Press release

DIA Group posts net sales of €5.0bn for 9M 2019, down 7.4% while performance shows a recovery in like-for-like

/ The Company achieves positive Adjusted EBITDA of EUR 48.3m.excluding one-offs.
/ At the end of September, the Company had EUR 384.5m. of liquidity available before the capital increase.
/ Management continues with the restructuring of the store network that will allow for a right-sized and healthy business for the future.

Madrid, November 5, 2019

Throughout the first nine months of the year, the Company has been impacted by a number of factors, mostly in the first six months that have contributed negatively to the result with a net attributable loss of €504.3 m. Among these factors are:

- A collective dismissal in Spain and other headcount reduction measures in Brazil to improve productivity.
- The extreme out-of-stock levels in stores across the Group and throughout the first six months of the year.
- The closure of 757 loss-making stores of which 94 closures were in the third quarter. The positive impact of store closings will be seen in full year results.
- A strong de-franchising initiative affecting initially 309 stores of which 87 were carried out in Q3.
- The discontinuation of non-core activities to reduce complexity and improve efficiency and focus.
- The recognition of accruals, losses and write-offs in connection with certain receivables, risks and liabilities that were provisioned.

During the third quarter, these impacts have been reduced showing a gradual recovery from -15.5% in terms of like-for-like reported in the month of June to -7.0% reported in the month of October, thanks to a series of measures that are being taken with the objective of setting the basics, such as:

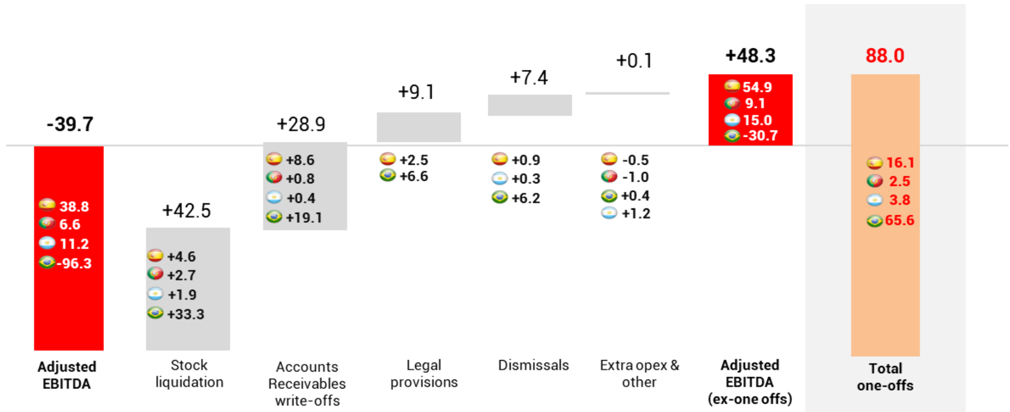
- Improvement of the operating model in stores and warehouses eliminating complexity and improving operations.
- Normalization of the relationship with suppliers.
- Reduction of out of stocks in stores and warehouses.

Year to date like-for-like sales, have been -8.1%, driven by a -1.4% in the number of tickets and a -6.7% decline in the average basket, showing the strong resilience of our customer base, despite the difficult context of the Company.

Financial summary (€m)	**9M 2018 (*)**	**9M 2019**	**Change (%)**	**Change (% ex-FX)**
Net sales	5,490.6	5,082.9	-7.4%	-3.5%
Adjusted EBITDA (ex one-offs)	291.2	48.3		
Operating income (EBIT)	(22.6)	(356.6)		
Net attributable profit	(45.8)	(504.3)		

(*) Including in the 9M 2018 figures as re-expressed in the 2018 Annual Accounts: (i) the IAS 29 hyperinflation adjustment of Argentina, (ii) the consolidation of CDSI and (iii) Clarel figures as continued operations.

During the last quarter, the Adjusted EBITDA remains stable and has not been impacted by one-offs. The impact of a total of EUR 88.0m relates mainly to stock liquidation efforts and to accounts receivable write-offs, which were accounted in the first half of the year.



Total Net Debt at the end of September 2019 amounted to EUR 2,556.7m, of which EUR 702.2m corresponded to the application of the new accounting standard IFRS 16, and EUR 492.3m to the Profit Participating Loans received from its main shareholder LetterOne which will be converted into Shareholders' Equity once the EUR 606m Capital Increase is completed. Therefore, Net Financial Debt was EUR 1,854.5m at the end of September 2019, EUR 398.3 m higher than at year-end 2018 similar to H1 Net Debt level.

Net Debt

(€m)	31 Dec 2018	30 Sep 2019
Net Financial Debt	1,456.2	1,854.5
Other net debt (IFRS 16)		702.2
Total Net Debt	**1,456.2**	**2,556.7**

At 30 September 2019, the Company had €384.8 million of liquidity available, upon successful completion and full subscription of the Capital Increase the Company will have additional EUR 100m of liquidity available.

The Company is focused on fixing the basics, taking complex decisions with the aim of stabilizing the business and implementing measures that contribute to setting the basics for future growth. For instance, in Brazil the steps taken during the first half of the year to improve operations and the commercial proposition, and to clean-up the store network, are already showing strong signs of recovery, as evidenced by Like-for-Like reaching levels of -3.6% in October, after having been at an all-time low level in June of -29.1% Like-for-Like.

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