

ANNUAL REPORT
2020



INVENTING THE LOGISTICS OF TOMORROW





Pure player in contract logistics

Established in some twenty countries, ID Logistics operates throughout the contract logistics value chain. The Group develops and operates global solutions on behalf of its customers tailored to their needs. It is positioned as the preferred partner of major manufacturers and retailers, which it supports in their international development. Digitalisation and mechanisation, the growth of e-commerce and the need to develop responsible logistics all require a high level of technical expertise, to which the Group's employees contribute on a daily basis. The testimonials in this report showcase the collective intelligence and the culture of innovation and service that have been hallmarks of ID Logistics for twenty years. The extraordinary year that 2020 proved to be allowed the Group to once again demonstrate the relevance and strength of its model, with growth of over 7% and a further increase in the operating margin to reach 3.7% of revenues.

Shares in ID Logistics are listed on the regulated market of Euronext in Paris, compartment B.

(ISIN code: FR00110929125, ticker: IDL).

21,187
employees

€1.64
bn
in revenues
for 2020

Over
340
sites established
in
17
countries

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JOINT INTERVIEW

➤ **ÉRIC HÉMAR**, CHAIRMAN AND CEO
AND **CHRISTOPHE SATIN**,
CHIEF OPERATING OFFICER

Logistics at the heart of customers' crisis management

Looking back, how do you see 2020?

Éric Hémar: 2020 was an atypical year, to say the least, but paradoxically one from which we emerged strengthened. The true value of our profession was recognised thanks to the work of our employees who, even in extraordinary conditions, provided the services required to supply our fellow citizens wherever we operate. Our business model helped us to find the answers to each of our customers' problems. We faced contrasting situations, with some very fast-moving sectors such as food and e-commerce, while others, like the car industry and some fashion brands remained at a standstill.

Christophe Satin: Underlying trends were accelerated in 2020, such as the rise of e-commerce, which has now become essential for all our major customers. Clearly, e-commerce is no longer exclusively a pure player market. Retailers and manufacturers alike had to roll out their strategy, creating specific departments or subsidiaries, and we supported them as they did so.

What did the health crisis reveal?

E. H.: The Group as a whole reacted very quickly in all countries, based on three absolute priorities: the safety of our employees, support for our customers and the focus placed on rigorous financial management. The first challenge was met through the roll-out of protocols and best practice guides that were followed to the letter everywhere. We were also one of the

“We are able to build not only the most relevant offers in terms of customer specifications, but also those that can change over time and thus keep abreast of shifting parameters.”

– **Éric Hémar**, Chairman and CEO
(on the left in the photo)

only players to create a “Safe zone” label certified by an external firm, and to date no sites have been shut down for health reasons.

C. S.: Our decentralised operating mode, with a framework of standardised processes, has brought satisfaction to our customers. The crisis had two paradoxical effects: it both strengthened the links between country-based management teams since we all found ourselves in the same urgent situation, and strengthened the decentralisation and autonomy of decision-making on each site. Because travel was no longer possible, teams launched briefs on their own, following tried-and-tested processes. Visibly, the efforts we made in previous years to structure our processes were fruitful. The crisis did not affect our capacity for growth and investment. And with the opening of eighteen sites, we even surpassed our initial business plan.

Which projects has a structural impact?

C. S.: We strengthened our operational agility with the launch of the IDeLiver programme (see page 16). Thanks to standardised methods and tools at all sites, such as the Performance Corner and participative management training, our employees are now more actively involved in finding solutions.

E. H.: We also structured our CSR (Corporate Social Responsibility) approach by appointing a dedicated director who sits on the Executive Committee, and we approved specific medium-term objectives. Our customers increasingly request that we limit our carbon footprint and waste output, and they expect results. We must also ensure that our teams can work in the best possible conditions, and strengthen our internal promotion policy. In addition, we focused on training leading to qualifications, specifically to ensure the smooth transition of business lines towards automation and robotisation.



“Our businesses are changing, we need to find rare skills to meet increasingly sophisticated needs.”

– **Christophe Satin**, Chief Operating Officer
(pictured right)

E-commerce now accounts for a quarter of your business: will it still be a growth driver in 2021?

E. H.: Yes, more than ever. E-commerce was up five points in terms of revenues this year, across all customer types. It has transformed our technical dimension, because we now have to prepare parcels individually for end customers, with major importance placed on the quality of the preparation, traceability and delivery. We therefore invested heavily in information systems and mechanisation tools. We are also developing a home delivery service in >

+7.1%
in revenues
for 2020

+12.1%
in current
operating income
in 2020

- ▶ France, Spain and Poland using our own vehicles, with the aim of offering the full range of logistics services to our customers.

Innovation remains a major component of your business. What's the latest in this area?

C. S. : 2020 was another great year for innovation. Employees from all countries took part in the internal "Kings of Innovation" competition.

We will be supporting the best ideas and rolling them out in as many countries as possible thanks to a new challenge that we christened the "Innovation Games", a real implementation booster which is very hands-on, very operational. We must consistently prove to our customers that our offering will rise to the challenges they face over time, and be both scalable and sustainable.



All Group sites avoided closure due to COVID-19

Ensuring business continuity while guaranteeing the health and safety of its employees was the Group's biggest challenge in 2020. Each local crisis unit in each country distributed the health protocol drafted by the Group to sites, departments and partners in consultation with professional organisations. Training, best practice guides, specific posters, and products to combat the spread of the virus were quickly made available.

In order to continue to guarantee teams' health and safety, to prepare for the future and to maintain a good general level of hygiene, the Group rolled out the "Safe Zone" health label in France, drawn up according to the standard procedure of the Group's repository. This label is validated at all sites by an independent auditor with no advance notice.



+27%

of cash generated by operations in 2020

GOVERNANCE

Board of Directors

Made up of representatives of the Group's controlling shareholders and independent figures, the Board of Directors is responsible for determining the Company's development strategy and ensuring its implementation.



ÉRIC HÉMAR,
CHAIRMAN AND CEO

A former student at the École Nationale d'Administration, Éric began his career with the Court of Auditors before joining the French Ministry of Equipment, Transport and Tourism in 1993, where he was technical advisor to Minister Bernard Bosson. In 1995, he joined Geodis as General Secretary and then head of logistics. He left Geodis Logistics in March 2001 to set up ID Logistics. Éric Hémar has been CEO of the ID Logistics group since September 2001. In March 2019, he also assumed chairmanship of the "Union TLF" professional federation, bringing together companies from the French transport and logistics sectors.



CHRISTOPHE SATIN,
CHIEF OPERATING OFFICER, DIRECTOR

A graduate of ISG business school, Christophe began his career at Arthur Andersen and subsequently worked for a variety of companies before joining Geodis. In 2001, he became joint founder of ID Logistics.



COMETE REPRESENTED BY MARIE-AUDE HÉMAR, DIRECTOR

A graduate of IDRAC Paris, Marie-Aude held a variety of positions at Caisse d'Épargne IDF including that of internal audit inspector.



ÉLÉONORE LADREIT LACHARRIÈRE, DIRECTOR

A graduate of the Dauphine and ESSEC institutions, Éléonore is a member of the Executive Committee of Fimalac, where she has been Head of the Culture & Diversity Foundation since its inception in 2006. She is also a member of the Board of Directors of the Musée du Louvre and Chair of the Boards of Directors of the Musée Rodin and the Beaux-Arts de Paris.



HERVÉ MONTJOTIN,
INDEPENDENT DIRECTOR

A graduate of the École Normale Supérieure, an associate professor in social sciences and holder of a master's degree from ESCP, Hervé began his career at Bossard Consultants (now Cap Gemini) in 1989. From 1995 to 2015, he held various positions within the Norbert Dentressangle group and in 2016 he became CEO of SOCOTEC.



VERA GORBATCHEVA,
DIRECTOR

Graduating from Povolzhskiy State University of Telecommunications and Informatics in 1998, Vera went on to work as a sales and marketing manager in Russia, and then as a customs business development manager at FM Logistics. She joined ID Logistics Russia in 2012 as business development manager. In January 2019, she was appointed Managing Director of ID Logistics in Russia.



MICHEL CLAIR, INDEPENDENT BOARD MEMBER AND CHAIRMAN OF THE AUDIT COMMITTEE

A former student at the Ecole Nationale d'Administration, Michel was public auditor at the Court of Auditors before becoming Chief of Staff for the Minister of Trade, Craft and Services, then chairing Klépierre (BNP Paribas). Chairman of HLM France Habitation, he is also vice-president of the Chamber of Commerce and Industry Paris Île-de-France, in charge of congresses and fairs.



GÉRARD LAVINAY,
INDEPENDENT DIRECTOR

Gérard began his career at Euromarché, a hypermarket chain taken over by the Carrefour Group in 1991. After many years in store and then in logistics, he served in various executive positions at country level and at the Group's headquarters, where he managed the supply chain and merchandise, in particular. After a final mission at the helm of Carrefour Italy, he retired. He is now Chairman of Page Conseil.



JESUS HERNANDEZ MUÑOZ,
CHIEF INTEGRATION OFFICER, ADVISOR

A graduate of the University of Madrid, Jesus was at the helm of ID Logistics Spain from 2006 to 2015 and ID Logistics Brazil from 2016 to 2018, before heading up ID Logistics Germany and then focusing on Jagged Peak's integration in the United States.



PASCAL TERANNE, ADMINISTRATOR, EMPLOYEE REPRESENTATIVE

A graduate of the École Supérieure des Transports, with a Master's Degree in Business Law, Pascal began his career at La Flèche Cavaillonaise before joining ID Logistics in 2001 as Legal Director.

Select Executive Committee

The purpose of this management body is to apply the strategy determined by the Board of Directors and make the operational decisions required in the day-to-day life of the Group.

ÉRIC HÉMAR,
CHAIRMAN AND CEO

CHRISTOPHE SATIN,
CHIEF OPERATING OFFICER



YANN PEROT,
CHIEF FINANCIAL OFFICER

A graduate of the EDHEC business school, Yann began his career at Deloitte in France and in the United States before moving to the Lagardère and NRJ groups, joining ID Logistics in 2009.



LUDOVIC LAMAUD,
EXECUTIVE VICE PRESIDENT, DEVELOPMENT AND INNOVATION

With a DESS advanced diploma in pharmaceuticals distribution, Ludovic began his career at OCP and Geodis before joining ID Logistics in 2002.



LAURENT NICASTRO,
EXECUTIVE VICE PRESIDENT OPERATIONS

A graduate of the Panthéon-Sorbonne University in Paris, and with a DESS advanced diploma in logistics management and transport engineering, Laurent began his career at Hays Logistics before heading up Castorama's supply chain, joining ID Logistics in 2017.

HIGHLIGHTS



2020: another year of sustained growth

In an unprecedented context, ID Logistics once again showcased the strength of its model. The Group consolidated its positions and continued to invest in preparation for future growth.

JANUARY 2020

ID LOGISTICS BENELUX

At the Etten-Leur site in the Netherlands, ID Logistics Benelux set up its third "Pack-To-Size" packaging machine devoted to one of its e-commerce customers. In just a year, the "Pack-To-Size" has become the most efficient machine in the world, perfectly matching the size of the package to the product delivered.

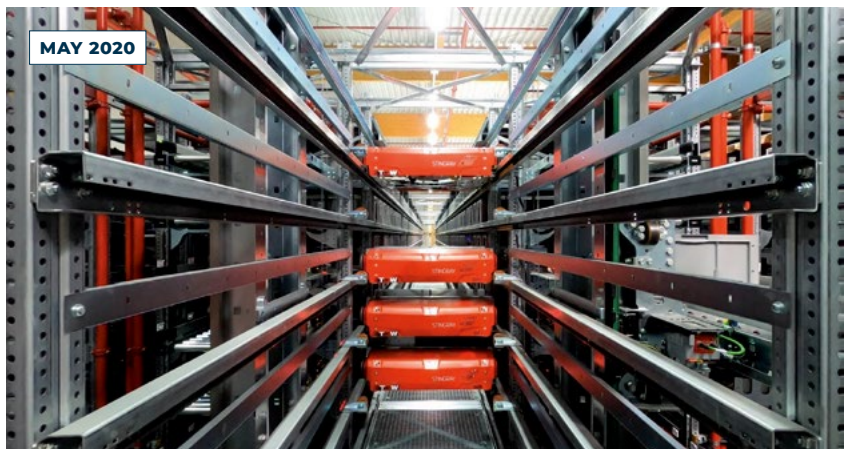
FEBRUARY 2020

ID LOGISTICS FRANCE

ID Logistics France is continuing its efforts to reduce occupational accidents and make warehouses safer by organising internal events, such as the Safety Days, and by implementing Securitabs. This digital tool boosts the feedback of information relating to risk situations, and accelerates their processing. To find out more, watch the video by scanning the QR code.



MAY 2020



ID LOGISTICS GERMANY

The Weilbach warehouse developed by ID Logistics Germany is an example of innovation for the cosmetics industry. It is equipped with new state-of-the-art automated equipment and an intelligent picking station. Shuttles transport the products to ergonomic "smart pick" stations. These innovations increase operational performance and optimise the use of space.

JUNE 2020

ID Logistics, the leading logistics provider in France



ID Logistics is the #1 logistics service provider in France according to *Supply Chain Magazine's* annual ranking. This ranking, which has become an institution in the profession, highlights those players whose

strategy has responded with agility to the challenges of the time. Teams were rewarded for their expertise and the momentum sustained over the last few years.

JULY 2020

More than **117** innovative projects

► ID LOGISTICS POLAND

More than 117 innovative projects were submitted for the internal “Kings of Innovation” competition, a spin-off from the “Innovation Booster” programme. ID Logistics Poland climbed to the top of the podium thanks to the ID Smart Truck. This truck, used for multiple order picking, is fitted with a “put-to-light” system to help guide picking, and a camera that records the picking process in real time. To find out more, watch the ID Smart video by scanning the QR code.



OCTOBER 2020

ID LOGISTICS TAIWAN

Last-mile delivery was a big issue in 2020. Home delivery services for private individuals are steadily gaining ground, offering a new range of services tailored to e-commerce. ID Logistics Taiwan drivers ensure business continuity from the warehouse to end consumers, with the same high standards seen in all its operations. Priority is given to low-carbon engines to meet the ecological challenges of downtown areas.

SEPTEMBER 2020

ID LOGISTICS FRANCE

As part of the IDeLiver programme and the continuous improvement approach, ID Logistics France introduced a new practice: AIC (All-In Chats). This process aims to develop employees’ individual and collective skills. It is based on both bottom-up and top-down communication methods, to better anticipate unforeseen events through short briefings. New processes have been introduced in Performance Corners with increased team participation. Employees listen to one another and help each other more, thus creating a real collective dynamic.



DECEMBER 2020

► HAPPY AT WORK

The Group obtained a score of 4.24/5 in the HappyIndex@AtWork 2020 survey conducted among managers in numerous countries to find out how teams perceive their daily lives. This score was an improvement on the 2018 (4.07) and 2019 (4.18) rankings.

NOVEMBER 2020

► ID LOGISTICS US

After just one year in the US, ID Logistics US has seen a significant ramp-up in operational activity, with a 70% increase in volumes compared to 2019. Group processes were rolled out in record time and have proven a hit with customers. The Group also strengthened its network with the opening of two new sites in Santa Ana, Southern California in May and Irving, Texas over the summer.

+70%
volume



DECEMBER 2020

ID LOGISTICS ESPAÑA

ID Logistics España, a specialist in pharmaceutical logistics management, was selected to receive the first delivery of Pfizer’s COVID-19 vaccine. The Pfizer vaccine is prepared and packaged by ID Logistics teams for shipment within 24 hours.

On the front line rising to the challenges of the health crisis

In light of the crisis, priorities have changed. The pandemic has accentuated trends that were already in evidence: the importance of health and safety, focus on business continuity, and the development of e-commerce. Logistics services are set to become even more necessary and sophisticated in the face of these structural changes. Illustration of the Group's ability to support and change with the customer MediaMarktSaturn Retail Group.

– **Markus Mehrtens**, Head of Logistics Sourcing and Partners at MediaMarktSaturn Retail Group

How has the health crisis affected your business?

As Europe's leading consumer electronics retailer and provider of related services, we have faced abrupt changes in supply and purchasing behaviour: the crisis has really put our ability to adapt to the test. But it has also shown the strength of the "planned flexibility" model adopted for our supply chain. We use dual sourcing for key logistics services, and encourage the use of different storage sites within our network. If required, orders can also be delivered from one of our 1,000 European stores. We call this process Ship-From-Store-Stock.

How did ID Logistics help you develop your "Omnichannel Supply Chain Network" concept so quickly?

Across Europe, ID Logistics has proven to be one of our mainstay logistics partners. Together, we have overcome the challenges posed by the health crisis and the resulting growth in e-commerce. In particular, ID Logistics is the first partner to have rolled out our One-Stock platform. It replenishes shops and delivers for e-commerce based on a single inventory, in a genuine omnichannel supply chain. This means we can supply our customers even more efficiently, regardless of variations in demand. We stood together and this has paid off, since we are now coming out of the crisis stronger.



“Thanks to the processes developed with ID Logistics, we were able to ensure business continuity under very specific conditions for our Dutch and Spanish customers.”

– Markus Mehrtens



55,000 sq.m dedicated to electronics with a strong focus on e-commerce, at the Etten-Leur site (ID Logistics Benelux).

ID Logistics' responses



– Marco Van Walraven,
Managing Director, ID Logistics Benelux

Priorities for on-site teams: safety and flexibility

The business continuity plan was used as a blueprint for crisis management: the coordination team quickly implemented a wide range of hygiene and social distancing measures, while coping with the increased demand for electronic products and the features specific to e-commerce.

Two challenges faced for MediaMarktSaturn

At no time did business have to be stopped because of the pandemic, since our supply chain was maintained in terms of both stores and consumers. Electronic equipment has proved essential for many customers obliged to work from home. They had to be delivered, despite the disruptions in international trade.

The strength of a group

The Group's support was instrumental in ensuring employee safety and providing the best service to customers in these difficult times. Mutual support, the sharing of best practice and protocols helped keep the virus and its consequences under control.

A lesson for the future

To sum it up in one word, it would be teamwork: everyone pulled together, not only as the ID Logistics group, but also with the customers.

2020 strengthened the e-commerce boom

Across every continent, consumers have embraced this mode of consumption, which meets their expectations in terms of service, availability, cost and flexibility. Interview with Ludovic Lamaud, Executive Vice President, Development and Innovation.

E-commerce has made a place for itself as a consumer norm. Firstly, the major e-commerce players have consolidated their positions by opening new platforms, particularly in France, Germany and Poland.

Secondly, all the major brands and retailers have developed a multi-channel organisation to support sales. Generally speaking, the health crisis was not the trigger for this strategy, but it did accelerate the actual roll-out of transformation projects.

The Group's expertise in e-commerce solutions and site opening made the difference. Well structured around core models, the design and start-up times for a warehouse dedicated to e-commerce have been divided threefold compared to previous years. These sites are modelled to meet the specific challenges of e-commerce: even more references, even more handling operations and variability in terms of volumes. Nevertheless, activity peaks are predictable, corresponding to the periods of sales and specific e-commerce events such as Black Friday or Cyber Week. The teams and technical solutions are calibrated to help get through these peak periods while offering the same quality of service.

The Group is positioned across the entire e-commerce chain

With the diversification of players, the e-commerce logistics offer is now segmented. Large warehouses organise flows differently depending on whether the products are heavy and bulky, small and easy to pack, or unusually shaped, such as a curtain rod or a lounge chair.



“Having an optimal customer experience is key to responding to the growth of e-commerce.”

– Ludovic Lamaud

The smaller the product, the more mechanised its processing. The Group thus heavily invested in automated packaging systems that optimise box size and avoid transporting empty boxes. For example, three “Pack to Size” machines of this type were installed at our Mediamarkt customer in the Netherlands. Lastly, specific logistics storage is applied to products requiring special authorisations, such as aerosols and inflammable products. As an illustration,

ID Logistics operates warehouses dedicated to the e-commerce of perfumes, aerosols or alcohol.

The offer extends right to the end consumer's home

The major players in the sector use regional hubs to sort deliveries to local distribution centres, also known as "last-mile" centres. At these sites, sorters have helped improve performance in terms of efficiency and reliability of deliveries. It should not be forgotten that reliability is the primary criterion for e-consumer satisfaction, alongside speed and cost. By developing a home delivery service from local depots, ID Logistics helps make the entire delivery process more reliable. For this last link in the chain, the teams prefer to use electric vans, the benefits of which are twofold: they help fulfil the customer's environmental ambitions, and they are compatible with the traffic restrictions imposed in a growing number of urban areas.

A specific offer for the food industry

Food products are subject to specific restrictions in terms of temperature management. Traditionally focused on dry grocery products, the online food trade is now opening up to fresh and frozen products. To succeed, it must be able to deliver optimum products in terms of freshness and appearance. Pickers are specially trained to check products. To reduce the number of miles travelled, ID Logistics has set up "tri-temperature" platforms as close as possible to consumer consumption areas. Dry, fresh, and frozen products are delivered in specific packaging within record time.



More than

40%

of tenders
now include
e-commerce

E-commerce in action

TAIWAN

The distribution and packaging of online customer orders is handled for Carrefour in Taiwan by ID Logistics teams. The staff and facilities are located in the store's own storeroom and deliver the shopping to the customer's home. This new service offer has allowed Carrefour to develop its e-commerce growth strategy.

GERMANY

The Group's first ever sorting platform in Ginsheim, Germany, has been commissioned.

POLAND

In Wroclaw, Poland, a site tailored specifically to bulky products opened in August 2020 for an online retail giant.

FRANCE

Mechanisation makes its mark in Allonnes

ID Logistics continues to support its customer Descours & Cabaud with the opening of an automated, mechanised site in Allonnes (France's West region). This facility launched in two stages, with the reception of goods at the end of October 2019 and the start of order preparations in mid-2020.

The launch was a success for the 55 new staff. With a surface area of 24,000 sq.m (4 units in total), the site prepares packages of hardware items. The warehouse currently holds around 23,000 items, with a target of 30,000 items by the end of the year, and 40,000 in the long term! 83% of volumes use the conveyor system serving the various stations on site, and 63% are processed using a *goods-to-man* system. This means products are routed directly to employees, who in the long run will be able to prepare between 12,000 and 15,000 lines per day.

Working in close proximity to customers for responsible logistics

For their development projects, customers prefer trusted partners who are fully committed to promoting responsible logistics, based on the best standards in the industry.



“In the supply chain, all actors jointly contribute meeting the challenges of sustainable development.”

– Maria Enrech

– **Maria Enrech**, Global Logistics and Customer Service Director at Puig

Tell us about Puig.

Puig creates unique, highly desirable beauty and fashion brands that build self-confidence and express personality, as part of a family business that aspires to leave a better world for the next generation.

Since 1914, our entrepreneurial spirit, creativity and passion for innovation have made us a key player in the beauty and fashion industry. Present in fashion and in the three prestige categories of beauty (perfumes, make-up and dermo-cosmetics), Puig's brands generate commitment through a ground-breaking form of storytelling that plays on the emotions.

Our brand portfolio is structured around three divisions: Fashion and Beauty, Charlotte Tilbury, and the Derma division.

What does CSR mean to Puig?

At Puig, we uphold the values and principles established by three generations of family leadership. We continue to build on this legacy



Perfume production line at the Puig factory.

with a strong commitment to our ESG (Environmental, Social and Governance) programme, which is aligned with the United Nations' Sustainable Development Goals.

Why is CSR so important to Puig?

Our ESG programme allows us to respond in a tangible way to the global challenges facing society and the planet, as defined by the United Nations Sustainable Development Goals and the Paris Climate Agreement. We aim to have the most sustainable logistics network in the beauty industry, thanks to the collaboration and commitment of our strategic partners.

What are the 3 action plans that ID Logistics plans to implement working jointly with Puig?

- 1 - Develop green warehouses (renewable energy supply, use of recyclable packaging materials and decarbonisation of transport).
 - 2 - Encourage the use of clean fuels.
 - 3 - Encourage pooling between logistics actors.
- Puig will only consider future relationships with partners that are fully committed to an ESG programme and sustainability standards.

The #Ensemble+Responsables approach

ID Logistics' responsible approach was formalised in 2020 in the CSR Report outlining the Group's commitments and actions in line with three ambitions.

In 2021, the approach will be enriched by the #Ensemble+Responsables programme, based on the Sustainable Development toolbox developed since 2009, customer proximity, and the commitment made by the teams in the field.

The aim of the approach is to achieve and maintain excellence in specific CSR areas over time, aligned with global issues but focused on local problems.

By the end of 2022, each site will be connected to a theme, in consultation with its customers. The site will use the Group's future-ready toolbox to implement the CSR actions allowing it to achieve the objectives set. Once this is done, the commitment will be formalised by a label that must be maintained over time. The site will then be able to decide on new themes.

10 pilot sites

will start the ball rolling in 2021 before the programme is extended to other sites.

Instilling a culture of innovation on a daily basis

ID Logistics' innovation approach aims to optimise the time, reliability, costs, and eco-performance of logistics operations. It covers both tools and processes. It allows new services to be dreamt up and is also a powerful management tool that brings teams together. In-depth review with Benoît Boiron, Innovation Manager.

“

A specialised team handles strategic projects, which involve heavy investment and high-level engineering. It provides grass-roots support for projects rising to medium- and long-term challenges and are directly monitored by the Group's senior management. Since 2018, this approach has seen the addition of the "Innovation Booster" programme, making it possible to launch a *bottom-up* approach offering each manager the opportunity to suggest an innovation. Today, 80% of innovative solutions come from people working on the ground.

Innovation is everyone's business

Initiatives are flourishing across all sites on varied themes as digitalisation, security, and ergonomics. We are proud to have instilled this spirit of innovation that provides a daily boost to everyone. Our employees come up with pragmatic ideas that are highly effective and produce results fast,

because they are based on observation and experience. During the "Kings of Innovation" competition, part of the "Innovation Booster" programme launched in 2019 and 2020, all countries rose enthusiastically to the challenge.

From an idea to an operational solution

We received 117 entries that impressed us with their relevance and smart use of technology. The winning teams, representing Poland, Benelux and the Iberian Peninsula, were able to develop their project in the form of a Proof of Concept (POC). The ID Smart Trolley (Poland), the Pick Trolley 2.0 (Benelux) and the Smart glasses (Iberia) are now part of the range of solutions that make employees' work easier and more reliable. In view of this success, we wanted to go further. Consequently, we launched the "Innovation Games", a competition where the goal is to collect as many stars as possible. The aim is to capitalise on the inventiveness showcased in the "Kings of Innovation" event, and to replicate solutions wherever they

make operational sense. Each project is assessed according to its degree of innovation. The more innovative it is, the more stars it generates. The site rolling out the largest number of innovations thus collects the most stars and will be the overall winner. This new challenge helps speed up the industrialisation of innovative ideas, while tailoring them to local realities. Initial results are encouraging: 750 projects are currently being implemented and we hope to reach an average of three innovations rolled out on site by the end of May 2021.

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Innovation
Booster
2020

The "Innovation Booster" programme is composed of:

- the "Kings of Innovation" competition, which ran from September 2019 to June 2020
- the "Innovation Games" competition, which began in September 2020 and runs until June 2021.



“The Innovation Games competition rolls out innovation wherever this makes operational sense.”

– Benoît Boiron

FIVE INNOVATIONS AT EVERYONE'S SERVICE

1 - CHECKING LOADS WITH IBEACON DEVICES

The IBeacon is a Bluetooth Low Energy device fitted on bay doors to ensure that the right pallet is loaded onto the right truck. Operators are equipped with a terminal that picks up the signals emitted by the Beacons fitted on bay doors. The onboard software analyses the intensity of the signals emitted by the beacons. This information automatically validates the loading operation, making the shipping process 100% reliable and improving the ergonomics of the workstation.

2 - VIRTUAL REALITY, PROVIDING ANOTHER WAY TO LEARN

How to simplify training and ensure the proper integration of new employees are ever-present concerns for sites that are often faced with recruitment difficulties or variations in volume requiring an ad hoc boost to resources. To tackle this issue and facilitate the integration of new employees, ID Logistics has developed three virtual reality training modules. Learners are immersed in a fun experience allowing them to learn the appropriate gestures in a stimulating, secure environment. The initial modules are designed to introduce employees to specific work-based skills, to provide safety training in a fun way on numerous sites, or to master a reception process in a flash.

3 - THE INTERNET OF THINGS: AN EMERGING SOLUTION

The Internet of Things (IoT) enhances the visibility of logistics operations in real time. Sensors allow the collection of operational data that can, for instance, facilitate the monitoring of the site's eco-performance by measuring its electricity consumption or temperature. Mechanised equipment can benefit from predictive maintenance by way of communication with teams, thus optimising its life cycle. Door opening detectors improve security, and the counting of packages or pallets can be automated. And applications are becoming more numerous as this forward-looking technology evolves.

4 - COBOTICS AND EXOSKELETONS TO IMPROVE WORKSTATION ERGONOMICS

ID Logistics is currently testing several exoskeleton solutions and is also working on co-development projects. Whether active or passive, these devices relieve the burden of heavy loads and are well-suited to a number of applications. They can be supplemented by fixed or mobile cobotic solutions, in which the robot accompanies the employee in their movements. The aim is to roll out a complete range of ergonomic solutions tailored to each operation.

5 - ROBOTICS: SET TO REVOLUTIONISE LOGISTICS

Whether improving workstation ergonomics or safety, robots offer new solutions when it comes to assisting employees and enhancing operational performance. As an illustration, two projects are currently being implemented in Taiwan with 25 AMR robots for the RT-Mart customer. In the Netherlands, 32 AMRs are operational and new projects are already under way in Spain and France.

**4
million**

robots in warehouses
by 2025, 1,000x more
than in 2018

Cultivating collective intelligence

The IDeLiver continuous improvement programme is developing a new managerial culture based on business expertise, effective communication, and a skills ramp-up for ID Logistics employees. Interview with Laurent Nicastro, Executive Vice President, Operations.

What was the background and objective of the IDeLiver continuous improvement process?

Our activities operate within ecosystems that are constantly changing: changes in our customers' flows or their organisation, the development of omnichannel, the contribution made by new technologies, and "responsible" shifts, to name a few. Today's optimisations are not the same as yesterday's, and will most likely not be the same as tomorrow's. We need to constantly change, to stay on the move. As such, it was essential to boost the momentum surrounding continuous change, focusing on two pillars: firstly the use of methods, tools and best practice, and secondly the addition of a more participative managerial dimension to help strengthen team commitment by increasing involvement.

How do you roll out a culture of participative management?

Alongside the Head of Operations in each country, we jointly developed a set of common practices for all sites. The managers become skills facilitators in their own team, sharing the objectives to be achieved, and calling on their expert employees to help them find the path to follow and the contribution to be made by each individual. We give priority to pragmatic dialogue and simple visuals to make understanding easier: for instance, the teams meet physically before going to their workstation in the Performance Corner, a place dedicated to discussion. Employees can find all sorts of useful information permanently on display

in this space. The aim is to give meaning to the collective and individual mission.

What are the benefits for employees?

With this organisation, employees become active participants in the improvement of their work. During Kaizen improvement workshops, for example, they identify irritating and non-value-adding tasks and suggest solutions to reduce or eliminate them. By participating in "5S" audits, they maintain a high level of quality, cleanliness and safety in their work environment, while strengthening their commitment. Or else, they



“Operational excellence cannot be decreed, it is built and lived on a daily basis, within the teams.”

– Laurent Nicastro



The ID Logistics team at the Performance Corner during a briefing at the beginning of the shift.

improve the efficiency of our operations, enhance their actions and their skills base by means of training, and by using the “in-house optimisation tools” created by our engineers.

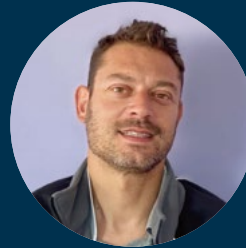
How do you include customers in this process?

We are a link in our customers’ supply chain, which means there is a deep level of interdependence between our respective activities. During “Customer workshops”, we encourage our customers, together with our teams, to think up new sources of improvement and new levers to activate. By leaving the warehouse behind, we aim to provide our teams with a global “end-to-end” view, and avoid, for example, downgrading one element of performance while trying to optimise another. This approach, tested in 2020, has been positive in terms of value creation, not only with our pilot customers but also with our teams. It is now being rolled out in all countries.

How would you sum up the experience?

This approach combines the know-how of our engineers who devise optimisation tools, the sharing of best practice during discussions between country operations managers, and the dissemination of a participative management culture on the ground. We needed a unique approach to encourage real take-up of the continuous improvement process within the Group. In our business, which is primarily based on people, we never lose sight of the fact that the managerial and cultural aspects of innovation are at least as important as the technology.

The IDEliver approach in action



– Sébastien Glenisson,
Site Manager

“For over two years, we have measured the benefits of the information-sharing moments introduced at the site. At the start of each shift, team leaders inform employees of the day’s objectives and the results of the previous day. They take the opportunity to highlight the quality of the work done and best practices. Employees appreciate having the same level of information as managers, which encourages them to take the initiative and get involved. And team spirit is strengthened thanks to their interaction during the briefing. Managers also enjoy fully playing their role as leader, facilitator and host. It’s important to remember that our jobs are essentially composed of individual tasks, but the collective is vital in order to accomplish the mission.”

The site's accident rate, which was high in 2018, was significantly reduced to

0.48%

of the number of hours worked, in line with the targets set by the company

Absenteeism has been

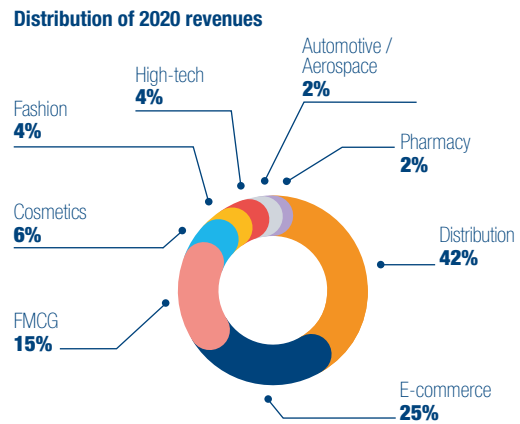
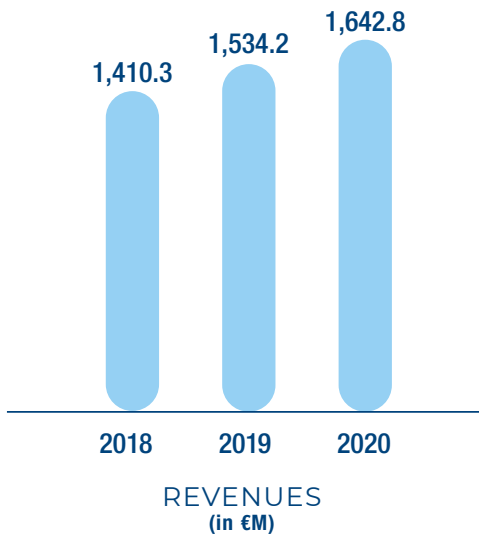
reduced fourfold

in 2 years

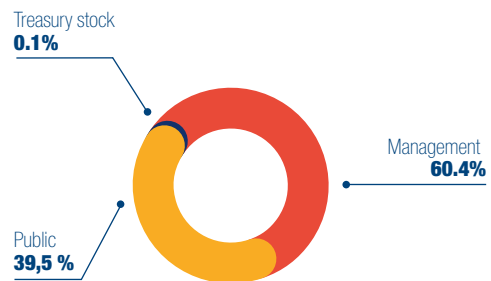
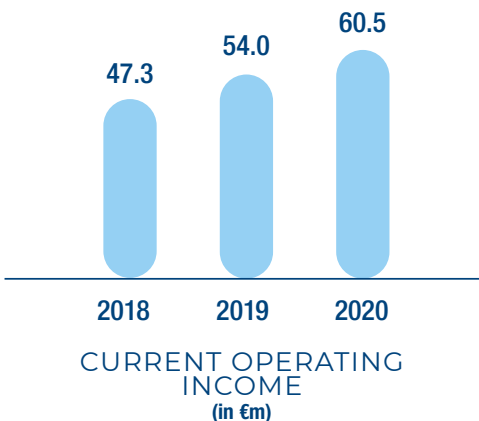


Continuing the growth momentum

In 2020, ID Logistics once again demonstrated the resilience of its business model. All financial indicators are up: +7.1% in revenues, +12.1% in current operating income and +27% in cash generated by activities.



BREAKDOWN OF REVENUES



CAPITAL ALLOCATION
(at 31 December 2020)

CHANGES IN THE STOCK MARKET PRICE (in €)



CONSOLIDATED INCOME STATEMENT

(in €m)	31/12/2020	31/12/2019
Revenues	1,642.8	1,534.2
EBITDA	223.8	205.1
<i>% of revenues</i>	13.6%	13.4%
Current Operating Income	60.5	54.0
<i>% of revenues</i>	3.7%	3.5%
Consolidated net profit	28.2	16.9
<i>% of revenues</i>	1.7%	1.1%

CONSOLIDATED STATEMENT OF CASH FLOWS

(in €m)	31/12/2020	31/12/2019
Net cash flow generated by the business	212.0	182.1
Net cash flow from investment transactions	(57.8)	(78.0)
Net cash flow from financing transactions	(98.1)	(119.4)
Other variations	(2.6)	0.1
Change in net current cash	53.5	(15.2)
Net current cash at opening	90.5	105.7
Net current cash at closing	144.0	90.5

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