ANNUAL REPORT 2019/20

SHARING
THE TRUST
SHARING THE TRUST

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FINANCIAL INFORMATION
As a major force in today’s supply chain, FM Logistic continues to expand internationally, reporting annual revenue in excess of €1.43 billion for the 2019/20 financial year. The company operates in 14 countries across three continents. Renowned for the quality of its services, particularly in consumer goods logistics, FM Logistic helps its customers meet the expectations of their own customers by capitalising on omni-channel supply chains and digitisation. Fully aware of its responsibility
to the ecosystem in which it operates, the company is committed to sustainable development, and strives continually to improve occupational safety and reduce its environmental footprint. Being an independent family-owned business allows it to be reactive, while building confidently for the future. Major international companies across a broad range of industries from food to healthcare put their trust in FM Logistic, its ethos and its commitment to serving and supporting them in all circumstances.
COVID-19: AN UNPRECEDENTED HEALTH AND ECONOMIC CRISIS

The crucial role of the supply chain

The Covid-19 crisis has shaken our certainties. Predicting its ultimate intensity and duration is impossible, but one fact is indisputable: the logistics industry has demonstrated just how crucial it is in maintaining the supplies people need and allowing the economy to function.

2019/20: solid results, but the economic outlook is yet unclear

The coronavirus crisis had a limited impact on FM Logistic’s financial results for 2019/20. However, it did affect the beginning of the current financial year. Revenue for April 2020 was around 9% lower than for the same period of the previous year. But this average masks disparities between countries, business lines and customer segments. Although demand remained generally strong in food, personal products, healthcare and e-commerce logistics, it was lower in cosmetics and international transport. Some customers have put their plans on hold. Sanitary measures weigh on the operating costs. The true impact of the crisis on the whole financial year will depend on how long it continues. FM Logistic is therefore not publishing an outlook for 2020/21.
Proactive crisis management
As a result of its presence in China, FM Logistic responded to the pandemic at an early stage. Since then, three priorities have guided all its actions: protecting its people (see inset below), ensuring continuity of its essential business activities, and consolidating its cash position. Based on the most recent information available, the company has prioritised a policy of active listening and openness. Continual communication with its employees, customers, partners and medical consultants has made it possible to maintain a climate of shared trust. Teleworking and daily briefings for frontline teams have proved invaluable.

The resources needed to bounce back
FM Logistic is working closely with its customers on scenarios for a gradual exit from the crisis. It has a number of reassuring strengths on which to rely: a healthy cash position, a diverse portfolio of customers dominated by FMCG and retail, its expertise in e-commerce, multi-client sites that allow teams to be reallocated easily, and predominantly domestic markets. All of which is underpinned by the long-term vision of a stable family shareholder base.

WE COULD NEVER HAVE DONE IT WITHOUT THEM
It is the personal commitment shown by everyone at FM Logistic that has enabled the company to keep operations running. From Russia to France, FM Logistic teams have responded magnificently to an explosive increase in e-commerce orders of up to 500% in some instances. The Romanian teams of FM Logistic packaged - free of charge - 20,000 personal products donated by Yves Rocher for frontline healthcare professionals. In India, the Pune site helped Atlas Copco provide the medical gases needed by the Sassoon General Hospital. Operators, forklift drivers and truck drivers everywhere have worked hard to maintain supplies. FM Logistic has been thanked directly for its efforts by customers such as Unilever and Colgate. Their thanks go directly to the employees concerned.

AN EXCEPTIONAL RESPONSE TO AN EXCEPTIONAL SITUATION
At the time of writing, WHO data shows that Covid-19 has infected over 7 million people worldwide and killed 400,000 people. Since February 2020, FM Logistic has followed every instruction and recommendation issued by health authorities, implementing stringent measures to protect its employees, including constant reminders of personal protective measures, body temperature checking, teleworking, distancing measures and the provision of masks. The crisis units drew first on the experience gained in Wuhan and then in Italy to roll out the appropriate initiatives. The strong sense of solidarity between entities and countries has played a key role in the procurement of personal protective equipment.
KEY FINANCIAL DATA

Revenue (in €m)
Change excluding currency impact: +8%
Currency impact: +€13 million

2018/19 1,318
2019/20 1,431

+8.7%

REVENUE BREAKDOWN

Brazil 2%
Eastern Europe 24%
Central Europe 22%
Western Europe 11%
France 38%
Asia (India, China and Vietnam) 3%

HUMAN RESOURCES

Headcount
2019/20

2018/19 27,200
2019/20 27,500

+1.2%

57.5% men
42.5% women
EBIT (in €m)
Earnings before interest and taxes
Currency impact: +€1 million

2019/20
+21%

2018/19
35.1
42.5

Total value of new contracts signed during the financial year (in €m)
150

SUSTAINABLE DEVELOPMENT

12
LEED* and HQE** certified logistics platforms
* Leadership in Energy and Environmental Design
** High Environmental Quality

100%
LED lighting in all new buildings

By business line
- Transport 36%
- Warehousing & Handling 54%
- Copacking 10%

By sector
- FMCG 29%
- Industry 22%
- Retail 27%
- Healthcare 3%
- Perfume & Beauty 19%
- Warehousing & Handling 54%
- Copacking 10%

Sharing the trust
INNOVATION

FM LOGISTIC RECEIVES AN AWARD FOR ITS HYDROGEN PRODUCTION PROJECT

FM Logistic and NG Concept are continuing to install solar panels for their new warehouses, including at Illescas in Spain and - soon - in India and Vietnam too, with the ultimate aim of achieving energy self-sufficiency for these sites. The sister companies plan to use these panels to produce ‘green’ hydrogen. This means that the solar energy generated by the panels will be used to produce hydrogen by water electrolysis. The resulting hydrogen will initially be used as fuel for pallet handling trucks, and looking a little further into the future, delivery vehicles as well. Any surplus gas could even be offered for sale externally. This project was a 2019 winner in the call for innovative projects issued by the Club Démeter responsible logistics think tank in France.

SUSTAINABLE IMPACT REPORT

An accurate compass to guide customers

In November 2019, FM Logistic published its first sustainable impact report. This digital publication is designed specifically to inform customers openly of the progress the company is making towards its sustainability targets. It includes a broad range of indicators measuring the positive and negative social and environmental impacts of the company, from greenhouse gas emissions and air pollution to health, employment and training. All these data are presented visually and interactively. Individual customers are invited to request information specific to them.

DEVELOPMENT

India and Vietnam: the new platforms take shape

India and Vietnam are the two countries in which FM Logistic has most recently established an operating presence. Both have dynamically growing economies and offer significant potential for development. This local investment by FM Logistic is a response to the demand for more sophisticated logistics services driven by e-commerce and domestic consumption. In fact, India already has two multi-client platforms in operation: one in Mumbai and the other in Delhi, which was officially opened in April 2019. Not far from Delhi, Batilogistic and NG Concept are now building a third unit of 65,000m² in Jhajjar. In Vietnam, a 52,000m²-unit is under construction in Bac Ninh, near Hanoi. The first 21,000m²-section of this new platform was delivered by the developers in April 2020.
TRAINING

The first OPEX training programme

Every year, FM Logistic recruits new people to support its growth. Regardless of where in the company they work, all new employees must be able to quickly deliver the quality of service customers expect. So the company has rolled out its new OPEX (Operational Excellence) training programme, which has been designed to ensure the delivery of consistent operational standards across all 14 of its operating countries. In 2019, the first of these programmes focused on warehousing. In preparing the training programme, best practices, techniques and processes were defined for every job, and learned by around 100 in-house trainers in all operating countries to prepare them for the programme rollout in all sites during 2020.

RESILIENCE

PREPARING CONFIDENTLY FOR POST-COVID WORLD

With its six logistics platforms in China, FM Logistic has been directly affected by the Covid-19 pandemic since it first erupted in January 2020. In accordance with government regulations, the company quickly put in place far-reaching health measures to protect its employees on three continents: compliance with personal protective measures, social distancing, body temperature checks, provision of masks, the introduction of teleworking and travel restrictions. It has also maintained a continual process of dialogue with its employees. These early-stage actions were effective in ensuring the continuity of essential services. Thanks to the outstanding commitment and readiness of FM Logistic team members, the majority of its warehouses and distribution platforms have remained open to work alongside customers to keep the public supplied with everything they need. Despite the upheavals caused by this unprecedented situation, FM Logistic has demonstrated its resilience throughout the pandemic. Its prudent financial management, balanced customer portfolio and expertise in e-commerce and FMCG logistics are all valuable strengths that are enabling the company to prepare confidently for the future.
Editorial by

JEAN-CLAUDE MICHEL
Chairman of FM Logistic
EDITORIAL

GROWING BY BEING OURSELVES

→ FM Logistic continues to pursue growth its own way: rigorously and creatively through listening to its stakeholders and ensuring its own resilience. It is clear from the improvements seen in financial results that the strategy implemented over the past two years is producing the desired outcomes. The challenge now is to consolidate these successes despite the health crisis and anticipated recession.

Tangible results
Looking at our financial results for the fiscal year ended March 2020 gives me every confidence in our future. As forecast, we have further improved profitability and revenue has increased at a more controlled pace. These results reflect the success of the Focus plan, our performance improvement programme, whose central merit is that it calls on everyone to focus on the ‘basics’: working closely with customers, accepting no less than operational excellence and investing in our people. We have also strengthened our executive committee with the arrival of Xavier Prévost and Béatrice Ogée, who are there to represent customers and have been tasked with leveraging innovation to drive our services forward, a key area of responsibility.

Accelerating the transformation
Our direction is clear. We must press ahead with the Focus plan and take full advantage of the progress we have made, despite the fact that it may not be quite as consistent as we would like. Whether we look at services or technologies, we must accelerate the process of taking innovations from the testing stage to the point of international roll-out. In China, Russia and France, to mention only three of our operating countries, we have introduced new automation solutions that improve not only productivity, but also working conditions. Our teams are working simultaneously on the formal structuring of our processes and the general introduction of best practices, and this effort will continue. Improving the way we promote and showcase the omni-channel and e-commerce expertise of FM Logistic is another priority. The company continues to build its reputation in these markets, as is clear from some of the high-profile contracts we have signed, but we still have a lot more work to do.

A stable stakeholder in a troubled market
The Covid-19 pandemic that erupted so abruptly in early 2020 poses a major challenge, not only for healthcare professionals and the public, but also for the economy. Several of our manufacturing and retail customers have had to slow down operations, while the logistics requirements of those in the food and health sectors have increased by a factor of ten or more. By prioritising the health of our people from the very beginning of the pandemic, we have been much better equipped to fulfil our mission of supplying our customers. At the moment, it is impossible to measure how the crisis will impact the 2020/21 financial year. I feel certain that FM Logistic will emerge successful from the challenge thanks to the sense of responsibility that has driven the company throughout its history. We certainly have no lack of assets and strengths on our side: great teams, the continued confidence of key customers, and a balanced business portfolio of activities dominated by the food and FMCG sectors. Our financial situation is also fundamentally sound. As the cards of the economy are re-dealt, the independence of FM Logistic, the stability of its management and the long-term vision of its family shareholder base are all important factors in our stability going forward.

“Our business is changing and our competitive landscape is shifting: I see it as essential that our company achieves its transformation without losing its soul”.

JEAN-CLAUDE MICHEL, Chairman of FM Logistic
Organisational decisions and strategy validation

→ Eight directors, half of whom are independent and half of whom are family members, determine the direction and future of FM Logistic. This tight-knit team has an intimate knowledge of the company and works very closely with its executive committee.

Claude Faure
CO-FOUNDER OF FM LOGISTIC AND HONORARY CHAIRMAN OF FM GROUP

Gilles Faure
FAMILY DIRECTOR
Chairman and CEO of Batilogistic

Olivier Faure
FAMILY DIRECTOR
CEO of FM Holding Corporate

Marie-Laure Faure
FAMILY DIRECTOR
Chair of the FM Group Management Board and Chair of FM Family
Eight directors, half of whom are independent and half of whom are family members, determine the direction and future of FM Logistic. This tight-knit team has an intimate knowledge of the company and works very closely with its executive committee.

**Olivier Faure**  
FAMILY DIRECTOR  
CEO of FM Holding  
Corporate

**Vincent Mercier**  
INDEPENDENT DIRECTOR  
Director of Neopost, Sucden, Altavia Europe and Adie, Chairman of the Azulis Investment Committee and Strategy Committee member at The Other Store and Shippeo

**Régis Bello**  
INDEPENDENT DIRECTOR  
Chairman of the Siparex Investment Committee, Director of NSC Groupe, Supervisory Board member at Socomec, Chairman of the University of Strasbourg Foundation and technical advisor to the Alsace Eurometropole Chamber of Commerce and Industry

**Monique Zomeno**  
INDEPENDENT DIRECTOR  
Former Vice President HR at Cephalon Europe

**Jean-Claude Michel**  
CHAIRMAN & INDEPENDENT DIRECTOR  
Founder and manager of Management et Participation

**Vincent Mercier**  
INDEPENDENT DIRECTOR  
Director of Neopost, Sucden, Altavia Europe and Adie, Chairman of the Azulis Investment Committee and Strategy Committee member at The Other Store and Shippeo

Strategy and change management

Xavier Prévost
Business solutions & information systems director

Béatrice Ogée
Sales and marketing director

Stéphane Descarpentries
Director for Asia and strategic projects

Jean-Christophe Machet
CEO of FM Logistic

Daniel Ciz
Financial Director

➔ The FM Logistic executive committee at 31 March 2020
“I believe that our business model and the strategic role of the supply chain put FM Logistic in a very special position. The eruption of the Covid-19 crisis is accelerating previous trends that underpin our strategic priorities: putting people first, the omni-channel transformation, digitalisation and sustainable development”.

JEAN-CHRISTOPHE MACHET, 
CEO of FM Logistic
The 2019/20 financial year demonstrated our ability to achieve profitable growth. There can be no doubt that the Covid-19 crisis is forcing us to temper our outlook, but FM Logistic can rely on its strengths to continue supporting its customers and employees.

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The 21% increase in EBIT to €42.5 million is a clear sign of reliability.
We have twin commitments, the first of which is to achieve operational excellence by consolidating our bases. That is precisely what the Focus plan is designed to do in conjunction with standardising processes so that we can deliver a consistent quality of service at the best price in all our operating countries, as well as ‘Logistics as a Service’ solutions. Our second commitment is to transform our company by focusing on the omni-channel model, sustainable development, management transformation, automation and international growth.

**FOCUS**

The Focus plan introduced two years ago is now paying off and will continue. It is designed to deliver controlled growth through improved customer relationship management, stronger business fundamentals and skills development. In 2019/20, we embarked on a major in-house training programme called OPEX - short for OPerational EXcellence. Designed and delivered by our FM University, it focused first on warehousing processes. And for the second consecutive year, the upskilling of our people is reflected in the slower pace of workforce expansion. We want to use our new PEPS HR digital suite to improve career management even further. Another important factor is more accurate project costing before we begin work on new customer contracts. The work now underway to model our logistics processes is also helping us to achieve this goal.

**RESPONSIBILITY**

We want to become the obvious choice for our customers and employees, especially as a result of the contribution we make to supply chain sustainability. Improving occupational safety was already a priority before 2020. Social issues were also a major focus for the founders of FM Logistic. That commitment continues today through the work done by our FM Foundation to help young people with few or no qualifications to enter the world of work.

It is a matter of pride to me that some of today’s logistics platform managers began their careers as forklift drivers or order pickers. If we look at environmental issues, we have launched two new flagship projects: hydrogen production powered by energy from solar panels installed at our logistics platforms, and our Zero Waste programme. In the shorter term, we have given our commitment to reducing the carbon footprint of our warehouses by 20% between now and 2022. The results set out in our impact report and the ratings awarded to us by non-financial ratings agencies reflect just how much progress we have made. And there is a third component: the development of sustainable supply chain services, especially for urban logistics, loose sales and transport and warehousing resource pooling. Our aim is to move up the value chain, which will give us the opportunity to discuss new and more sustainable logistics models with our customers.

**INVENTIVENESS**

We continue to invest in innovation. In doing so, we are addressing the twin goals of enhancing the range of services we offer our customers and improving the working lives of our people. So, for example, FM Logistic has designed a new loose sales solution for manufacturers and retail chains. The shift to omni-channel retail remains our greatest scope for innovation. It marks a turning point for many customers. It involves us in handling pallets, packages and consumer units in a single logistics platform, but it also means developing new services such as dropshipping and returns management by building on our Citylogin urban logistics solution. But these improvements in our range of services and operational efficiency depend on continued investment in our information systems, data and automation. Innovation also makes life more comfortable and convenient for our teams, as we have seen with the development of our own ergoskeleton in conjunction with researchers in biomechanics, and the use of virtual reality for warehouse safety training.

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**From the perspective of**

JEAN-CHRISTOPHE MACHET

CEO of FM Logistic
Another project is particularly close to my heart, since it is rooted in the corporate values of FM Logistic, especially openness, and that is management transformation. We must leverage the benefits of collective intelligence. The supply chain is complex. Which is why we need external partners, such as start-ups, the tech giants, research institutes and tech suppliers. And that logic is equally true inside the company, where our cloud-based collaborative working tools have allowed us to build international communities and project teams. As a result, we can provide our many international customers with a better level of service. Our new CRM system - which gives us a global overview of our customer relationships - is a valuable asset in this context. It also makes a major contribution to our goal of “putting the magic back” into the customer experience. The start of the 2020/21 financial year has shown us the first effects of the Covid-19 crisis. There are many uncertainties, which is why we are not publishing a forecast for the year. We have identified a number of scenarios that are viable in the context of maintaining all the measures already implemented to protect our employees and support our customers. With our recent strong financial results and our fundamental strengths, we are able to enter this new financial year confident, but vigilant.

“We are working closely with our customers and partners to ensure the continuity of supplies”.

OPENNESS

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FLEXIBILITY AS AN ASSET
Transport: all about forward vision and responsiveness

Balancing availability, quality and price is the challenge that FM Logistic faces every day. The main priorities are the customer satisfaction that comes from ensuring that customers are well informed and well served, and moving towards more sustainable transport.

Agility and durability: the factors that set us apart
The powerful growth in e-commerce brings with it a greater fluctuation in the volumes of goods to be handled. FM Logistic wants to forecast demand for its transport services and provide the flexibility needed to supply sufficient capacity. Inside the company, this agility requires upskilling and a constant process of experience sharing. Responding successfully to eco-expectations requires to use cleaner energy. So the pragmatic response is to select the best possible solution on each occasion, based on feasibility, vehicle range, cost and safety. FM Logistic is testing electric, hybrid and gas vehicles in several countries, while assessing the potential of hydrogen for the longer term. The company is also fostering eco-driving practices and paying close attention to drivers’ working conditions.

Citylogin goes from strength to strength
Environmental responsibility is also the inspiration behind the Citylogin service, which provides the final link in the chain in the form of a complete urban logistics solution: products delivered by truck to urban distribution centres are then delivered by van in mixed loads to individual destinations. Citylogin is an effective response to customer demand and the determination of urban authorities to reduce vehicle emissions. This continually expanding service is currently available in around 30 European cities. FM Logistic now plans to extend the scope of Citylogin services to include returns management.

Digitalisation for guaranteed efficiency and transparency
The digitalisation of transport enables FM Logistic and its customers to track shipments more accurately, streamline operations and optimise vehicle loads. At the basic level, it means paperless transport documentation. FM Logistic is also working on automating the driver arrival process using interactive terminals. Connected to loading bays, they identify the driver, the journey start point and truck contents. Having entered the parking area, the driver receives a mobile phone message indicating the assigned unloading position. All of which saves time for everyone involved.
1.43 billion euros in annual revenue (up 8.7% in 2019/20) | 14 countries across 3 continents | 62% of revenue is generated outside France

Human resources

27,500 FTE employees | 57.5% men | 42.5% women

Transport

€510m in annual revenue | 30 European cities served by Citylogin

Urban logistics

Sustainable development

20% reduction in CO₂ emissions from logistics platforms by 2022. | 171 warehouses and distribution centres
→ All pulling in the same direction

DEVELOPING a targeted, well-balanced international presence. Applying a single strategy across 14 countries, and adjusting it to take account of national features and capitalise on local opportunities. The changing face of world trade and aspirations to transition towards a more responsible model of consumption open up many possibilities.
In France, FM Logistic made revenues of €550 million for the 2019/20 financial year. This figure reflects year-on-year growth of 7.7%, and was achieved by winning a number of new contracts, particularly in the food, cosmetics/healthcare and retail sectors, all of which are essential for daily life in times of crisis. Unilever, Saupiquet, Métro and Laboratoires Expanscience are some of the most high-profile signatories. Growth was driven by e-commerce and omni-channel logistics demand. During the year, the company was awarded a major contract in the Paris region by a leading specialist retailer. It has also expanded its range of services by offering product storage and shipment to businesses making one-off sales via the Veepee (formerly Vente-Privée) website. This support for no-stock online sales (dropshipping) has also attracted high-profile names, such as Bic and Unilever. FM Logistic also strengthened its position in the urban logistics market during the year, with order preparation and home deliveries for superstore chains Intermarché and Carrefour. Transport also continued to progress during the year to pass the €100 million in annual revenue milestone. It often complements other services provided to existing customers.

FM Logistic has increased its storage capacity by 120,000m² with the expansion of six sites. The company took over a 50,000m² warehouse in Gennevilliers during the year, and another is under construction at Mommenheim in the Alsace region. As transition to automation continues, the Fauverney site now has six new AGVs (Automated Guided Vehicles). The number of HSE sustainable development projects continues to grow. The Lean Design & Copack packaging solution has been expanded to provide a high level of support for the eco-design efforts of manufacturers. FM Logistic has been awarded ISO 50001 (energy performance) certification for all 30 of its sites in France. In terms of working conditions, the company has reduced the number of occupational accidents by a significant 20%, and has completed its project with UTC (the University of Technology of Compiègne) on a prototype ergoskeleton, which it plans to put into production (see pp. 52-53).

FM Logistic created 300 new full-time jobs during the year, increasing its total headcount in France to 6,520.

**France. TAKING OMNI-CHANNEL LOGISTICS TO A NEW LEVEL**

“FM LOGISTIC IS THE ONLY LOGISTICS SERVICE PROVIDER IN FRANCE TO HOLD ISO 45001, ISO 90001 AND ISO 50001 CERTIFICATIONS FOR ALL ITS SITES.”
Spain. Citylogin drives growth forward

FM Logistic made an excellent sales performance in 2019/20, with revenue up by 20%, despite lower growth forecasts for Spain. Three important new contracts were won during the year: with Coty beauty products for warehousing and distribution services, with the Bricomart DIY chain for distribution, and with one of the biggest e-commerce brands for the Citylogin service. Citylogin continues to be increasingly popular to the point where it contributes 15% of revenue after only two years in operation, and is now available in seven cities, including Madrid, Barcelona, Bilbao, Zaragoza and Cordoba. Citylogin in Spain operates a fleet of 500 vehicles and has its own team of dedicated drivers. Well located in the centre of the country, the Illescas multi-client warehouse has now been extended by 10,000m², with a further extension under consideration. This site has motion-sensing LED lighting and solar panels to generate electricity that could potentially be used to produce hydrogen as fuel for forklift trucks. Sustainable development is a priority for the new financial year.

Italy. A dynamic performance in a challenging environment

Business in Italy was driven by the success of the Vellezzo Bellini logistics platform, the ramp-up of contracts signed in the previous year and new customers, including confectionery manufacturer Sperlari. Revenue for the year was up by 11%, despite a sluggish economy and the Covid-19 pandemic. The food sector accounts for a significant share of FM Logistic business activity here. Italy has also expanded its e-commerce logistics service. FM Logistic has created an online store for Galbusera, managing it under the customer’s brand and processing all the orders placed online by consumers. FM Logistic also handles omni-channel logistics for Yves Rocher beauty products. Citylogin is now available in ten Italian cities. The 2020/21 financial year will see the start of two new contracts with Royal Canin and Campari. The Vellezzo Bellini platform near Milan has been extended by 11,000m² to cope with the increased volume. An annual customer meeting has been established in partnership with the national business and financial daily Il Sole 24 Ore and the Polytechnic University of Milan, with the aim of building a more sustainable model for logistics.
Ukraine. Higher productivity and profitability

FM Logistic in Ukraine significantly improved its profitability in 2019/20 as a result of internal efforts and favourable economic conditions in a year when national GDP was up by 3%, wages and consumption were on the rise and the Ukrainian currency appreciated in value by 10%. All of which also benefited customers. FM Logistic was successful in controlling its costs, boosting its productivity and optimising warehouse occupancy rates as it felt the benefits of contracts signed in the previous two years. Rising wages and an appreciating currency have reduced the appeal of neighbouring countries, making recruitment easier and halving the FM Logistic employee attrition rate, thereby boosting productivity. As in other countries, the emphasis here is on developing a full range of integrated services. During the year, FM Logistic was able to sign three significant contracts of this type with Moncler (clothing), Mayoly-Spindler (dermo-cosmetic pharmaceuticals) and Hipp (baby food). The company also won the competitive tendering round to provide e-commerce logistics services to an international FMCG group, including the warehousing, order picking and transport of a new product line. Transport pooling is now offered via a service managed from an online system that provides real-time monitoring of the truck loading. FM Logistic has also paved the way for the introduction of its Citylogin service. To promote business development, the Dudarvik site will be extended by a further 17,000m². Sustainable development issues are moving up the national agenda in Ukraine, and are now the focus of many concerted initiatives alongside major international customers. Consumption of plastics and water are prominent issues here.

\[\text{A well-balanced international presence} \]
Central Europe. NEW CONTRACTS IN HEALTHCARE AND FOOD

FM Logistic achieved revenues of €319 million in the Central Europe region, comprising Poland, the Czech Republic, Slovakia and Hungary. The fastest growth was seen in the Czech Republic (up 16% year-on-year). The most dynamic segments were e-commerce logistics and groupage, where revenue was up by 20% as a result of efforts to increase the density of the company’s transport network with the addition of three new cross-docking sites at Łódź and Warsaw and in Upper Silesia. The year also saw the Polish introduction of Citylogin. New customers choosing FM Logistic during the financial year included Lorenz Bahlse Snack-World and Polpharma, Poland’s leading pharmaceutical manufacturer. The Błonie site near Warsaw has been expanded to provide a distribution centre for Polpharma products throughout Poland. The Lovosice warehouse in the Czech Republic was also enlarged during the year, as was the Bedzin warehouse in Poland. FM Logistic also opened a new hub at Janki, near Warsaw, and increased its total number of employees to support this growth.

In the labour market, supply still outstrips demand, driving wages in Poland up by 15% in 2019. The company continued to invest in innovation, expanding its engineering team and installing smart loading-dock doors in several storage and cross-docking sites. These detect and identify vehicles, as well as their journey start point and destination, for more efficient management of loading and unloading. Robots are also used to move pallets and heavy loads in warehouses. The award of IFS Food, IFS Logistics and AEO certificates reflects the excellent work done by FM Logistic to achieve operational excellence in Central Europe. FM Logistic now wants to make better use of its expertise in omni-channel logistics. Plans are in place to build a new platform near the new international airport to be built near Warsaw.

“FM LOGISTIC IS NOW AN ACKNOWLEDGED STAKEHOLDER IN THE REGION, AND PLANS TO STRENGTHEN ITS PRESENCE IN THE E-COMMERCE MARKET.”
FM Logistic delivered a strong 2019/20 performance in Russia as a result of expanding its logistics network and introducing more innovative services. Revenue rose by 16% to €283 million. The Group opened or expanded seven logistics platforms during the year, including those at Rostov-on-Don, in the south of the country, and Noginsk, west of Moscow. Major contracts were signed with Obi (a leading DIY retailer) and Coty. In June 2020, the US beauty group will be serviced from the FM Logistic cosmetic pool at Chekhov, near Moscow, where FM Logistic already prepares product orders for around ten other manufacturers in the same sector. To optimise the space available, products are stored on a five-level mezzanine space. Order picking is mechanised here, using Balea e-Shopeur trolleys to accelerate online order preparation. The total number of e-commerce orders fulfilled in Russia rose by 32% in 2019. Haribo, Etam, Nespresso, Ille de Beauté and L’Oréal all use FM Logistic e-commerce expertise, and its range of services will soon be extended to include collecting order payment from the end customer. Annual revenue from transport jumped by 21.8% during the year, compared with the Russian market average of just 6%. FM Logistic has increased the density of its network (with 16 cross-docking sites, including two new units in Kazan and Ufa), developed its 3E (easy to start, easy to use, easy to exit) service for SMEs, and opened an office in China to capture flows in this market. The innovation policy continues, and working in cooperation with Russian start-ups, FM Logistic has begun to use inventory drones, ergoskeletons and gas-powered trucks for Citylogin deliveries. The company is also using RPA (Robotic Process Automation) to automate around 20 repetitive tasks in finance and transport, enabling the staff previously responsible for these tasks to move on to other responsibilities. Half of the 8,000 or so employees of FM Logistic received training in 2019/20, and the company was ranked in the Top 100 employers in Russia for young graduates.
FM Logistic expands its range of services

The Romanian economy grew faster than the European average in 2019, and full employment generates upward pressure on wages that is difficult to pass on to customers. Nevertheless, FM Logistic succeeded in winning a number of short-term contracts with food manufacturers and retailers, and a longer-term contract with Polish biscuit manufacturer Dr Gerard. To improve its competitive position, FM Logistic has introduced its 3E (easy to start, easy to use, easy to exit) service in Romania to offer customers standardised logistics services at competitive rates. This service should prove very successful in this country, because it meets the needs of SMEs that have not previously outsourced their logistics. Two other services have been expanded: the LTL service, which helps small companies to optimise their transport costs and increase delivery frequency to retailers, and the automation of the co-packing labelling process, saving time and money. Eco-friendly measures introduced by FM Logistic include the elimination of plastic cups in offices and the reduction of single-use consumables in warehouses. A survey was conducted at the request of a world leader in cosmetics to examine opportunities for substitution and the cost involved. Although the severe labour shortage continues, business opportunities are opening up in the FMCG segment, with FM Logistic being invited to tender for a large number of contracts. To further improve customer service, the company operates three logistics platforms very close to Bucharest and Timisoara, as well as two cross-docking sites.
India. GROWTH DRIVEN BY E-COMMERCE

FM Logistic posted revenue growth of more than 15% in India during 2019/20, despite the marked slowdown in the national economy, with the automotive industry being particularly hard hit by falling consumption. Nevertheless, the Group continued to invest and win new customers during the year, strengthening its market positions, especially among industrial customers. It also pursued its strategy of developing high-end multi-client sites like those in Mumbai and near Delhi, where two sites are in operation, and another is under construction. The main impetus for this growth has come from e-commerce as a result of two significant contract wins. Club Factory, the leading Chinese e-commerce clothing company in India, has contracted FM Logistic to handle around 80,000 orders per day. The second company, a leading furniture retailer, has appointed FM Logistic to handle all its online customer orders for Western India. Another contract signed in 2019/20 with lighting giant Osram provides a perfect illustration of the FM Logistic business line integration strategy. Under the terms of this contract, the company has responsibility for the entire logistics chain of this international group, from customs clearance for imported products to industrial and retail customer deliveries. The presence of FM Logistic in the Indian market began with its 2016 acquisition of a local company. Training initiatives implemented here have contributed to halving the employee attrition and occupational accident rates in 2019/20. The number of women employed in warehouses has doubled, and the Group has also ramped up initiatives designed to reduce its environmental footprint. The warehouse now under construction near Delhi is expected to obtain the LEED* certification, positioning FM Logistic as a trailblazer in sustainable development. The use of solar panels is expanding here, and electric vehicles will be introduced in 2020/21. Innovation is also powering ahead, with drones already in use for stock inventories.

“FM LOGISTIC WAS VOTED INDIA’S BEST LOGISTICS PROVIDER AND BEST EMPLOYER OF THE YEAR”.

*Leadership in Energy and Environmental Design
China. Progress despite difficult circumstances

The Chinese economy slowed in 2019 before suffering the effects of the coronavirus crisis in early 2020. FM Logistic was also faced with the challenge of a reconfigured retail sector, as multiple foreign brands withdrew from the Chinese market. Nevertheless, it was a year of success for its operations in China. A new contract with leading retailer BHG provided the opportunity to establish a presence in Nanjing, while the extension of a contract with Johnson & Johnson made it necessary to expand the distribution centre near Tientsin. The goal of filling the Taicang logistics platform near Shanghai was achieved in just four months, thanks to contracts with Nike, Brita and Victoria’s Secret. In the east of the country, FM Logistic expanded its resources in fresh produce logistics, with the introduction of temperature control systems for warehouses and transport vehicles. During the year, the company introduced a new real-time traceability system that will track 80% of all shipments in 2020. And the first hydrogen-powered trucks were used for urban transport. Given the extraordinary fast pace of e-commerce growth, omni-channel development is now a clear priority.

Vietnam. FM Logistic is steadily consolidating its market positions

Buoyed up by a fast-growing economy and the development of omni-channel retail, the pace of FM Logistic development in Vietnam is right on schedule. Its annual revenue has doubled, and the company attracted ten new customers during the year, including Emart (South Korea’s largest retailer), My Kingdom (Vietnam’s leading toy store chain) and Want Want (the Chinese food group). When the first warehouse opened in June 2019 near Ho Chi Minh City, it doubled the amount of FM Logistic’s storage capacity in this country. Services have now been extended to cover every link in the supply chain, from customs clearance to value-added services like co-packing, and North-South shipment by sea. During the year, the Group built the first 21,000m² section of a logistics platform meeting international standards at Bac Ninh, near Hanoi. Once completed, this multi-client site will offer 52,000m² of storage space. It is designed to be suitable for heat-sensitive products and hazardous products, and aims to achieve energy self-sufficiency using power generated by solar panels. The Vietnam/EU Free Trade Agreement (FTA) signed in June 2019 highlights the already very strong growth potential offered by this country.
Brazil. FM Logistic fares relatively well in a fragile economy

The Brazilian economy delivered only weak growth of just 1.1% in 2019. The country continues to suffer from a lack of logistics infrastructures, which pushes up prices for consumers. Under the leadership of the new managing director appointed at the beginning of 2019, the Brazilian subsidiary of FM Logistic continued its reorganisation, and grew at three times the rate of the national logistics market. With a total floor space of 180,000m², the five multi-client warehouses in São Paulo, Rio de Janeiro, Minas Gerais, Rio Grande do Sul and Santa Catarina are full. Before the Covid-19 pandemic, FM Logistic was preparing to start the new financial year with a sales pipeline greater than its total revenue for 2019/20. To accelerate its growth rate, FM Logistic in Brazil plans to relaunch its transport business and expand its omni-channel, urban logistics and co-packing services. The Group also plans to expand its presence around the city of Recife in north-eastern Brazil. Its digital and managerial transformation is underway to enhance processes and make more effective use of data in HR. Its one thousand employees all receive training, with particular emphasis on occupational risk prevention. To reduce its environmental impact, FM Logistic has reached an agreement with two customers to reduce film wrapping to save nine tonnes of plastic in a single year. “2019 MARKS A NEW BEGINNING FOR FM LOGISTIC IN BRAZIL. ITS RESULTS IMPROVED SIGNIFICANTLY”.
+7.7% revenue growth in France

3 new cross-docking sites in Poland

+32% in e-commerce volumes handled by FM Logistic in Russia

11,000 square metres of additional space for the Vellezzo Bellini platform in Italy

500 Citylogin vehicles in Spain

350 new employees in Romania

80% of domestic shipments tracked in real time in China

10 new contracts in Vietnam

2 major new e-commerce customers in India

10% increase in revenue from FMCG
CULTIVATING creativity and professionalism is constantly advancing our expertise. FM Logistic offers increasingly sophisticated and optimised solutions delivered by employees with a real commitment to developing their own skills.
QUALITY AND EFFICIENCY
Driving innovation forward to benefit customers and teams

The central mission of FM Logistic is to help its customers optimise the sustainability of their supply chains from end to end. It provides them with the innovation skills and business expertise needed to support their transition to omni-channel logistics, and works with them to develop the model best suited to the expectations of their customers.

Consumer-driven innovations: circular economy and bulk sales logistics
FM Logistic pays close attention to the ways in which expectations are changing around the issues of sustainable development. More and more consumers say they want to put an end to disposable packaging. The company is responding to this concern by offering services for producers and retailers choosing to sell bulk products supplied in hoppers or reusable packaging. To serve this growing market, it has designed a short cycle of reusable packaging that is washed, dried, UV-treated and refilled in a clean room.

Logistics processes are adapted to the needs of e-commerce and omni-channel logistics
FM Logistic acts on behalf of its customers to adapt packaging originally designed for in-store sales, re-purposing it for direct delivery to the consumer. Preparations for managing periods of peak business, such as Black Friday, Cyber Monday and Christmas, continue throughout the year. In France, FM Logistic now offers a dropshipping solution (which allows sellers to hold zero stock) to manufacturers selling directly to consumers via marketplaces.

One-roof: taking vertical market expertise to a new level
The ‘One-roof’ concept that brings manufacturers and retailers from the same industry sector together under a single roof is effectively an advanced version of pooling. The Russian market is pioneering this new development, with the stock of ten cosmetics companies gathered together in a dedicated five-level mezzanine space at the Chekhov site. All these customers benefit from specialist expertise specific to their business, shared - and therefore less costly - automation, B2B and B2C order preparation and shipment consolidation.

Offering modelled and customisable solutions
FM Logistic is working to standardise all its practices and solutions for the benefit of its - often international - customers. Business process modelling makes it possible to
design standard services that are then individually tailored to the needs of each customer segment. These services can therefore be offered simultaneously to several companies of all sizes that share similar needs to provide them with a timely and cost-effective solution, at the same time as limiting start-up risk. All are based on proven processes, technologies, automation systems and information systems.

**Citylogin:** optimising the last mile supply chain

Urban logistics is another major area of growth, which is designed to meet the needs of e-commerce operators with a more sustainable solution. Citylogin uses distribution centres in urban areas as the base from which to make city deliveries by van. First developed in Italy, it is now available in around 30 major European cities in five countries, with a fleet of nearly 800 vehicles, an increasing number of which are powered by clean energy.

EXPLAINING ADVANCED, AGILE AND PROVEN TECHNOLOGIES

Driven by the growth of e-commerce, the pace of warehouse robotisation is accelerating. Robots have two main applications: facilitating the preparation of unit orders by bringing products to the order picker (the ‘good-to-person’ principle), and using Automated Guided Vehicles (AGVs) for the long-distance movements of pallets within the warehouse. Solutions like these release operators from tiring repetitive tasks. A dozen new collaborative robotic arms have been installed to facilitate co-packing, the majority of them in Russia. Around 30 administrative and financial processes are now the subject of RPA (Robotic Process Automation) processing, with no negative impact on jobs. The MySCM app that allows customers to track and control the operations outsourced to FM Logistic in real time has been updated with new value-added functions. This cloud-hosted app is part of a wider project to implement a supply chain ‘control tower’. Data processing and value extraction are absolute priorities. All operational data, whether generated in-house or provided by customers, are aggregated in a Big Data system hosted on the Google Cloud Platform. Ensuring the existence, accuracy and relevance of these data is only part of the process; they must also be available and usable by every member of warehouse staff. So FM Logistic invests in data visualisation tools for its customers and its employees. Digital information panels in warehouses display operational indicators in real time.

RUSSIA. A mezzanine space in the Chekhov warehouse near Moscow is dedicated to cosmetic products orders processing.
FM Logistic is enhancing its analytical and team management capabilities. These advances will enable more effective allocation of human resources, and deliver productivity gains. They will also contribute to operational excellence and customer transparency. In this process, digitalisation is more essential than ever.

**DIGITALISATION**

A new level of team management to achieve new goals

FM Logistic is engaged in management transformation

This process is driven by an advanced level of HR management system digitalisation and continual implementation of the corporate culture. Drawing on its strong core values of trust, performance and openness, the company now wants to leverage collective intelligence and enable its employees to play a full role in their own development. Adopting powerful new systems supported by appropriate special training makes a major contribution to this transition. As teleworking and collaborative working methods continue to develop, skills and management models are being refined and standardised.

The accelerating pace of HR system digitalisation

The PEPS (People Empowerment Solutions) HR management suite has been significantly developed. Stage one, which gives employees and their managers access to their personnel files, is now complete everywhere except India, where the project is due to begin in the near future. FM Logistic has also been working on two new features. The first is a daily working hours recording and management module implemented in the four pilot countries of Romania, Poland, Italy and Brazil. The second involves reconciling the payroll system with working hours data to provide more detailed monitoring and analysis of labour costs. This feature is already operational in Italy and Poland, and is expected to be in place in 80% of the company’s operating countries by the end of the 2020/21 financial year.

Training provides stimulation for talent

A great deal of effort was focused on training in 2019/20, with particular emphasis on two distinct areas. The first was the standardisation of expertise through the OPEX (OPerational EXcellence, see p. 42) programme introduced for the warehousing business line. The second concerned talent development, for which a number of programmes were introduced or continued by FM University during the year. Their aim is to help high-potential employees
SHARING EXPERIENCE

MOVE ON FASTER WITH THE FUTURE MOVES PROGRAMME!

I’m 23 years old and live in Moscow. I joined the Future Moves graduate programme when I began working at FM Logistic in June 2019, because I was attracted by the business sector it operates in and its international reach. It’s a two-year project. The first year is designed to familiarise you with a range of different career options and to receive training with other graduates on different FM Logistic sites. All my training was delivered in France. In year two, we’ll have two three-month assignments in different countries. We’re regularly assessed, well coached, and the training cycle ends with a presentation to the FM Logistic executive committee. I found the programme to be a very rewarding experience, and it’s given me a good understanding of the company in a short period of time. It’s also allowed me to meet many different managers from several countries. Lastly, it’s confirmed my career choice, because I’m finding the work I do more and more interesting!

“Digitalising HR resources makes it easier to work collaboratively between countries, makes our corporate culture a reality, and gives everyone more freedom to exercise their entrepreneurial skills”.

EGOR RUBTSOV
Logistics project manager,
FM Logistic Russia

FABIEN AND OLIVIER,
IT DEPARTMENT

MANAGEMENT TRANSFORMATION is underpinned by digital tools offering regularly updated and new features.
... at all management levels to develop their careers within the company. The central idea is to develop soft management skills, such as leadership, people management and verbal communication, but also to give them the opportunity to learn how to manage a Finance, HR or other unit, if necessary. Around 40 people received this type of training during the financial year.

**Bringing good practices to a wider audience**

The transformation is also helping to make HR practices more consistent. FM Logistic wants to offer all its employees the same level and quality of management processes across all its operating countries. These processes should, for example, include individual goal setting, a personal review and career development review every year. Both these reviews will be based on the same skills models.

The shared processes are built on the basis of collaborative working, while the standardisation process uses the new digital HR systems rolled out to all business units.

“**The management transformation is based on a culture that is open to the world, releases personal energy and encourages co-construction with teams and customers**”.

**EXPLAINING OPEX: LEVERAGING OUR EXPERTISE**

FM Logistic began the roll-out of its OPEX (Operational EXcellence) Warehousing programme during the 2019/20 financial year. It has been designed to provide everyone - regardless of level - with the basic practices, actions and processes needed to work to the optimum level of operational quality. 2019 was devoted to warehousing, and began with identifying the basic skills and knowledge required, around which the training programme was then designed. Digitalisation has proved invaluable for modelling expertise and ensuring its consistent applicability in different countries. Around 110 in-house trainers in all the company’s operating countries were trained in just one year. They will now pass on the programme content to every FM Logistic site in 2020, with the goal of ensuring that 90% of managers and team leaders will have completed all the training modules by the end of the year. The same method will soon be extended to other business lines.
WHICH DIRECTIONS WOULD YOU LIKE TO TAKE THE COMPANY’S HR POLICY IN?
— Investing in human resources is a key element of growth. It’s also one of the cornerstones of our Focus plan to boost profitability through better operational performance. We’re working on three priorities: employee development, occupational well-being and management process quality. All of us - the company, its employees and its customers - have a lot to gain from more detailed and accurate management of operational human resources. PEPS gives us that level of visibility (see page 40). Its level of data granularity will allow us to conduct increasingly detailed analyses as the basis for engaging in a more constructive dialogue with customers around cost trends and organisational optimisation margins.

SO WHAT IS YOUR VISION FOR SKILLS DEVELOPMENT AT FM LOGISTIC?
— The company has grown very quickly, so we’ve recruited and onboarded a large number of new people in a short period of time. Our range of services and geographic reach have also expanded in parallel, so it seemed timely to take our combined expertise and operational processes to a new level. That’s the aim of the OPEX programme, and we have great expectations of what it can achieve. We believe it will be a huge benefit, not only for FM Logistic, but also for our customers, who will have the assurance that they will benefit from what we do best wherever they may be.

HOW IS THE FM LOGISTIC EMPLOYER BRAND SEEN BY OTHERS?
— Our reputation is growing steadily, and we have received a number of awards in recognition of our performance as an employer. Last year, we received the French ‘Top Employer’ label for the 5th consecutive year, having increased our rating every one of those five years. In January 2020, we were voted one of the country’s Top 500 employers by France’s business magazine, Capital, coming second in our industry sector.

“Aall of us - the company, its employees and its customers - have a lot to gain from more detailed and accurate human resources management.”
The essential transformation of information systems

The first requirement is to urbanise information systems, which means transforming them in ways that increase their agility and align them better with the end-to-end vision of the supply chain. FM Logistic has switched to cloud computing, and is now working to de-silo its information systems so that they can interact more easily with those of its customers.

The process of rolling out the Reflex WMS (Hardis Group) and GCS (Generix Group) warehouse management software packages is ongoing. These systems facilitate the process of automating storage and picking processes for hybrid, B2B and e-commerce orders. In 2019/20, 63 more customer accounts were migrated to the...
systems. FM Logistic is also investing in upgrades for its information flow management systems, including the roll-out of a new EDI (Electronic Data Interchange) solution to ensure real-time data exchanges. Another focus area is to ensure ultra-high availability of IT systems to deliver reliable 24/7 operability.

Working alongside a number of customers, FM Logistic is also preparing to take part in pilot projects to assess the use of blockchain technology in the supply chain sector. Blockchain solutions are playing an increasing role in improving the traceability of food products, and thereby food safety. These developments are consistent with a closer partnership with tech ecosystems.

“FM Logistic leads the urban logistics working group of the European research and innovation platform Alice*”.  
(Alliance for Logistics Innovation through Collaboration in Europe)

The open innovation response to real-life needs

FM Logistic believes that any service and operational innovation must deliver a practical response to real customer and/or employee needs. Such innovations must also be capable of rapid roll-out. So the company therefore focuses on operational innovation rather than R&D, with the aim of designing agile, cost-effective solutions that can be rolled out at scale within tight deadlines. Leveraging its knowledge of customer patterns and expertise in technology integration, FM Logistic works in partnership with companies of all sizes and the entire innovative ecosystem. Examples of these collaborations include Google for Big Data tools, Hardis Group for warehouse management systems, the University of Technology of Compiègne for the Ergoskel ergoskeleton and the French network Sprint Project. In October 2019, FM Logistic signed a partnership with the US start-up accelerator Plug and Play.

Enhanced governance and business expertise

The company has introduced a tighter governance structure for its strategic projects to increase cooperation between its sales, business solutions and information systems departments. FM Logistic has also expanded its teams. Additional business experts have joined the business solutions and information systems department. Some are working on new services, others on the technologies required to deliver them.

21 robots (AGVs, robotic arms and others) introduced in 2019/20

+80% time savings for inventories using the Inventory Viewer solution, which requires no elevating platforms

DRONES. Drones are being increasingly used for warehouse inventories.
ANTICIPATING market trends is key to putting customer needs at the heart of the company’s business. With more than fifty years of experience, FM Logistic offers integrated services spanning every link in the supply chain, backed by the advanced expertise needed to build best-in-class solutions together.
FM Logistic delivers supply chain services tailored to the needs of individual industry sectors. Listening to customers is key in today’s fast-changing world.

LISTENING AND ANALYSING
Responding effectively to the needs of each business line

More than €150m in new contracts signed during the 2019/20 financial year

Strong sales momentum
FM Logistic sales continued to grow at a fast yet controlled pace during the financial year. The company signed new contracts worth over €150 million. This performance was driven by the strengthening of partnerships with existing customers, the establishment of relationships with new customers in all geographic markets and the company’s growth in e-commerce logistics.

The FMCG and retail sectors are the largest segments of the customer base, accounting respectively for 29% and 27% of all FM Logistic revenue, 62% of which is generated outside France.

BULK SALES encourage less waste. FM Logistic continues to drive innovation forward in response to new patterns of consumption.

➔ Putting customers at the heart of the company
Serving customers better by identifying their specific needs

Warehousing and handling, transport and co-packing services contributed 54%, 36% and 10% of revenue respectively. Demand for integrated services keeps growing, and FM Logistic is in a stronger position than ever to respond effectively to this trend. The urban logistics contracts signed in Europe with retail chains reflect this reality, as does the new business being developed with luxury companies in Russia to ensure their security of supply against a background of changing regulations. The new CRM system (see opposite) meets the need for a 360° real-time overview of customers and FM Logistic teams in all operating countries.

E-logistics and sustainable development keep getting more important

The company’s exposure to e-commerce logistics has grown, and B2C volumes handled by FM Logistic have increased significantly. The Group is supporting its existing customers with this transition by complementing their B2B activities with B2C services delivered through dedicated or shared sites. The company is also developing integrated one-off solutions with pure players, such as Club Factory in India, My United Kingdom in Vietnam and generalist marketplaces in Europe.

Sustainable development is another cornerstone of the company’s strategy. Because it has complete control over every link in the supply chain, FM Logistic is able to measure the carbon footprint of its customers and work with them to design solutions for lowering it. The resources invested in reducing its own carbon footprint, developing reporting tools (see p. 57) and publishing its impact report all reflect this commitment.

A broad FMCG customer base

FM Logistic has more than 130 FMCG customers. In 2019/20, revenue from these customers was up 10% year-on-year. The aim is now to replicate this level of growth in all operating countries.

In a world of increasing consumer expectations where corporate social and environmental responsibility is becoming a strategic issue, ‘sustainable logistics’ provide a true competitive advantage.

OUR CUSTOMERS SAY IT BEST!

Sonia Ismail
CRM domain manager at FM Logistic

Our new Salesforce CRM system provides a single point of entry for customer information, unifying all the customer data we hold in all our operating countries, from relationship history to contracts, activity tracking, metrics and more. This 360° view gives us a clearer understanding of their organisational structure, lets us share data between countries, and helps us forecast future needs. It’s an intuitive multimedia tool that’s easy to use. It now provides 250 sales representatives in all our countries with real-time status reports that can be edited immediately. Access to this powerful system will be expanded further in 2020. It will then be used for marketing campaigns and to create gateways to other systems, such as our contract database and a data visualisation system.

Sephora expands in e-commerce

— Sephora has 1,200 retail outlets in Europe and the Middle East, offering 25,000 different products. We have been FM Logistic transport customers in Russia for a long time, and since February 2020, its Escrennes platform in France has been handling our POS material, supplies and the Sephora Collection brand. Our customers are increasingly going online to make their purchases. They expect extremely fast order processing and are increasingly aware of CSR issues. E-commerce tends to smooth out sales seasonality, but we still have to manage major peaks in business volumes at times like Christmas and Black Friday. In this context, the supply chain becomes a key factor in customer satisfaction. So it’s crucial for us to rely on a logistics company that can make a real contribution to our financial performance. But we also want our supplier company to be a true partner that is proactive in bringing forward ideas, is innovative, has a real commitment to CSR, and helps us overcome problems.

Jacques Pellissier
Supply chain director Europe & Middle East at Sephora

Jacques Pellissier
Supply chain director Europe & Middle East at Sephora
“FM Logistic wants to put customers at the heart of its organisational structure, and adopt a customer-centric model within which the sales, marketing, business solutions and information systems teams will all operate.”

Pooling, a method by which the logistics and transport capacity is shared to multiple customers, offers a suitable solution. But FM Logistic goes further than that with its ‘One-roof’ concept, which brings manufacturers and retailers from the same industry sector together under a single roof (see p. 38). The company also works alongside its customers to build omni-channel strategies that strengthen their relationships with consumers. The Lean Design & Copack service, which reviews packaging processes and materials on the basis of their sustainability, is now in place in a number of operating countries, particularly France and Russia.

The changing face of retail
The retail sector contributes a stable 27% of FM Logistic annual revenue, but the services provided to the industry are increasingly including urban logistics and e-commerce. The fact is that retailers are going through a major transformation driven by the rise of online shopping. FM Logistic offers them a choice of innovative and modular solutions for secure handling of fragile products, optimising in-store product availability and rationalising distribution costs by preparing orders under controlled temperature or secure zone conditions, transport groupage and traceability, customs management, etc. All these

More than 60 significant contracts successfully tendered for in 2019/20
cross-channel solutions are tailormade to work with customer strategies that often combine growth in e-commerce with a return to physical city centre outlets.

**Manufacturers: a great need for flexibility and compliance**

FM Logistic revenue from manufacturing customers rose by 4% in 2019/20, with the majority of growth coming from Asia and Eastern Europe. The company serves around a hundred manufacturing customers who typically have a strong demand for transport services. They view their logistics chain as a strategic competitive factor. They need flexibility to keep their supply and distribution networks running efficiently. The efforts made by FM Logistic to provide detailed management of production lines or monitor operations in real time bring an effective response to these needs. The work done on standardising best practices internationally ensures that customers receive the same level of excellence everywhere. FM Logistic also responds to the transport optimisation needs of these customers with a range of pooling solutions.

**Cosmetics and pharmaceuticals: 20% year-on-year growth**

The fifty or so cosmetics and pharmaceuticals customers served by FM Logistic, market high value-added products. Hygiene requirements and heightening customer sensitivity to environmental issues are particularly important factors. As e-commerce becomes increasingly crucial to their businesses, companies in these industries are looking for external expertise and processes tailored to the specific needs of each brand or even individual products. FM Logistic provides them with guaranteed security, traceability and rapid adaptation to meet regulatory changes. In Russia, FM Logistic has designed a model specifically for the cosmetics market by bringing manufacturers and distributors together in the Chekhov platform, where they can all benefit from services that are shared and optimised.

Galbusera is a leading Italian biscuit manufacturer famous for its panettone. FM Logistic has designed and implemented an e-logistics strategy for this customer. Marco Panassiti explains the solution developed specifically for his company.

**WHAT KIND OF E-COMMERCE SERVICE DOES FM LOGISTIC PROVIDE YOU WITH?**

— FM Logistic has created a very comprehensive online version of our physical shops for us, and is managing it on our behalf. Operating under our own brand name, it processes all online customer orders for our Galbusera and Tre Marie products, and takes care of all the product flow and logistics aspects.

**WHAT IMPACT HAS THIS NEW SERVICE HAD ON YOUR RESULTS?**

— In the second year, we saw double-digit sales growth. The online platform operates smoothly and efficiently. Our customers appreciate the quality of service they receive, and the fact that it is personalised for them, making it a much more human exchange.
Creating sustainable ecosystems

INVENTING

a sustainable supply chain together. Joining with our employees, customers and partners to work together on designing safer and more eco-friendly logistics.
The 2019/20 financial year saw the first tangible results from the sustainable development programme launched in June 2018 to address the three priority issues of employee well-being, reducing the company’s environmental footprint and developing a range of responsible services.

Investing in preventive health and safety measures

The Group has tightened up its commitments to safety with the ultimate aim of eliminating occupational accidents. The fundamental safety requirements specific to each job profile are now in place at all sites, and a communication campaign developed jointly with all the national OHSE teams will be rolled out in autumn 2020.

In France, the ergoskeleton developed and patented by FM Logistic and the University of Technology of Compiègne is approaching the production phase (see inset). Designed for warehouse operators, it reduces the amount of strain placed on the back and upper body muscles by 70% when carrying packages. Around a third of French warehouse operators could eventually be wearing it. Other models of ergoskeleton are being tested in Russia and Spain, with the test programme being extended to subsidiary companies in Eastern Europe soon.

→ FM Logistic has prioritised operational, social and environmental performance to improve team safety, develop innovations that benefit the supply chains of its customers, and contribute to new patterns of consumption.

SUSTAINABLE DEVELOPMENT

Moving standards forward

12 Logistics platforms with LEED* and HQE** certification
*Leadership in Energy and Environmental Design
**High Environmental Quality

100% of French sites are ISO 50001 certified
"The Ergoskel reduces strain on the back and upper muscles by 70%".

Helping the energy transition by using renewables

The Group is studying opportunities for generating renewable energy as an integral part of all new construction projects. As a result, two sites in India and Spain were fitted with solar panels in 2019. Over the medium term, the Group plans to produce green hydrogen to power its logistics operations and for resale to other companies and local authorities. This vision of the logistics facility as a contributor to local green energy circuits and green mobility has been recognised and rewarded by the Club Déméter responsible logistics think tank in France. FM Logistic is a committed contributor to innovation for the energy transition. It contributes to several European projects, including the SENSE project that experiments with the concept of a physical internet, the ECCENTRIC project where FM Logistic is testing Europe’s first 12-tonne electric truck under real-life operating conditions, and the SCOOTING project to use electric scooters for urban deliveries. In addition to using and generating energy from renewable sources, FM Logistic is also working in partnership with NG Concept to develop its proactive policy of eco-design and energy efficiency for buildings. The Group has set a target of carbon neutrality for all its platforms by 2030.

测试Ergoskel在真实工作条件下的经验

我是一名在Epaux-Bezu工作两年的拣货员。与其他三位志愿者一起，我使用了Ergoskel几个小时，每天花上六到八个月的时间。我发现了背和上肢的一些不适，而其他人则抱怨手腕的温暖感。经过一些人体工学调整，我们离最终结果越来越近。学术界和企业界的合作并不总是显而易见的，因为我们在不同的世界中工作，企业家总是匆匆忙忙。但与FM Logistic的接触让我们发现，我们可以用同一种语言说话。

大学与企业合作

— 近几个月来，我们一直致力于收集用户反馈。经过实验室功能测试，发现测试Ergoskel在真实工作条件下的情况，对于收集来自设计它的拣货员的反馈至关重要。很明显，这个新工具可以帮助我们减轻包裹的重量，而且不那么累人。事实上，它几乎可以胜任工作。当然，它不会让我们感到尴尬，因为它的重量很轻，你可以像背背包一样穿上它。一旦它准备好，我一定会使用它！
WHAT IS THE FM LOGISTIC APPROACH TO SUSTAINABLE DEVELOPMENT?
— We take a very realistic and practical approach focused on the needs of our customers. In 2019, we launched the Zero Waste programme, which commits us to radically reducing waste and replacing single-use consumables with more eco-friendly alternatives. Our approach is based on accurate, reliable data. We’ve also done a great deal of background work on non-financial reporting. We measure not only our CO₂ emissions, but also the impact of our business on society, including the social cost of carbon. Making these data available to customers broken down by site and business activity allows us to discuss the issues involved in a much more factual and practical way. We also want to offer our customers a green option with every contract bid we submit. Sustainable development gives us the opportunity to be innovative when bidding for contracts. Lastly, our approach is 100% open and transparent. It’s impossible to address these issues successfully by acting in isolation, so we work alongside our customers, service providers, research laboratories and public authorities.

WHAT ARE YOUR PRIORITIES?
— We have three priorities. Taking care of our people has never been more crucial than it is today. Our primary concern is to ensure their safety in the workplace, which has been demonstrated very clearly by the measures introduced before and throughout the coronavirus crisis. Looking beyond the physical safety of all our employees, we’re increasingly focused on improving occupational well-being. In practical terms, that can take the form of chillout spaces or sports facilities, which we have in some of our Russian warehouses.
— The second priority is to reduce our environmental footprint through greater energy efficiency and the generation of energy from renewable sources. That process begins at the logistics platform design stage, hence our cooperation with NG Concept. In addition to energy-saving measures, such as building insulation and the use of LEDs, we’re also looking to generate our own solar energy, which we plan to use in a water electrolysis process to produce hydrogen that will power forklift trucks and vans.
— Our third priority is to provide a sustainable service offering at every link in the value chain. Citylogin is an excellent example of an end-to-end urban logistics solution that combines local logistics depots with rapid delivery. In addition to these three priorities, there’s another: the provision of reliable, detailed data. The publication of our impact report is an integral part of this effort.

WHAT CAN YOU TELL ABOUT THE FM LOGISTIC IMPACT REPORT?
— This new report is part of our commitment to complete transparency, and we were keen that it should be published digitally and be very visual. It details the positive and negative environmental and societal impacts of our business in terms of employment, health, training, greenhouse gas emissions and air pollution.

“We want to offer our customers a green option with every contract bid we submit”.

In publishing these non-financial indicators, we’re providing our customers, employees and partner companies with a decision-support resource. We see it as an important step in the transition to sustainable logistics and, perhaps, a contribution to providing everyone involved with more information for a greater level of awareness.

INTERVIEW WITH CHARLOTTE MIGNE
Sustainable development director, FM Logistic
Partnering with customers committed to responsible consumption

During the year, FM Logistic introduced its Zero Waste programme whose waste reduction initiatives are designed to replace single-use consumables in its logistics and packaging businesses. Tests are underway with customers to replace stretch wrap film, impact protection packaging materials and adhesive tape with alternative eco-designed consumables. FM Logistic makes its logistics and packaging expertise available to customers involved in serving new consumer trends, such as returns logistics, bulk sales and deposit-refundable packaging.

Measuring the social impact of company activities

In October 2019, FM Logistic published its first sustainability impact report. Direct, indirect and spin-off jobs, health and the social cost of carbon and air pollution: this 100% digital and educational report assesses the impact of FM Logistic business activities on its wider ecosystem, and measures the effects of its contribution to a more sustainable supply chain. Tailored reports are also available for every customer covering the impact of FM Logistic, as measured by the same indicators across the full spectrum of services supplied.

SUSTAINABLE DEVELOPMENT
FM LOGISTIC RATES AMONG THE HIGHEST

The non-financial performance of FM Logistic is also measured by a number of rating agencies.

• Ecovadis awarded the company its Gold Medal for CSR management system quality. This award is exclusive to the top 5% of companies across all sectors of industry.
• CDP gave FM Logistic a B rating for its efforts to reduce greenhouse gas emissions. This rating puts FM Logistic far ahead of the supply chain industry average of D.
• In France, FM Logistic received the special jury award sponsored by the Ministry for the Economy and Finance, and the Ministry for the Ecological and Inclusive Transition at the Trophées Défi RSE 2019 (2019 CSR Challenge Awards).

“FM Logistic has set itself the target of reducing CO₂ emissions from its warehousing activities by 20% between now and 2022”.

Design.
Energy efficiency starts with the design of the logistics sites.
FM Foundation was set up in 2017 as a practical expression of the Group’s commitment to corporate social responsibility, and reflects its values as a people-focused family-owned business. Many initiatives were implemented in 2019/20 across its two priority areas of intervention.

Facilitating social integration through employment
The aim here is to help young people find employment by providing them with pathways into the company. FM Foundation does this by providing training and tutoring delivered by FM Logistic employees who volunteer to work primarily with people from underprivileged backgrounds.

- Italy now has a training and employment integration process for young refugees.
- In Brazil, a logistics college certified by the Federal University is enabling underprivileged young people to receive training that leads to a qualification in supply chain management.
- In Spain, the foundation has worked to facilitate the social inclusion of disabled people.

Helping children in challenging situations
Initiatives have been implemented in several countries to support struggling families:

- Psychological counselling has been introduced for vulnerable children and their parents in Ukraine.
- A programme to help children with delayed language development has been introduced in Italy.
- In Russia, processes are in place to help young orphans to integrate and socialise, and the foundation has also helped a young people’s social rehabilitation centre to develop an edutainment programme and renovate its premises.

People have benefited from programmes designed to prevent social exclusion

444 employees involved over 3 years in 9 countries: France, Russia, Poland, Brazil, India, Italy, Spain, Ukraine and China

1,344 days of skills mentoring donated, and 271 days of volunteer work

781 people have benefited from programmes designed to prevent social exclusion

“80% of Group employees are aware of the foundation, and 77% are open to the idea of getting personally involved”.

*Internal survey conducted at the Foundation Days in each country
“80% of Group employees are aware of the foundation, and 77% are open to the idea of getting personally involved.”
### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>31.03.2020</th>
<th>31.03.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>35,691</td>
<td>38,950</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>14,760</td>
<td>12,158</td>
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<tr>
<td>Property, plant and equipment</td>
<td>215,402</td>
<td>216,125</td>
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<tr>
<td>Financial assets:</td>
<td></td>
<td></td>
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<tr>
<td>Non-consolidated shares</td>
<td>26,975</td>
<td>28,192</td>
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<tr>
<td>Other financial assets</td>
<td>12,871</td>
<td>1,282</td>
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<tr>
<td><strong>FIXED ASSETS</strong></td>
<td><strong>292,828</strong></td>
<td><strong>295,425</strong></td>
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<tr>
<td>Inventories</td>
<td>10,407</td>
<td>9,579</td>
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<tr>
<td>Trade receivables and related accounts</td>
<td>202,503</td>
<td>190,162</td>
</tr>
<tr>
<td>Prepayments for current assets</td>
<td>5,771</td>
<td>5,265</td>
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<tr>
<td>Tax and social receivables</td>
<td>17,909</td>
<td>16,958</td>
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<tr>
<td>Current accounts (debit)</td>
<td>5,587</td>
<td>15,652</td>
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<tr>
<td>Other receivables</td>
<td>799</td>
<td>6,773</td>
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<tr>
<td>Deferred tax assets</td>
<td>6,200</td>
<td>5,763</td>
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<tr>
<td>Prepaid expenses</td>
<td>6,626</td>
<td>7,347</td>
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<tr>
<td>Cash and cash equivalents</td>
<td>121,880</td>
<td>91,297</td>
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<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td><strong>375,682</strong></td>
<td><strong>348,796</strong></td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>668,510</strong></td>
<td><strong>644,221</strong></td>
</tr>
</tbody>
</table>

### EQUITY AND LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>31.03.2020</th>
<th>31.03.2019</th>
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<tbody>
<tr>
<td>Share capital</td>
<td>43,013</td>
<td>42,934</td>
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<tr>
<td>Premiums and reserves</td>
<td>134,160</td>
<td>121,103</td>
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<tr>
<td>Profit for the period</td>
<td>19,245</td>
<td>13,130</td>
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<tr>
<td>Foreign currency translation adjustment</td>
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<td>-43,724</td>
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<tr>
<td><strong>SHAREHOLDERS’ EQUITY - GROUP SHARE</strong></td>
<td><strong>139,879</strong></td>
<td><strong>133,443</strong></td>
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<tr>
<td>Minority interests</td>
<td>140</td>
<td>115</td>
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<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td><strong>140,019</strong></td>
<td><strong>133,559</strong></td>
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<tr>
<td>Provisions for risks and charges</td>
<td>17,436</td>
<td>15,837</td>
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<tr>
<td>Deferred tax liabilities</td>
<td>3,473</td>
<td>3,139</td>
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<tr>
<td><strong>FINANCIAL LIABILITIES</strong></td>
<td><strong>179,949</strong></td>
<td><strong>180,279</strong></td>
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<tr>
<td>Borrowings and other financial liabilities</td>
<td>4,245</td>
<td>8,773</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td><strong>184,194</strong></td>
<td><strong>189,052</strong></td>
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<tr>
<td>Trade payables and related accounts</td>
<td>164,298</td>
<td>165,603</td>
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<tr>
<td>Advance payments from third parties</td>
<td>13,79</td>
<td>1,475</td>
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<tr>
<td>Tax and social liabilities</td>
<td>115,052</td>
<td>109,253</td>
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<tr>
<td>Current accounts (credit)</td>
<td>135</td>
<td>548</td>
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<tr>
<td>Other liabilities</td>
<td>39,007</td>
<td>21,002</td>
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<tr>
<td>Deferred income</td>
<td>3,518</td>
<td>4,755</td>
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<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>668,510</strong></td>
<td><strong>644,221</strong></td>
</tr>
</tbody>
</table>
## Consolidated income statement / in thousands of euros

<table>
<thead>
<tr>
<th></th>
<th>31.03.2020</th>
<th>31.03.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TURNOVER</strong></td>
<td>1 431 593</td>
<td>1 317 605</td>
</tr>
<tr>
<td>Write-back of provisions and depreciations</td>
<td>3 534</td>
<td>2 749</td>
</tr>
<tr>
<td>Other operating income</td>
<td>9 348</td>
<td>8 805</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING INCOME</strong></td>
<td><strong>1 444 475</strong></td>
<td><strong>1 329 160</strong></td>
</tr>
<tr>
<td>Purchases</td>
<td>-70 838</td>
<td>-67 155</td>
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<tr>
<td>External services</td>
<td>-614 563</td>
<td>-569 083</td>
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<tr>
<td>Other external services</td>
<td>-190 142</td>
<td>-178 775</td>
</tr>
<tr>
<td>Taxes, levies and similar payments</td>
<td>-15 851</td>
<td>-14 965</td>
</tr>
<tr>
<td>Staff costs</td>
<td>-438 559</td>
<td>-400 808</td>
</tr>
<tr>
<td>Allowances for depreciation and provisions</td>
<td>-55 227</td>
<td>-49 453</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>-13 157</td>
<td>-11 091</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING CHARGES</strong></td>
<td><strong>-1 398 337</strong></td>
<td><strong>-1 291 330</strong></td>
</tr>
<tr>
<td><strong>OPERATING PROFIT</strong></td>
<td>46 138</td>
<td>37 830</td>
</tr>
<tr>
<td>Financial profit / (loss)</td>
<td>-3 013</td>
<td>-3 148</td>
</tr>
<tr>
<td>Exceptional profit / (loss)</td>
<td>-3 631</td>
<td>-2 761</td>
</tr>
<tr>
<td><strong>PROFIT BEFORE TAX</strong></td>
<td><strong>39 494</strong></td>
<td><strong>31 921</strong></td>
</tr>
<tr>
<td>Employee profit-sharing</td>
<td>-2 458</td>
<td>-3 71</td>
</tr>
<tr>
<td>Income tax</td>
<td>-15 118</td>
<td>-9 681</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>620</td>
<td>-2 631</td>
</tr>
<tr>
<td>Goodwill amortisation allowance</td>
<td>-3 259</td>
<td>-6 080</td>
</tr>
<tr>
<td><strong>PROFIT/LOSS FOR THE PERIOD</strong></td>
<td><strong>19 279</strong></td>
<td><strong>13 157</strong></td>
</tr>
<tr>
<td>Attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minority interests</td>
<td>33</td>
<td>27</td>
</tr>
<tr>
<td>Group share</td>
<td>19 245</td>
<td>13 130</td>
</tr>
<tr>
<td>Earnings per share (in €)</td>
<td>5.47</td>
<td>3.74</td>
</tr>
</tbody>
</table>
## Consolidated cash flow statement / in thousands of euros

<table>
<thead>
<tr>
<th>OPERATING ACTIVITIES</th>
<th>31.03.2020</th>
<th>31.03.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET PROFIT/LOSS</strong></td>
<td>19 279</td>
<td>13 157</td>
</tr>
<tr>
<td>Adjustment for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation, amortisation and provisions</td>
<td>56 160</td>
<td>49 674</td>
</tr>
<tr>
<td>Gains and losses on disposal of fixed assets</td>
<td>347</td>
<td>892</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>-620</td>
<td>2 631</td>
</tr>
<tr>
<td>Unrealized foreign exchange gains / losses</td>
<td>432</td>
<td>-824</td>
</tr>
<tr>
<td>Deferred expenses</td>
<td>0</td>
<td>-518</td>
</tr>
<tr>
<td><strong>CASH FLOW GENERATED BY THE ACTIVITY</strong></td>
<td>75 598</td>
<td>65 012</td>
</tr>
<tr>
<td>Change in trade current assets and liabilities</td>
<td>-13 477</td>
<td>4 399</td>
</tr>
<tr>
<td>Change in inventories</td>
<td>-969</td>
<td>-781</td>
</tr>
<tr>
<td>Change in trade receivables</td>
<td>-25 028</td>
<td>-21 511</td>
</tr>
<tr>
<td>Change in trade payables</td>
<td>12 520</td>
<td>26 691</td>
</tr>
<tr>
<td>Change in non-trade current assets and liabilities</td>
<td>37 816</td>
<td>-4 404</td>
</tr>
<tr>
<td><strong>CHANGE IN WORKING CAPITAL REQUIREMENT</strong></td>
<td>24 339</td>
<td>-6</td>
</tr>
<tr>
<td><strong>NET CASH FROM OPERATING ACTIVITIES</strong></td>
<td>99 937</td>
<td>65 006</td>
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</table>

<table>
<thead>
<tr>
<th>INVESTMENT ACTIVITIES</th>
<th>31.03.2020</th>
<th>31.03.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment / acquisition of intangible assets</td>
<td>-6 899</td>
<td>-5 042</td>
</tr>
<tr>
<td>Payment / acquisition of PPE</td>
<td>-49 281</td>
<td>-49 318</td>
</tr>
<tr>
<td>Receipts / disposal of PPE and intangible assets</td>
<td>7 623</td>
<td>8 202</td>
</tr>
<tr>
<td>Payment / acquisition of financial assets</td>
<td>-1 826</td>
<td>-4 342</td>
</tr>
<tr>
<td>Receipts / disposal of financial asset</td>
<td>2 558</td>
<td>939</td>
</tr>
<tr>
<td>Net cash / acquisition and disposal of subsidiaries</td>
<td>0</td>
<td>-1 000</td>
</tr>
<tr>
<td><strong>NET CASH FROM INVESTMENT ACTIVITIES</strong></td>
<td>-47 824</td>
<td>-50 561</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FINANCING ACTIVITIES</th>
<th>31.03.2020</th>
<th>31.03.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in capital</td>
<td>0</td>
<td>75</td>
</tr>
<tr>
<td>Dividends paid to parent company shareholders</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cash from borrowings</td>
<td>46 063</td>
<td>49 422</td>
</tr>
<tr>
<td>Repayments of borrowings</td>
<td>-59 500</td>
<td>-54 815</td>
</tr>
<tr>
<td>Variation of accrued interests payable</td>
<td>114</td>
<td>-221</td>
</tr>
<tr>
<td><strong>NET CASH FROM FINANCING ACTIVITIES</strong></td>
<td>-13 323</td>
<td>-5 539</td>
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<table>
<thead>
<tr>
<th>VARIATION IN CASH AND CASH EQUIVALENTS BEFORE EXCHANGE RATE FLUCTUATIONS</th>
<th>31.03.2020</th>
<th>31.03.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net effect of exchange rate fluctuations</td>
<td>-3 679</td>
<td>-641</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS AT THE OPENING</strong></td>
<td>82 524</td>
<td>74 259</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS AT THE CLOSING</strong></td>
<td>117 635</td>
<td>82 524</td>
</tr>
</tbody>
</table>

**COMMENTS:** In conformance with the Regl. 99-02, restatements at the time of contract signature of financial leases are not presented in consolidated cash flow statement in so far as they do not generate any cash flow. For information, the value of financial leases signed during the financial year in the various consolidated companies of the FM Logistic Group is €13,866k (impact on the increase of gross values and of borrowings from credit institutions). Therefore, these contracts should be accounted for during the comparison of the consolidated cash flow statement and the different statements of movements in the notes to the consolidated financial statements.