



Dia  **Group**

Q3 16

Results

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01

Highlights



- / In Q3 2016 DIA achieved its best LFL ever reported, of 10.0%.
 - Sustained positive same-store sales growth in Iberia of 1.3% despite a more challenging comparison base.
 - Acceleration of sales in Emerging Markets with 17.6% LFL in Brazil.
- / Sales momentum still driven by DIA's focus on the customer and on improving its commercial proposition.
- / Q3 2016 (ex-currency):
 - 5.8% adjusted EBITDA growth.
 - 2.2% adjusted EBIT growth.
 - 20.3% net attributable profit growth.
- / 9M 2016 (ex-currency):
 - 6.4% adjusted EBITDA growth.
 - Flat adjusted EBIT.
 - Flat net attributable profit.
- / EUR108.7m operating free cash flow generated in 9M 2016.

02

Financial review



The strong sales momentum continued in Q3 2016

- / Gross sales under banner in local currency up by 9.6% and 10.0% LFL growth.

<i>(EURm)</i>	Q3 2016	INC ex- FX	INC
Gross sales under banner	2,761.8	9.6%	1.2%
Iberia	1,760.6	-0.4%	-0.4%
Emerging markets	1,001.3	28.1%	4.2%

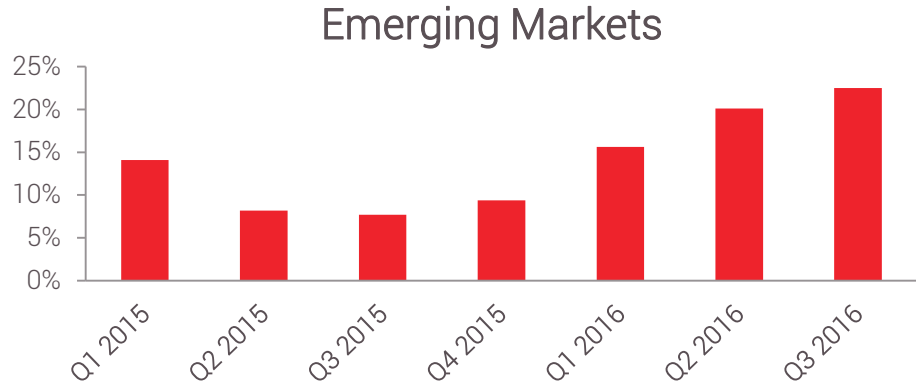
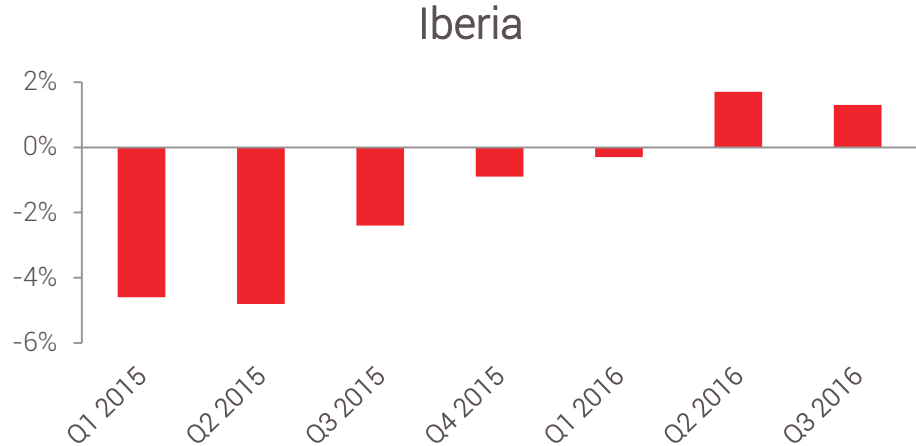
- / Positive LFL in Q3 2016 in every country with Emerging markets achieving its highest figure ever.

	Q1 2016	Q2 2016	Q3 2016
Like-for-Like ⁽¹⁾	7.0%	9.7%	10.0%
Iberia	-0.3%	1.7%	1.3%
Emerging markets	15.6%	20.1%	22.5%

(1) Excluding calendar effect

Sustained recovery in LFL sales growth

- Continued improving trend in Iberia since Q2 2015.
- Emerging Markets figure at its highest level, supported by the very strong sales momentum in Brazil.



Excluding calendar effect

Summary of Q3 2016 Profit & Loss accounts

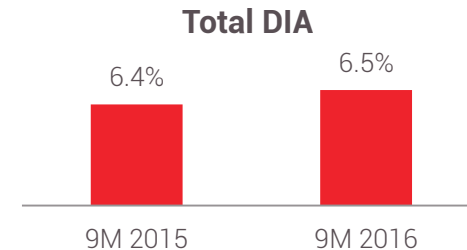
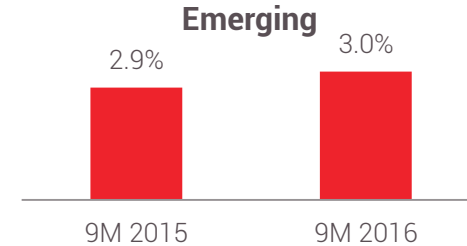
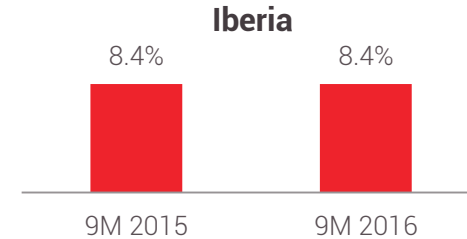
<i>(EURm)</i>	Q3 2016	INC ex- FX	INC	
Net sales	2,320.5	8.7%	0.8%	/ 5.8% adjusted EBITDA growth (ex-currency).
Adjusted EBITDA	161.7	5.8%	0.4%	
D&A	(60.5)	12.7%	8.8%	/ 40.4% non-recurring cash items reduction.
Adjusted EBIT	101.2	2.2%	-4.0%	
Non-recurring items <i>of which cash items</i>	(17.3) (14.9)	-40.6%	-44.2% -40.4%	/ 20.0% EBIT improvement ex-currency.
EBIT	83.9	20.0%	12.7%	/ Net attributable profit grew by 20.3% (ex-currency).
Net attributable profit	47.7	20.3%	17.2%	
Underlying net profit	61.1	-0.6%	-4.4%	

Summary of 9M 2016 Profit & Loss accounts

<i>(EURm)</i>	9M 2016	INC ex- FX	INC	
Net sales	6,563.6	10.0%	-1.2%	/ 6.4% adjusted EBITDA growth ex-currency.
Adjusted EBITDA	429.1	6.4%	0.4%	
D&A	(174.6)	17.4%	10.7%	/ Non-recurring cash items decreased by 25.7%.
Adjusted EBIT	254.4	-0.1%	-5.6%	
Non-recurring items <i>of which cash items</i>	(66.1) (47.7)	-13.2%	-17.7% -25.7%	/ EBIT grew by 5.5% ex-currency.
EBIT	188.3	5.5%	-0.5%	/ Underlying net profit impacted by higher financial expenses.
Net attributable profit	107.5	0.3%	3.3%	
Underlying net profit	157.2	-4.7%	-4.8%	

Stable adjusted EBITDA margin as expected

- / Stable margin in Iberia:
 - Flat in Spain
 - Negative in Portugal
- / Sustained improvement of operating margins across the board in emerging markets in the first nine months of 2016.



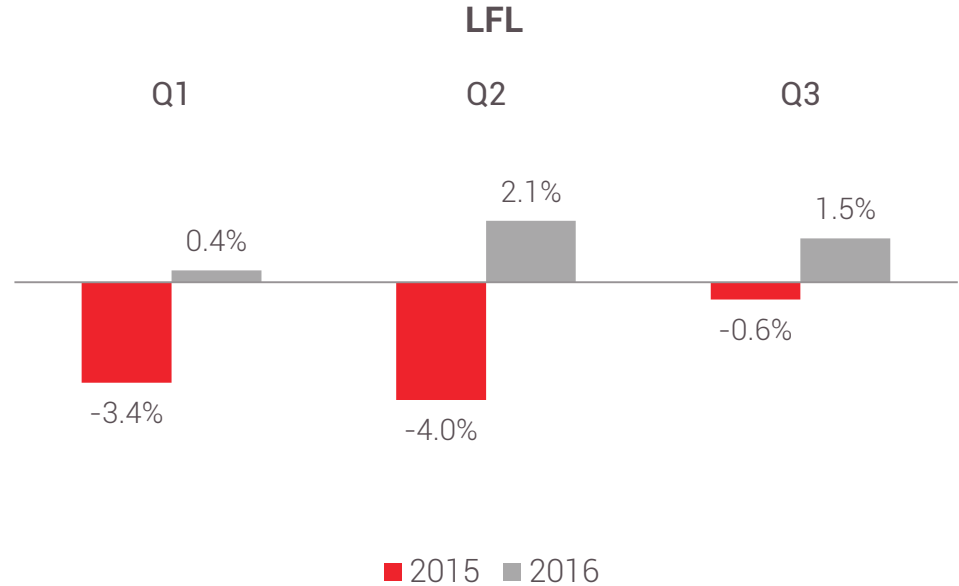
Iberia: 2.0% gross sales under banner growth in a difficult context

	(EURm)	9M 2016	INC
/ Total market value reduction in Spain of 0.8%.			
/ Purchasing and integration synergies reinvested in prices and services.			
/ D&A growth slowing from 15.7% in H1 2016 to 7.1% in Q3.			
	Gross sales under banner	5,102.9	2.0%
	Net sales	4,306.8	0.8%
	Adjusted EBITDA	360.8	0.8%
	<i>Adjusted EBITDA margin</i>	<i>8.4%</i>	0 bp
	D&A	(135.8)	12.6%
	Adjusted EBIT	225.0	-5.2%
	<i>Adjusted EBIT margin</i>	<i>5.2%</i>	-33 bps

*Kantar (P9 YTD)

Sustained LFL recovery in Iberia despite stronger comps

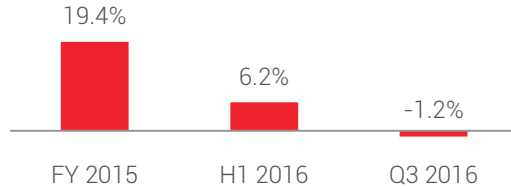
- / 1.5% LFL in Q3 2016 despite the more demanding comparison base.
- / 0.1% negative calendar effect in Q3 2016.



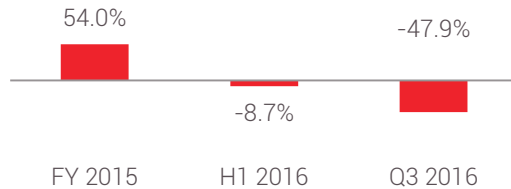
Excluding calendar effect and cannibalization (0.2% estimated cannibalisation impact in Q3 2016).

Sound operating trends in Iberia in Q3 2016

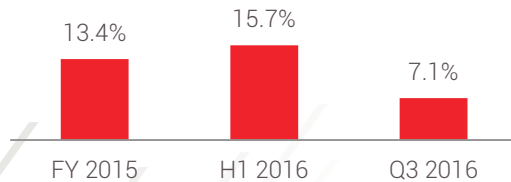
Opex



Non-recurring items



D&A



Data over same period of last year

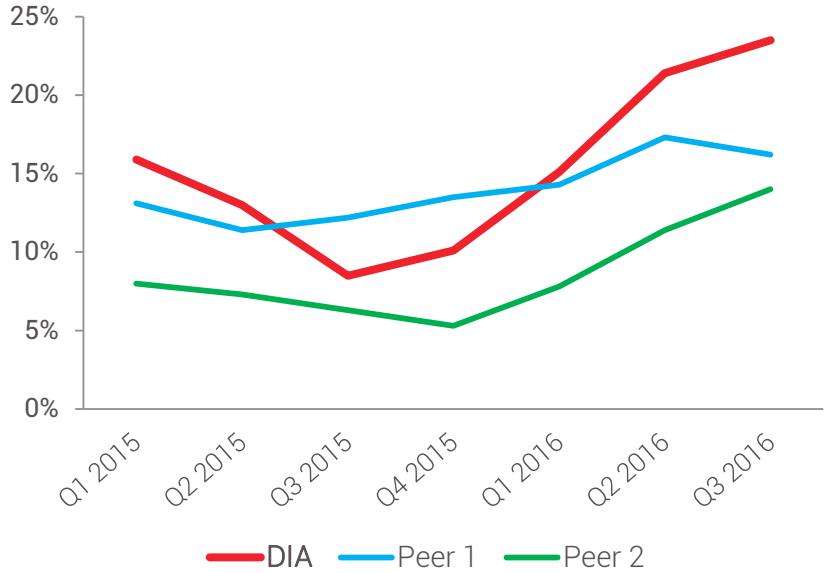
- / Total operating expenses starting to ease after full consolidation of acquisitions.
- / D&A levering off after a strong effort in remodelling.

Emerging Markets: +37.9% adjusted EBIT ex-currency

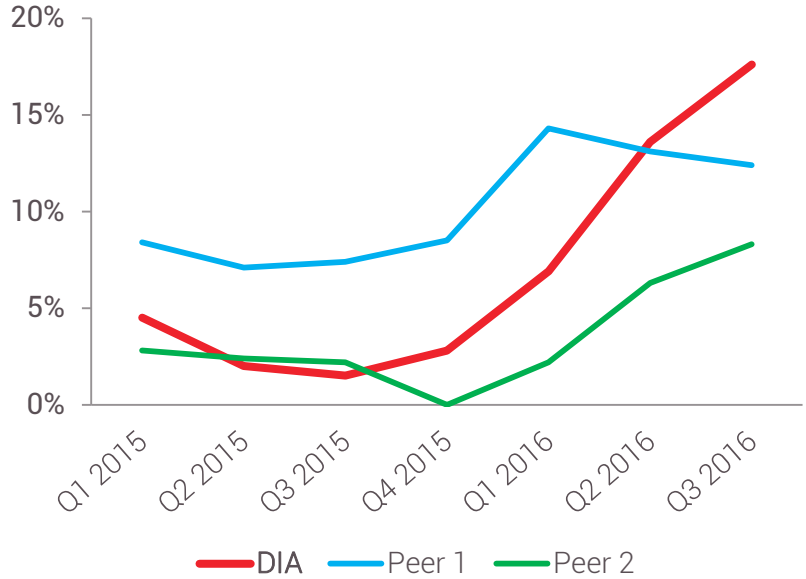
	(EURm)	9M 2016	INC ex- FX	INC
/ Strong sales performance in Argentina and Brazil.				
/ 8% appreciation of BRL vs EUR in Q3 2016.	Gross sales under banner	2,697.0	27.2%	-5.1%
	Net sales	2,256.9	26.7%	-4.8%
	Adjusted EBITDA	68.2	35.3%	-1.5%
/ +35.3% adjusted EBITDA growth ex-currency.	<i>Adjusted EBITDA margin</i>	<i>3.0%</i>		10 bps
	D&A	(38.8)	33.1%	4.5%
	Adjusted EBIT	29.4	37.9%	-8.5%
/ Sustained improvement in operating margins.	<i>Adjusted EBIT margin</i>	<i>1.3%</i>		-5 bps

Acceleration of sales growth in Brazil outperforming peers

Organic growth



LFL



Source: DIA and peers quarterly releases

Significant improvement in cash generation

<i>(EURm)</i>	9M 2015	9M 2016
Adjusted EBITDA	427.2	429.1
Taxes paid	-43.0	20.4
Net change in trade working capital ⁽¹⁾	-103.7	-8.4
Other payables & receivables	-111.9	-62.5
Cash-flow from Continuous Operations	168.6	378.5
Financial investments/divestments	-4.7	-8.6
Capital expenditure	-446.4	-261.2
Cash-flow from Investing Activities	-451.2	-269.8
Operating free cash-flow	-282.6	108.7

/ Net debt is expected to go down to EUR950m- EUR1,000m by year-end.

(1) With EUR82m of non-recourse factoring at the end of the period

Full-year 2016 outlook

- / Around 10% gross sales under banner growth (in local currency).
- / Stable adjusted EBITDA margin.
- / Adjusted EBITDA expected to grow from 4% to 5% (ex-currency).
- / Strong cash generation.

03

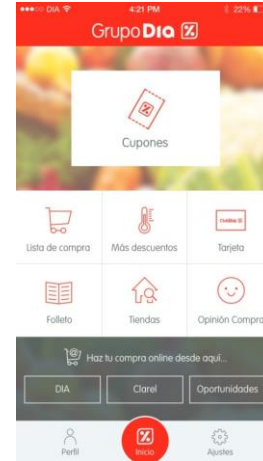
Closing
remarks
and Q&A



Latest digital developments

/ Very successful launch of the DIA app

- Focused on digital coupons.
- More than 275k digital users.
- More than 500k downloads (Top 15 downloaded Apps in Spain).
- Outstanding push notification opening ratio.

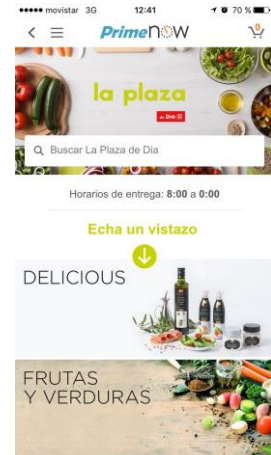


/ Twyp cash agreement with ING

- Innovative agreement with ING to withdraw cash from POS in Spain.
- New service provided to customers.

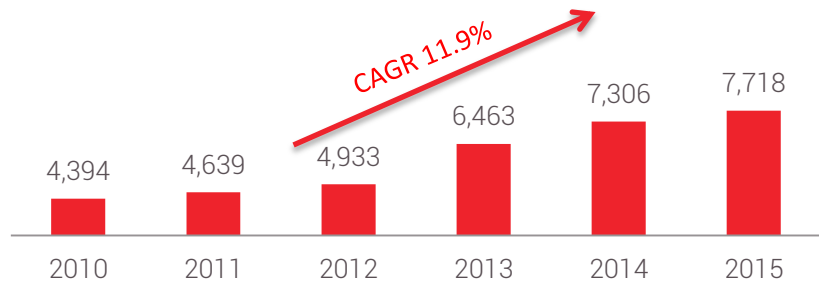
/ Prime Now in Madrid with Amazon

- Very good reception among customers.
- La Plaza de DIA; the supermarket of Prime Now customers.
- Great adoption of private label (higher than in physical stores).

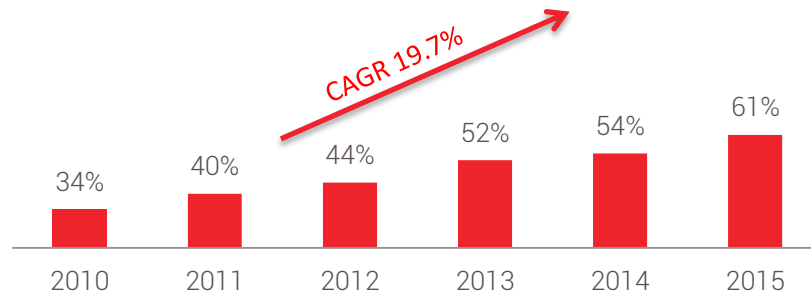


DIA, a story of consistent growth in food retail

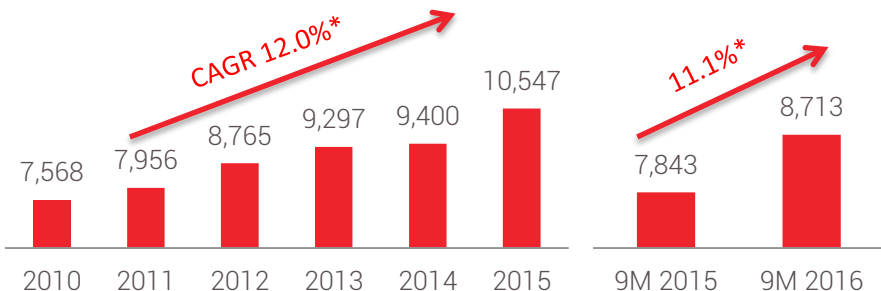
of stores



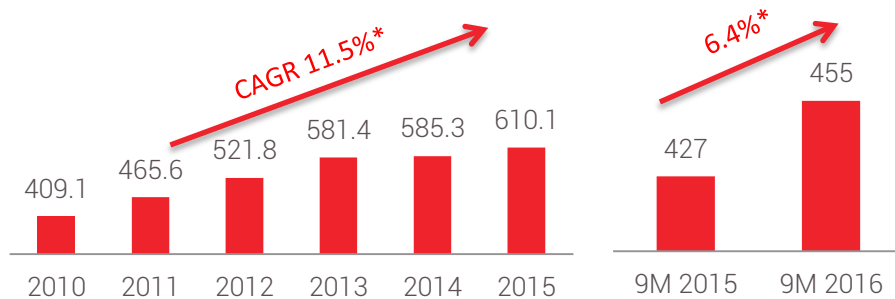
Dia banner franchised stores



Gross sales under banner



Adjusted EBITDA



*ex-currency, excluding France and Turkey

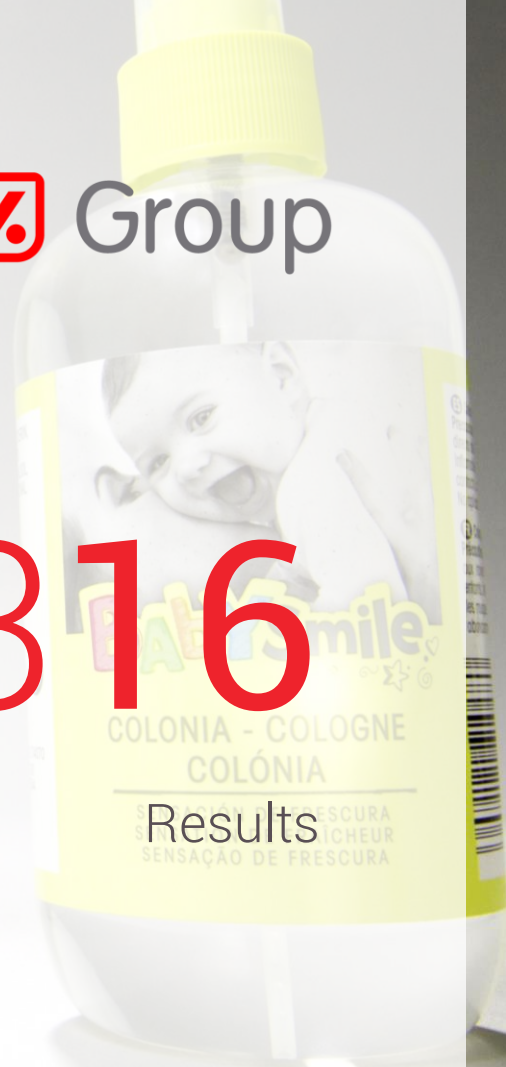
Closing remarks

- / Focus on the customer.
- / Focus on the franchisee.
- / Focus on top line.
- / Focus on cash-flow generation.



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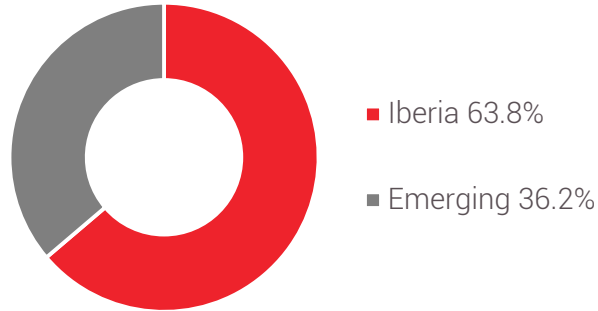
Results

Back-up

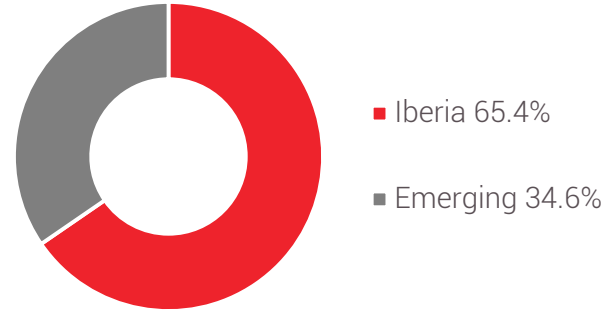


Gross sales & Adjusted EBITDA by segment

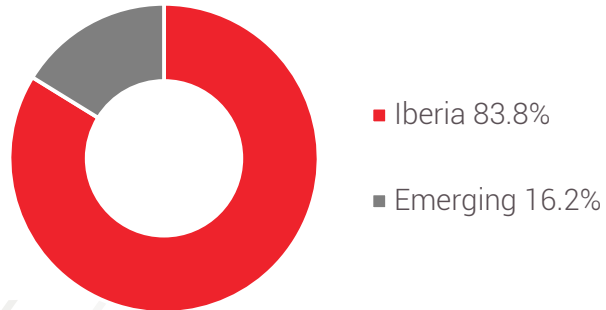
9M 2015 Gross sales under banner



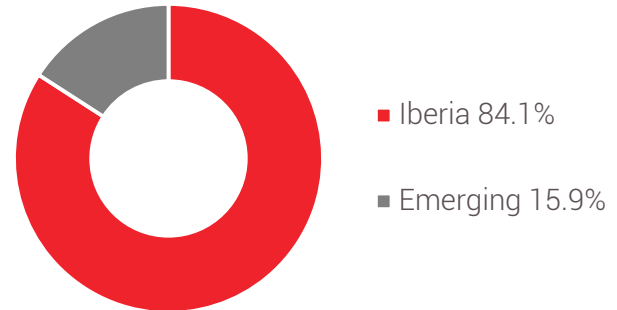
9M 2016 Gross sales under banner



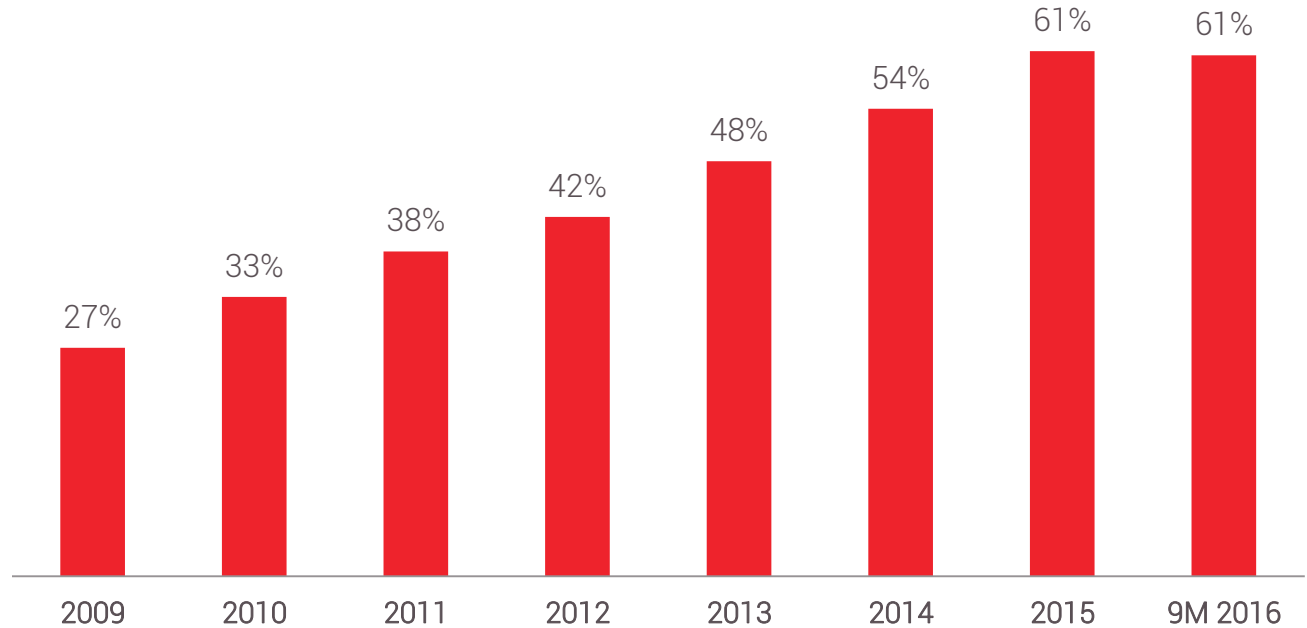
9M 2015 Adjusted EBITDA



9M 2016 Adjusted EBITDA

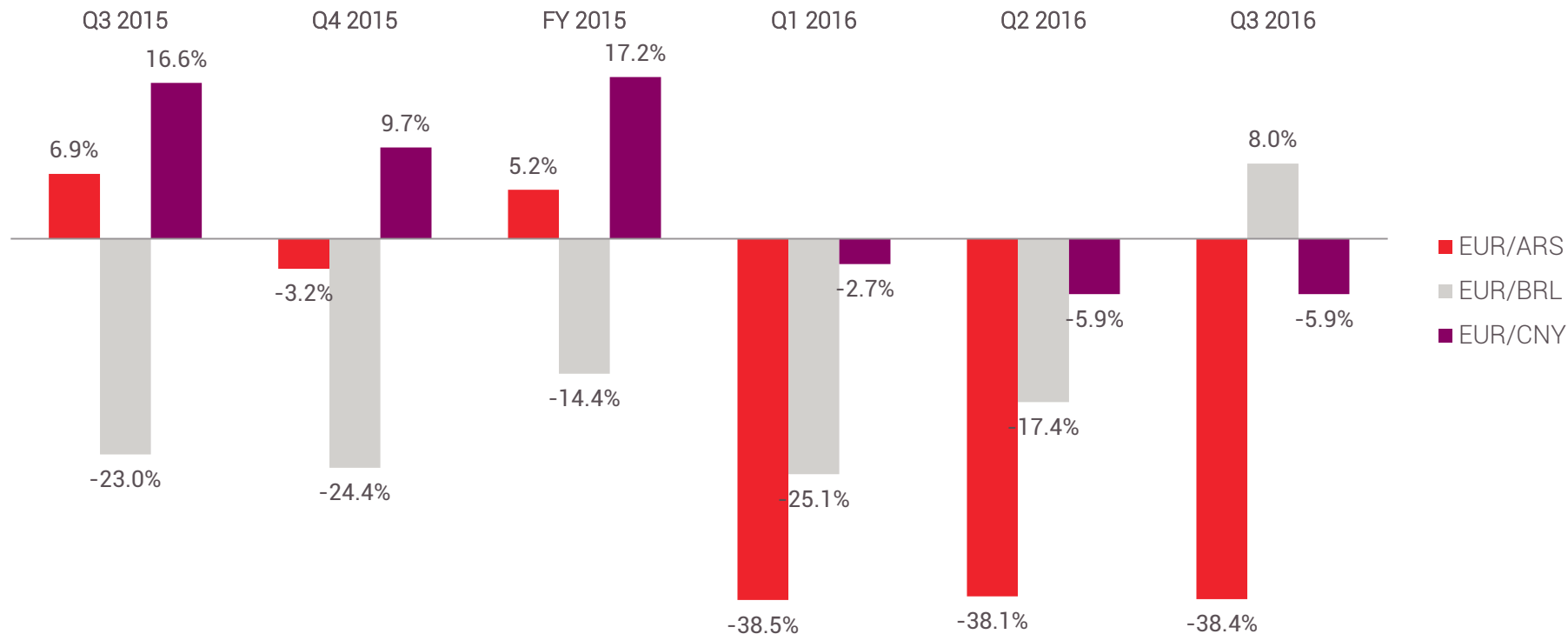


Growing penetration of Dia banner franchised stores



Reported data

Currency performance



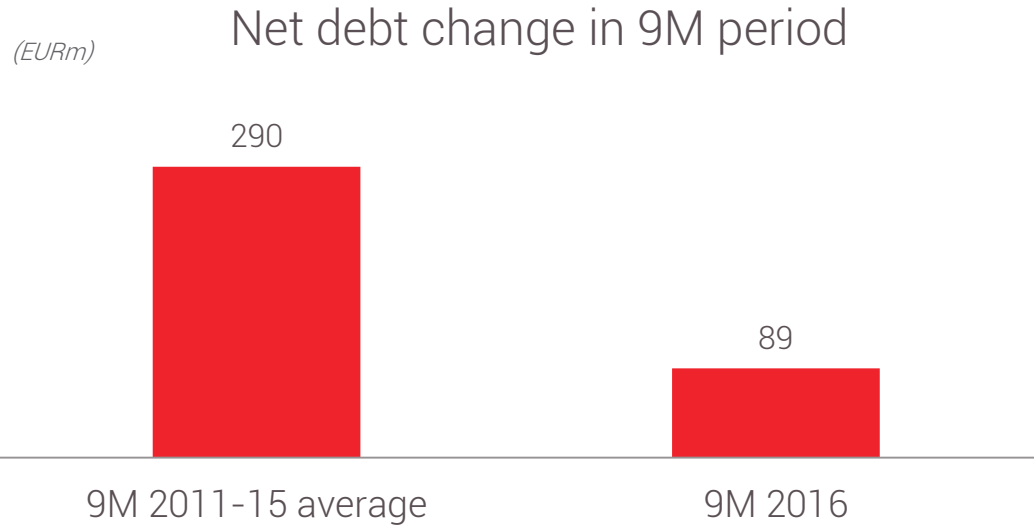
Bloomberg average currency rates (a negative change in exchange rates implies a depreciation versus the Euro)

9M 2016 Gross Sales under Banner

- / Negligible calendar effect in Q3 2016.
- / EUR10,1m incremental sales from Eroski stores in Q3 2016
- / 8.4% negative currency effect in Q3 vs 12.5% and 14.4% in Q2 and Q1 respectively



- 9M 2016 increase in net debt is EUR201m lower than average of past 5 years.





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