

DIA H118

Results



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01

Highlights

H1 2018 has been the toughest period since listing...

- **Weaker LFL sales than expected** in Iberia:
 - Tough general **market conditions**
 - Unusual rainy and cold **weather** in springtime
- Impact on gross margin from the **end of purchasing alliances** in Iberia
- **Weak business performance** in Brazil due to **supply chain disruptions**
- **Very adverse FX** and **higher interest rates in EM** impacted net profit and net debt

...but H2 2018 got off to a better start

- **Strong Spanish sales** momentum **in July** (3% LFL) thanks to the uplift from remodellings
- **Improving** sales in Brazil in July
- **New proximity formats** in Iberia, **DiA %&go** and **la plaza** , delivering very good results
- **Softer comps** in H2 2018

02

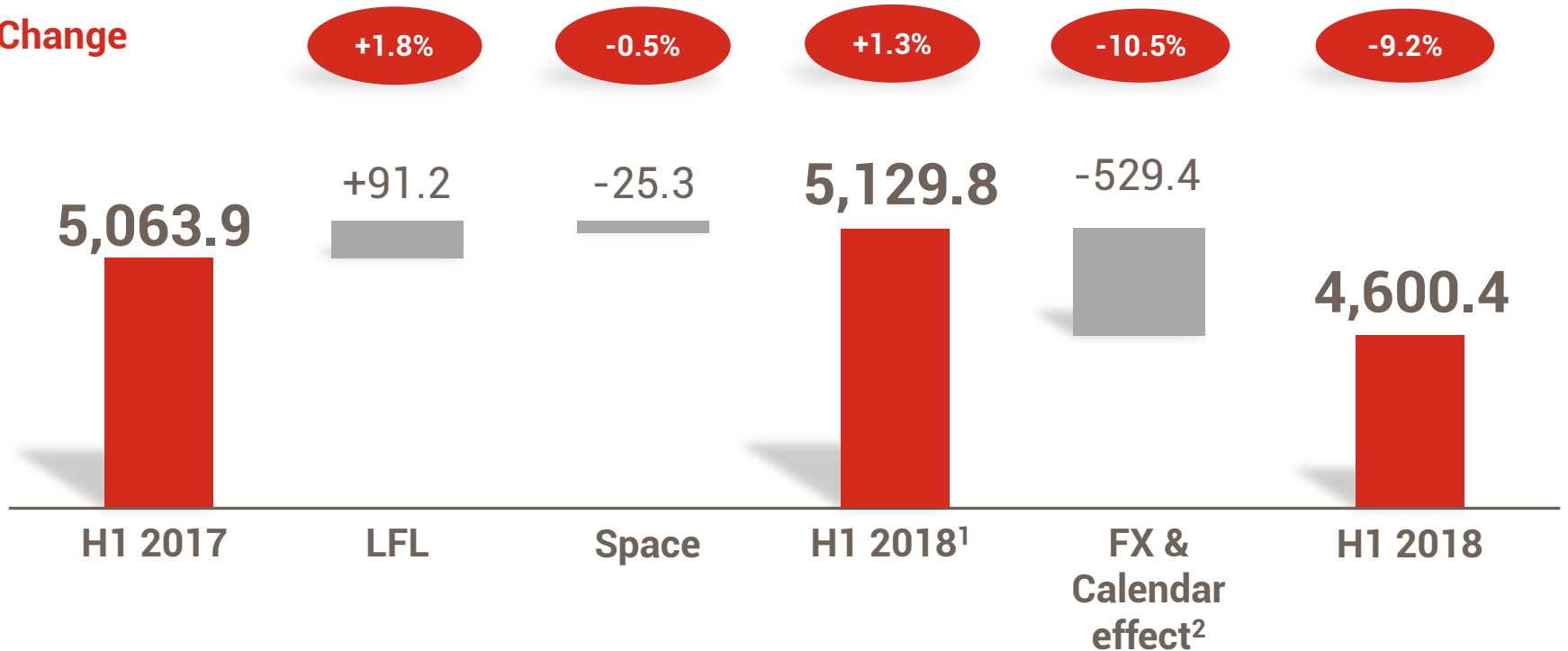
Financial review



10.6% negative FX effect on total sales

EURm

Change



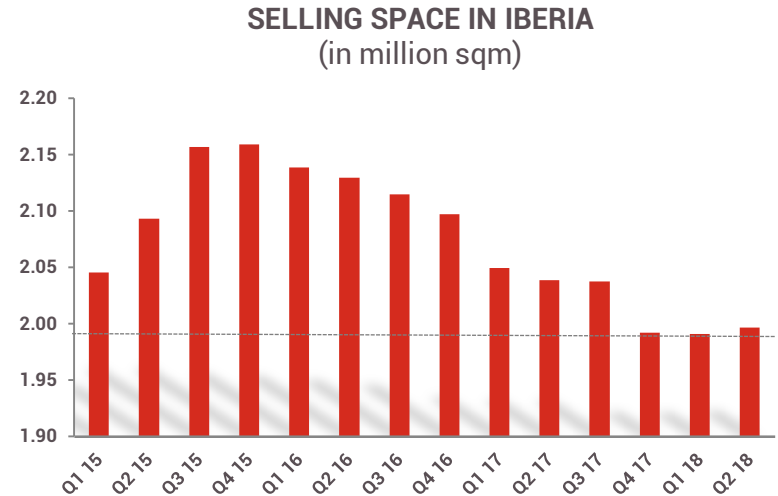
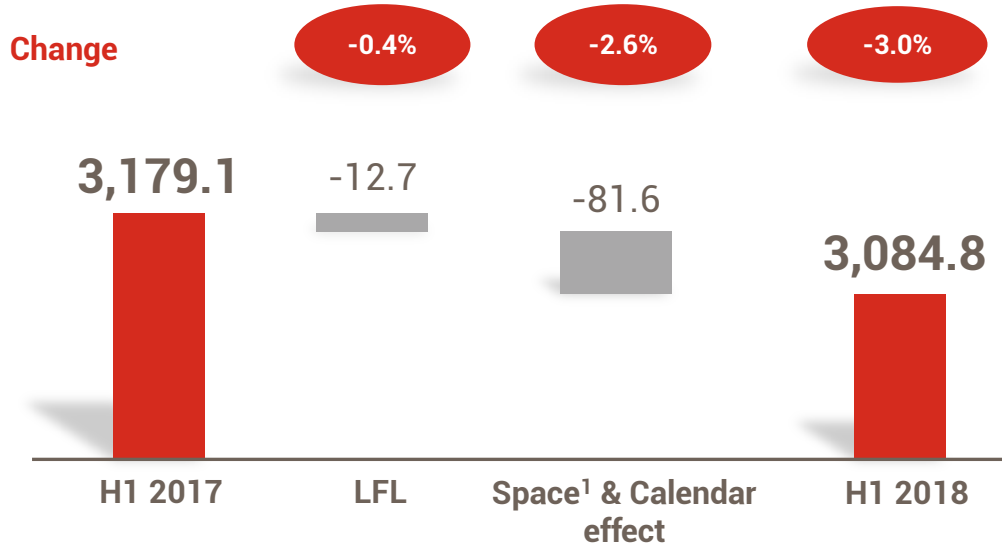
Max Descuento (small C&C stores) presented as discontinuing activities

1. Ex-FX and ex-calendar effect

2. Calendar effect +0.1%

Iberia sales: negative space contribution starting to ease

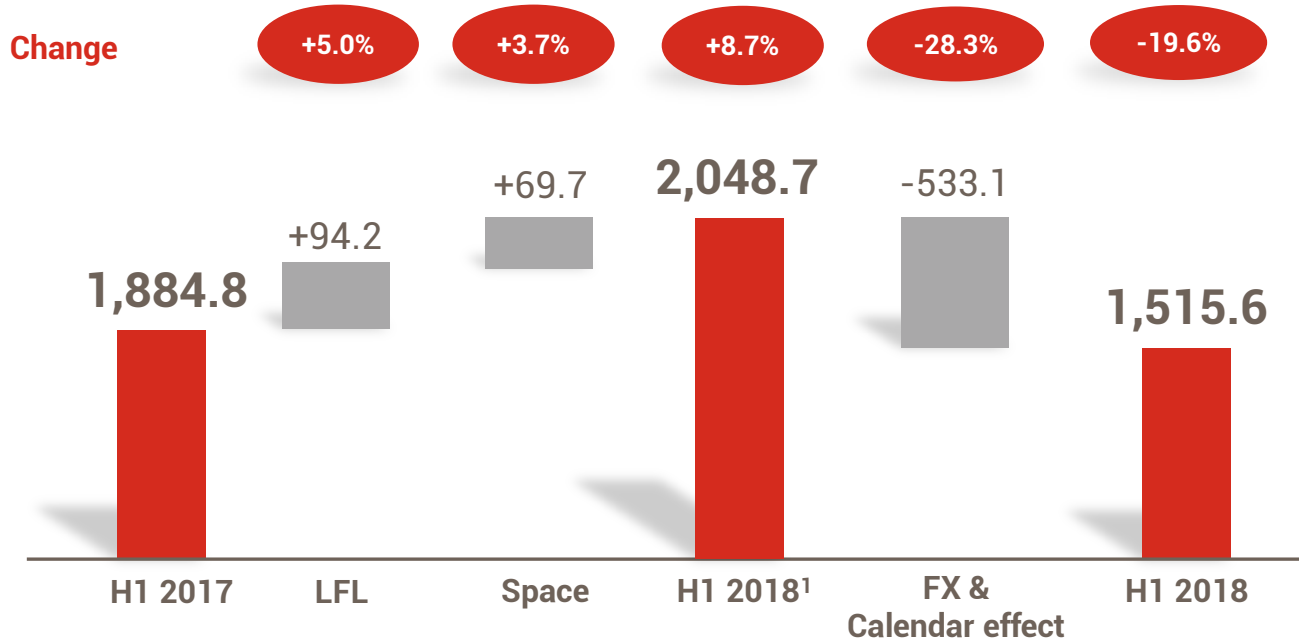
EURm



1. Negative net space contribution of -2.7%

Emerging Market sales: 8.7% growth in local currency, but 28.3% negative FX impact

EURm

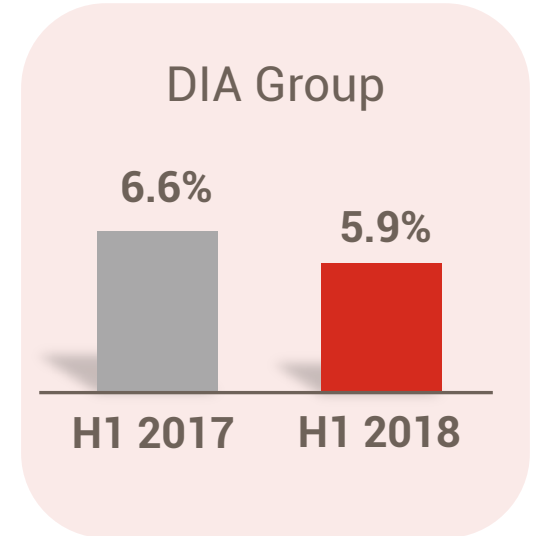
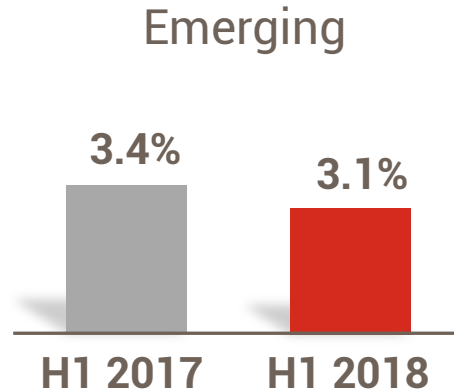
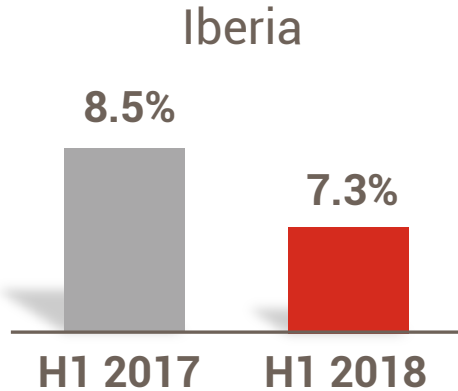


Brazilian sales severely impacted by **transport strike** and **supply chain disruption**

1. Ex-FX and ex-calendar effect

70 bps decline in the group's adjusted EBITDA margin in H1 2018

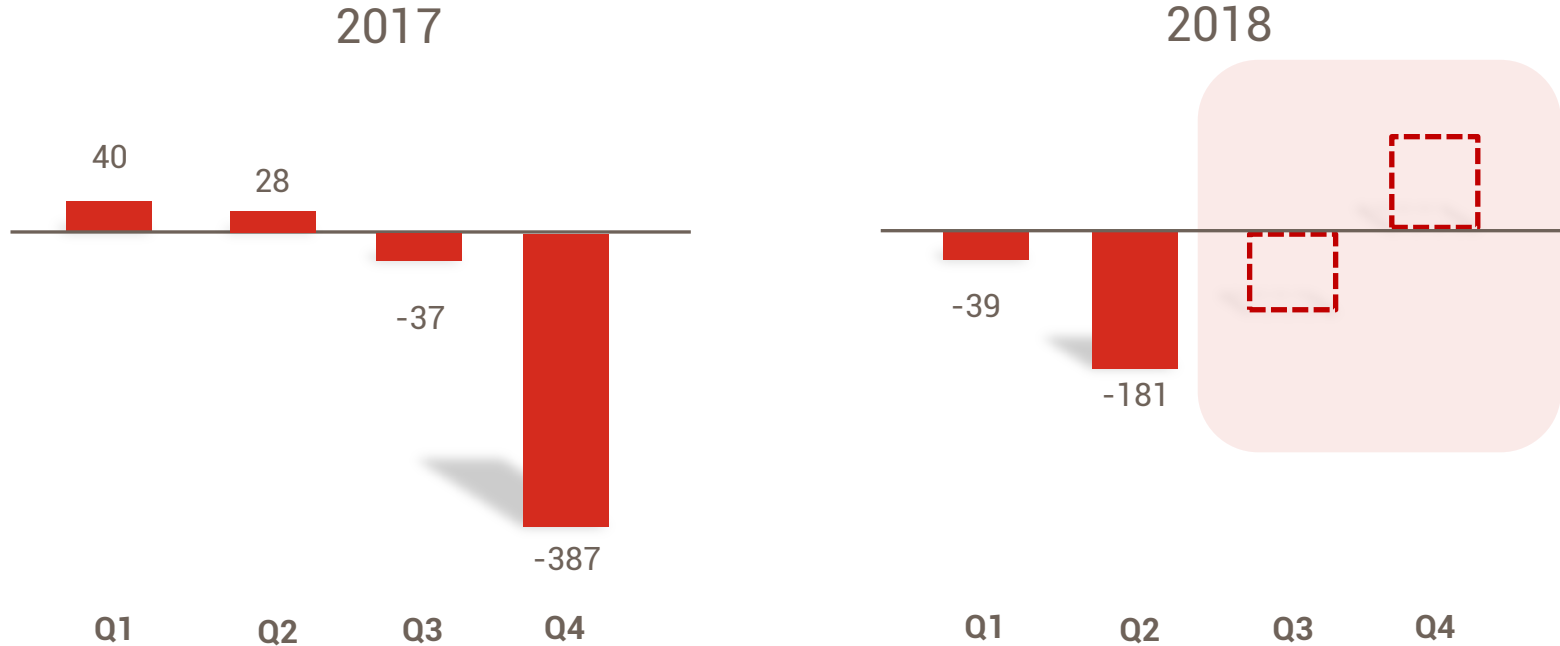
Adjusted EBITDA margin



2017 price realignment and purchasing alliances impacting first half Iberian margins

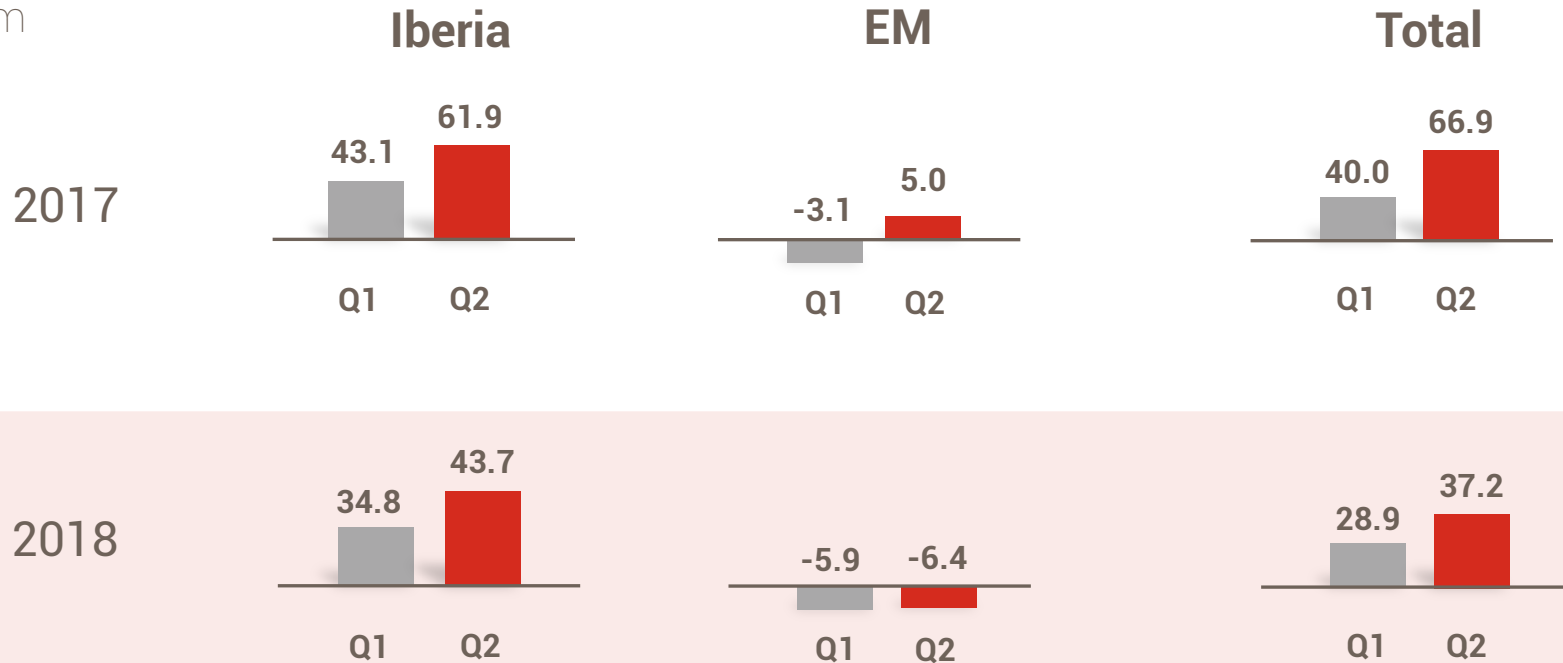
Bps over net sales

Adjusted EBITDA margin in Iberia



Underlying Net Profit improved in Iberia in Q2 2018 vs Q1 2018

EURm



Net debt at EUR1.2bn by the end of June 2018

(EURm)	H1 2017	H1 2018	Change
Iberia	-997	-1,099	-102
Emerging Markets	-23	-131	-108
DIA GROUP	-1,020	-1,230	-210

Higher net debt in **Iberia** due to **weak sales, lower operating margins** and **higher capex**

Higher net debt in **Emerging Markets** due to **lower trade working capital**

Preliminary approaches to **IFRS 16** implementation point to **under 3x lease adjustment**

03

Business review



Main takeaways from new DiA&Go format

90
stores already
remodelled

≈30%
sales
uplift

>20%
ROI

EUR0.3m
average Capex
per store

≈40%
#tickets
growth

35%
fresh sales
weight
(29% in Dia Market)

A modern and wide-open store...



Cárgate de energía
PARA TENER UN BUEN DÍA

¿TE APETECE UN
Café o
un smoothie?

ENDÚLZATE

CONÉCTATE
WiFi
GRATIS

VITAMÍNATE

ENCHÚFATE

Dia 
& go 

UNA TIENDA PARA
COMPRAR &
DISFRUTAR &
SABOREAR

... with a strong fresh offer...





... that makes your day-to-day easier

La Plaza, sustained and profitable growth

+8.4%

LFL in
H1 2018

+25%

sales density
vs 2016

7th

consecutive
quarter of
LFL growth

>6%

adjusted
EBITDA
margin

>17%

sales growth
of fresh products

42%

fresh weight
on sales
(28% in Dia Maxi)

04

Closing remarks



2018 outlook review

What we said in February 2018:

2018 financial outlook		DiA
Iberia <ul style="list-style-type: none"> ▪ Top-line growth with positive LFL throughout the year ▪ Adjusted EBITDA growth in Iberia 	Group objectives <ul style="list-style-type: none"> ▪ Continued efficiency improvement ▪ CFO double-digit growth ▪ Capex aligned with 3.5-4% over net sales long-term guidance with growing weight of Emerging Markets 	
Emerging Markets <ul style="list-style-type: none"> ▪ Expansion acceleration 		



What we expect today:

IBERIA

- » Top line to improve in H2 2018 with positive LFL
- » Adjusted EBITDA margin decline in Q3 and improvement in Q4

EMERGING MARKETS

- » More cautious approach to expansion in Argentina

GROUP

- » Delivering the expected cost efficiencies
- » 2018 CFO under 2017 amount
- » 2018 Capex around 4% over net sales

Closing remarks

- DIA has faced the most challenging business period since listing
- Focus on top-line growth with continued effort on costs
- Negotiation of new procurement alliances in progress
- Business recovery in Brazil resumed after supply chain disruption
- Less demanding comparison base of adjusted EBITDA margin in H2 2018
- The new strategic plan will be presented to the market in October

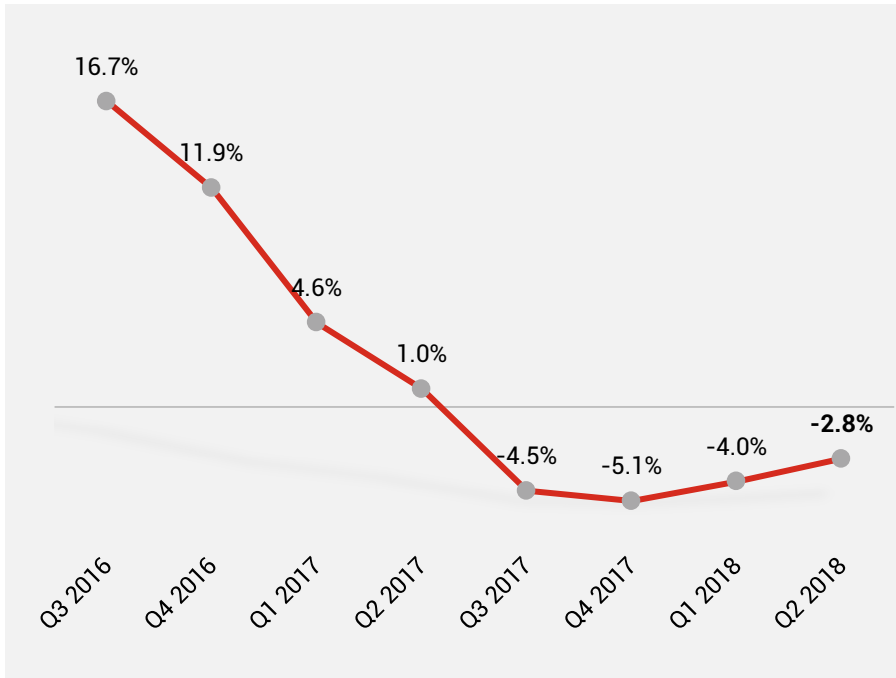
A collage of fresh fish. In the top right, there are several pieces of bright orange salmon fillets. Below them and to the left are several whole fish, including a large yellowtail and a reddish-brown fish, resting on a bed of white ice. The background is a mix of these fish and a solid red vertical band on the left side.

05

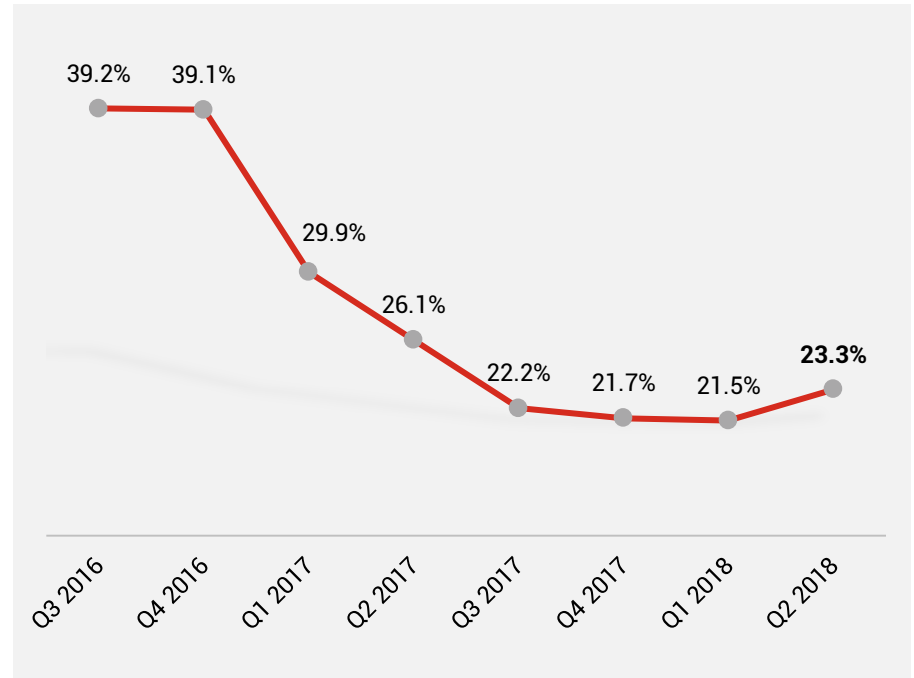
Appendix

Food inflation in Emerging Markets

National Food Inflation in Brazil



National Food Inflation in Argentina



Gross sales under banner by country

(EURm)	Q2 2018	%	Change	FX effect	Change (ex-FX)
Spain	1,403.9	57.8%	-1.2%	-	-1.2%
Portugal	203.9	8.4%	-5.2%	-	-5.2%
IBERIA	1,607.8	66.2%	-1.7%	-	-1.7%
Argentina	346.7	16.0%	-23.1%	-46.6%	23.5%
Brazil	401.5	17.8%	-19.9%	-17.4%	-2.5%
EMERGING MARKETS	748.2	33.8%	-21.4%	-31.2%	9.8%
TOTAL DIA	2,356.0	100.0%	-9.0%	-11.5%	2.5%

Q2 2018 results summary

(EURm)	Q2 2018	%	Change	FX effect	Change (ex-FX)
Net sales	1,939.9	100.0%	-10.2%	-11.2%	1.0%
Adjusted EBITDA ¹	115.7	6.0%	-25.3%	-4.8%	-20.5%
D&A	-54.2	-2.8%	-5.5%	-7.7%	2.2%
Adjusted EBIT ¹	61.5	3.2%	-37.0%	-3.1%	-33.9%
Other items excluded from adjusted EBIT	-35.9	-1.8%	0.9%	-7.2%	8.1%
EBIT	25.6	1.3%	-58.7%	-0.7%	-58.0%
Net profit from continuing operations	7.2	0.4%	-81.2%	16.8%	-98.0%
Underlying net profit	37.2	1.9%	-44.3%	5.7%	-50.0%

1. Adjusted by other items excluded from adjusted EBIT

Underlying net profit declined in H1 2018

(EURm)	H1 2017	H1 2018	Change (EURm)	Change (%)
Adjusted EBITDA	279.1	225.7	-53.4	-19.1%
D&A	-114.9	-111.3	3.6	-3.1%
Adjusted EBIT	164.2	114.4	-49.8	-30.3%
Other items excluded from adj. EBIT	-48.1	-60.4	-12.3	25.6%
EBIT	116.1	54.0	-62.1	-53.5%
Financial income	-30.2	-35.3	-5.1	17.1%
Income Tax	-20.7	-5.2	15.6	-75.0%
Net profit from continuing operations	64.8	13.9	-50.9	-78.5%
Net profit from discontinued activities	-10.8	-8.0	2.8	-25.9%
Net profit attributable to equity holders	54.0	6.0	-48.0	-88.8%
Underlying Net Profit	106.9	66.1	-40.8	-38.2%

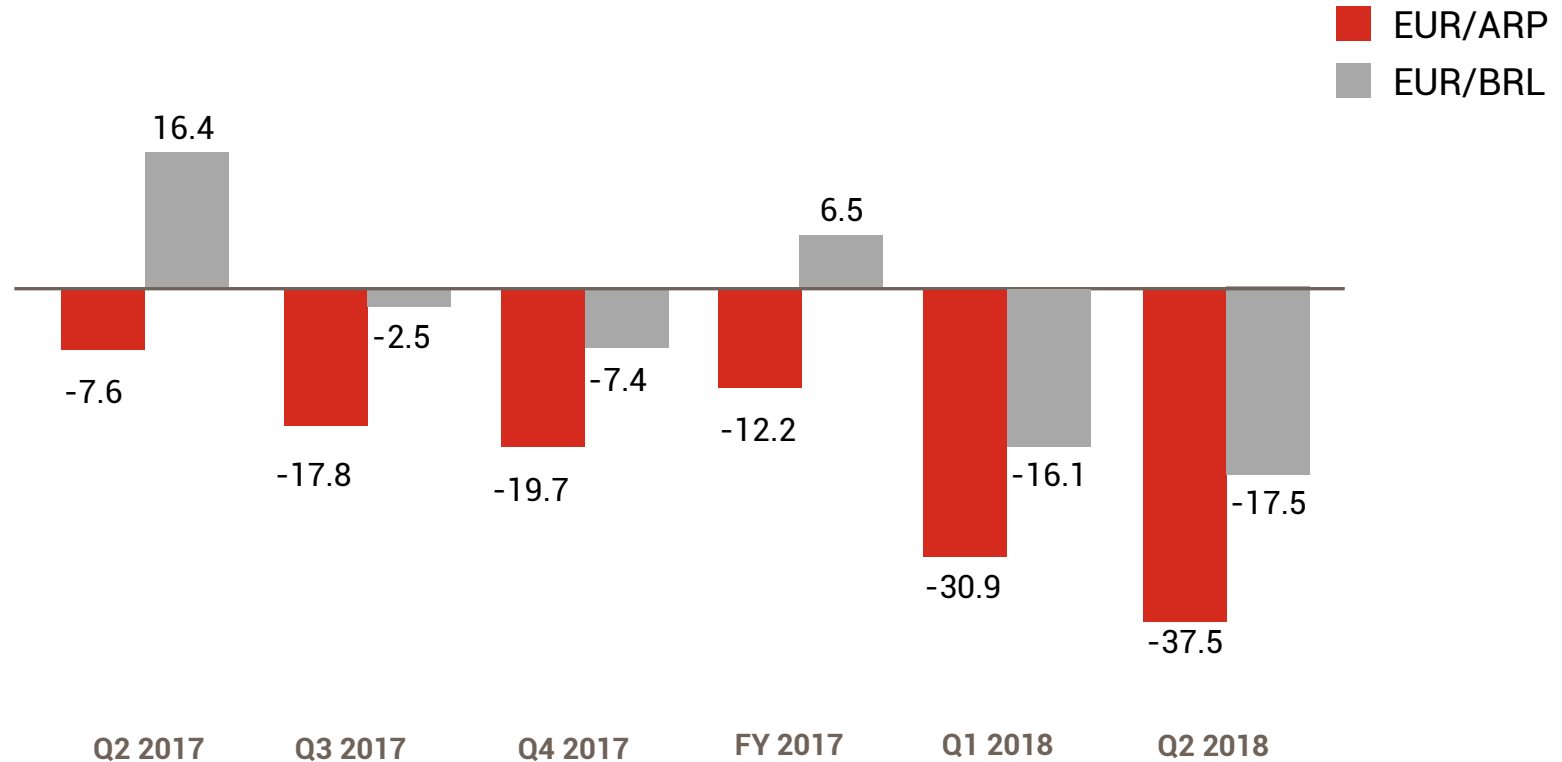
Trade working capital

(EURm)	30 June 2017	30 June 2018	Change	Change (ex-FX)
Inventories (A)	647.8	549.4	-15.2%	-2.3%
Trade & other receivables (B)	187.4	174.9	-6.7%	4.2%
Trade & other payables (C)	1,578.3	1,370.1	-13.2%	-3.4%
TRADE WORKING CAPITAL¹	-743.1	-645.9	-13.1%	-6.3%

1. Trade working capital defined as A+B-C

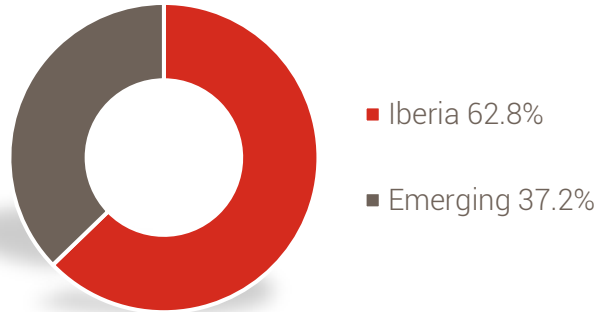
Currency performance

%

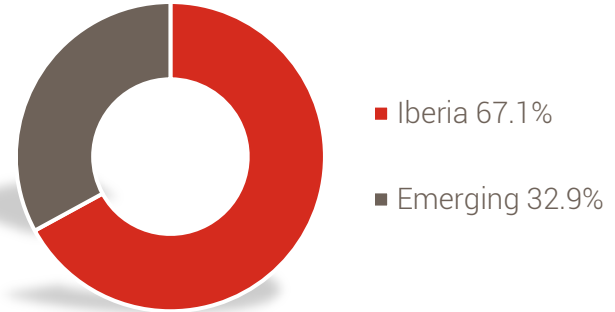


Gross Sales Under Banner & adjusted EBITDA by segment

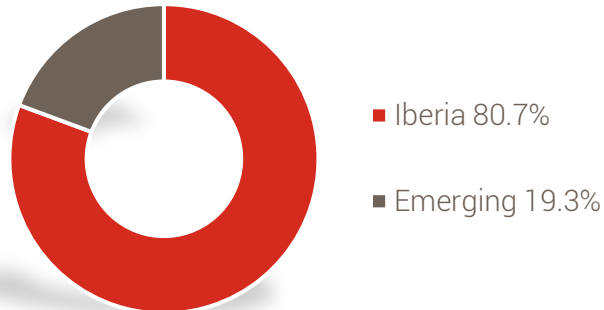
H1 2017 Gross sales under banner



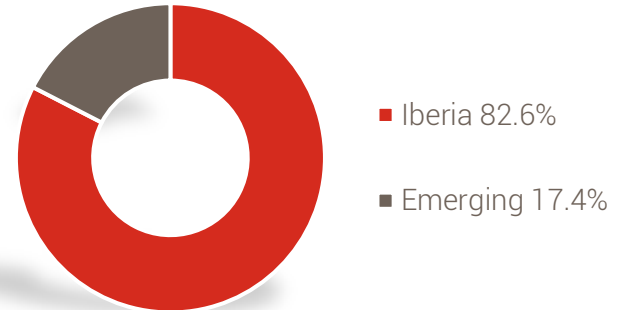
H1 2018 Gross sales under banner



H1 2017 adj. EBITDA



H1 2018 adj. EBITDA



PVP **2,99** €

25% **2,24** € ~~2,99~~ €

25% **2,24** € ~~2,99~~ €



DiA

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+34 91 398 54 00

25% **2,53** € ~~3,37~~ €

25% **1,12** € ~~1,49~~ €

25% **1,88** € ~~2,48~~ €

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