EBITDA<sup>2</sup>

>€100m

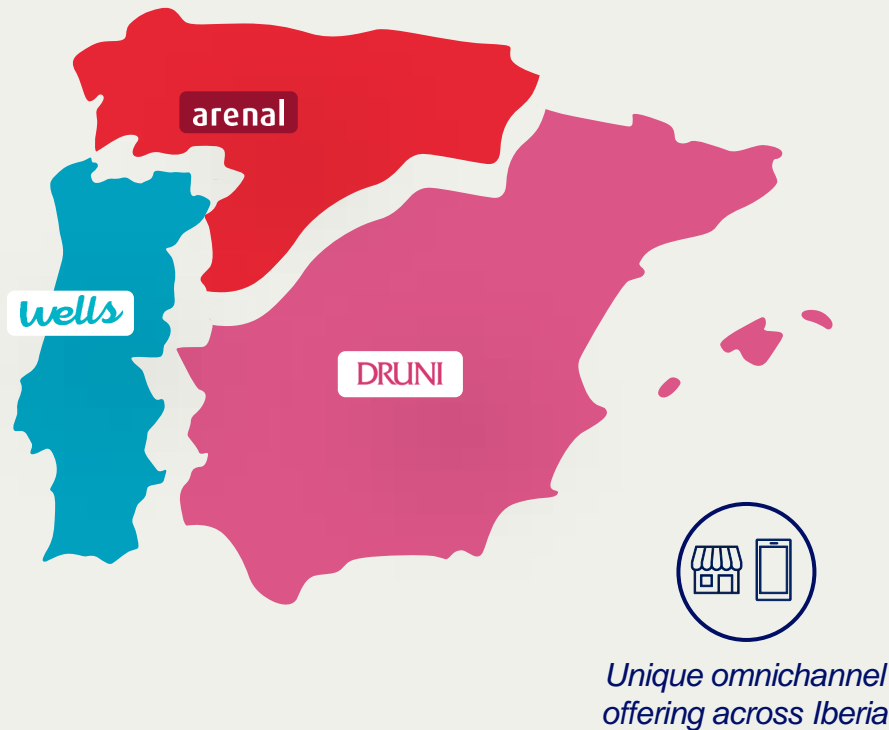
# Stores

+470

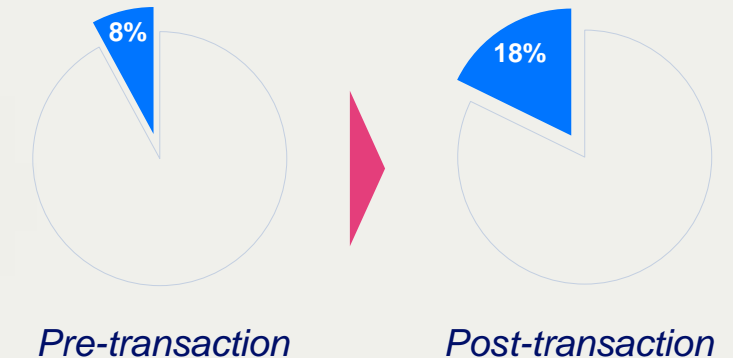
# MC becomes the #1 HWB<sup>1</sup> operator in Iberia, which is a core strategic pillar and growth avenue for MC

Creation of the #1 HWB<sup>1</sup> platform in Iberia with a full-reaching omnichannel footprint...

... making it an increasingly relevant pillar of MC's retail portfolio



HWB<sup>1</sup> weight of MC's turnover<sup>2</sup>



- Ambitious growth project, leveraging **strong market tailwinds**
- Focus on **reinforcing value proposition, accelerating expansion** and **capturing synergies**
- Explore new growth **opportunities** (channels, categories, businesses)



