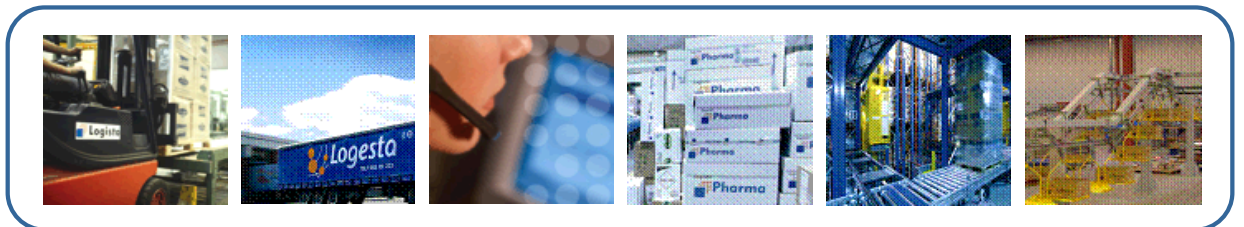


Logista H1 2016 Results

May 4, 2016



Logista reports H1 2016 Results

Logista announces today its First Half Results for 2016. Main highlights:

- Revenues growing by 2.1%
- Economic Sales¹ up by 0.8%
- Adjusted Operating Profit registered a 5.8% drop while Profit from Operations declined by 1.4% due to non-recurring positive impacts in the previous year
- Growth of Net Income by 8.7%

Key Metrics Summary

<i>Data in million euros</i>	1 Oct. 2015 – 31 Mar. 2016	1 Oct. 2014 – 31 Mar. 2015	% Change
Revenues	4,574.9	4,481.9	2.1%
Economic Sales	498.4	494.2	0.8%
Adjusted Operating Profit	99.0	105.1	(5.8)%
Margin over Economic Sales	19.9%	21.3%	-140 b.p.
Profit from Operations	68.7	69.7	(1.4)%
Net Income	51.2	47.1	8.7%

The first half of this fiscal year has characterised by the increasing macroeconomic uncertainties worldwide and, specifically, in Europe. The slowdown in the Chinese economy, the volatility of oil prices and the weakness of some indicators in Germany and the United States added to the political risks in the European Union and in Spain, in particular, to the uncertainties with respect to the date of the formation of its next Government.

However, in spite of the previously described scenario, during the first half the stability in the macroeconomic situation has been the general trend in the countries in which the Group operates.

In this context, the recurring activity continued recording a positive performance across the three geographical segments that translated into Revenues, Economic Sales and Adjusted EBIT growth. Nonetheless, the positive effect during the second quarter last year of non-recurring elements in the Iberia and Italy segments, translated into a negative yearly comparison in the reported results.

At the Revenues level, the evolution during the second quarter of the fiscal year has been similar to the first quarter and the growth in Tobacco and related in all geographies and in the Pharma business in Iberia more than offset the slight drop in Revenues from Transport (due to the change in scope of consolidation in the third quarter of 2015) and Other business in France.

The performance of tobacco volumes distributed by the Group (cigarettes and RYO) during the period was positive, +1.3% above the volumes distributed in the first half of fiscal year 2015 (in that period, the year-on-year drop was 0.7%). During the second quarter of this fiscal year, the cigarette and RYO distributed volumes grew by 1.8% compared to a 0.5% yearly drop recorded in the second quarter last year after the retail selling price increases in Spain and Italy.

The stability on tobacco products' retail selling prices with respect to the precedent year continues favouring gentle volume increases boosted by the economic recovery and the continuous measures carried out by the Governments in fighting the illicit trade of these products.

¹ Economic Sales: This term equals Gross Profit and is used without distinction by the Management to refer to the figure resulting of subtracting Procurements to the Revenue figure.

Economic Sales grew in the three segments in most of the activities, recording the most significant growths in Pharma and Transport and in tobacco and related in France. These growths offset the drop in tobacco and related in Spain and the stability in Italy which year-on-year comparison was negatively affected despite the growths recorded in both cases by the recurring activity.

The Adjusted EBIT reduced by 5.8% and the Adjusted EBIT margin over Economic Sales reached 19.9% compared to the 21.3% obtained in the first half of fiscal year 2015. Removing the impact of the non-recurring positive ruling of some litigations, the margin was practically stable in the recurring activity during both periods.

The differential impact of restructuring costs in the first half of this fiscal year (€4.7 million) and in the same period last year (€9.7 million) reduced the drop in Profit from operations to 1.4%.

Net Income increased by 8.7%, due to the good performance of Financial Results that grew 49.3% and to the reduction of the corporate tax rate for the Group derived from the lower applicable tax rate in Spain and, specially, to the reduction of the effective tax rate in this country compared to the one recorded in the previous year.

Revenues Evolution (By Segment and Activity)

<i>Data in million euros</i>	1 Oct. 2015 – 31 Mar. 2016	1 Oct. 2014 – 31 Mar. 2015	% Change
Iberia	1,251.0	1,220.4	2.5%
Tobacco & Related	1,065.5	1,033.5	3.1%
Transport Services	165.3	168.9	(2.1)%
Other Businesses	66.0	61.5	7.3%
Adjustments	(45.8)	(43.5)	(5.2)%
France	2,123.3	2,106.3	0.8%
Tobacco & Related	2,026.1	2,004.3	1.1%
Other Businesses	100.2	105.8	(5.4)%
Adjustments	(3.0)	(3.8)	20.7%
Italy	1,214.3	1,170.0	3.8%
Tobacco & Related	1,214.3	1,170.0	3.8%
Corporate & Others	(13.7)	(14.8)	7.5%
Total Revenues	4,574.9	4,481.9	2.1%

Economic Sales Evolution (By Segment and Activity)

Data in million euros	1 Oct. 2015 – 31 Mar. 2016	1 Oct. 2014 – 31 Mar. 2015	% Change
Iberia	247.3	245.2	0.9%
Tobacco & Related	118.6	119.3	(0.5)%
Transport Services	114.5	113.4	0.9%
Other Businesses	35.5	33.0	7.4%
Adjustments	(21.3)	(20.6)	(3.4)%
France	138.8	136.4	1.8%
Tobacco & Related	116.2	114.7	1.4%
Other Businesses	25.1	25.2	(0.6)%
Adjustments	(2.5)	(3.5)	28.1%
Italy	109.3	109.2	0.1%
Tobacco & Related	109.3	109.2	0.1%
Corporate & Others	3.0	3.4	(12.7)%
Total Economic Sales	498.4	494.2	0.8%

Adjusted EBIT Evolution (By Segment)

Data in million euros	1 Oct. 2015 – 31 Mar. 2016	1 Oct. 2014 – 31 Mar. 2015	% Change
Iberia	43.0	49.9	(13.8)%
France	34.7	32.7	6.1%
Italy	27.5	28.3	(2.8)%
Corporate & Others	(6.2)	(5.9)	(6.7)%
Total Adjusted EBIT	99.0	105.1	(5.8)%

Adjusted Operating Profit (or indistinctly Adjusted EBIT) is the principal indicator used by Management to assess the recurring results of operations of the business. This indicator is basically calculated by deducting from the Profit from Operations all those expenses that are not directly linked to the Revenue obtained by the Group during each period, which facilitates the analysis of the evolution of operating expenses and typical margins of the Group. In the following table reconciliation between Profit from Operations and Adjusted Operating Profit for the first half of fiscal year 2016 and 2015 is shown:

Data in million euros	1 Oct. 2015 – 31 Mar. 2016	1 Oct. 2014 – 31 Mar. 2015
Adjusted Operating Profit	99.0	105.1
(-) Restructuring Costs	(4.7)	(9.7)
(-) Amortization of Assets Logista France	(26.1)	(26.1)
(-) Net Loss of Disposal and Impairment of Non-Current Assets	0.6	(0.1)
(-) Share of Results of Companies and Others	(0.1)	0.5
Profit from Operations	68.7	69.7

I. Business Review

A. Iberia: Spain and Portugal

Revenues in Iberia reached €1,251.0 million compared to €1,220.4 million in first half 2015, recording a 2.5% growth. The Economic Sales of the segment were €247.3 million a 0.9% above €245.2 million recorded in the same period last fiscal year.

Revenues in **Tobacco and related products** increased by 3.1% as a consequence of the stability in the tobacco distributed volumes, of the tobacco retail selling price increase in the second quarter last year and the growth in revenues from the rest of the products.

In this fiscal year there were no retail selling price increases of tobacco products compared to the 5 cents per pack increase taken by tobacco manufacturers in the second quarter of fiscal year 2015.

The cigarette volumes distributed in Spain remained practically flat (declining by 0.1% with respect to the same period the previous year), showing a similar performance to the registered in that period compared to fiscal year 2014 (+0.1%).

However, RYO distributed volumes continued declining (-1.9% vs. -0.7%) as well as cigar volumes (-2.3% compared to -0.5%).

During the second quarter of the current fiscal year, the tobacco distribution contract in Spain with Japan Tobacco International was renewed for 5 years.

The revenues from the distribution of convenience products recorded a significant growth mainly derived from the incorporation of new lines at the beginning of the second quarter. Since last January the Group's subsidiary for convenience distribution in Spain is managing the distribution of the consumer products' portfolio of the multinational Procter & Gamble to the main wholesalers in the national territory. This agreement follows the one signed at the end of the previous fiscal year with the same manufacturer for the distribution of healthcare products to the pharmacy channel.

The lack of retail selling price increase of tobacco products during the period, the stability of tobacco distributed volumes in Spain and Portugal, the increase of transport services invoiced to manufacturers and the evolution of sales of other products in the period translated into a slight fall in Economic Sales, that declined by 0.5% in respect to the same period the precedent year.

Revenues in **Transport** went down by 2.1% compared to previous year reaching €165.3 due to the decline in the full truck load activity after the divestment of one of its subsidiaries last year. However, Economic Sales went up by 0.9% to €114.5 million. The parcel and courier activities continued recording increases in Revenues and Economic Sales.

The strategy of differentiation through the quality of service followed by the Group continued translating into improvements in the activity indicators, especially in those related to sectors with a higher demand of added value services (technology products, activities sensitive to time-of-delivery, products requiring controlled temperature, etc.). Once again, it is noteworthy the increase of courier shipments in the second quarter, although at a slightly lower rate than in the first quarter, that in the first half of this fiscal year reach a rate close to double digit compared to the same period last fiscal year.

Revenues in **Other Businesses** (which includes Pharma, lottery and publications distribution activities) grew by 7.3% reaching €66.0 million while Economic Sales went up by 7.4% to €35.5 million mainly due to the growth recorded in Pharma.

The total Operating expenses of the segment increased by 4.6%. It must be highlighted that in the second quarter of the previous year, provisions related to litigations won with final sentences received by the Company for a total amount of €8.2 million were reversed causing a non-recurring reduction of the total operating costs in the first half of that fiscal year. Not considering that impact, the total

operating expenses in the first half of the current fiscal year recorded a lower increase to that recorded by the activity.

Adjusted Operating Profit reached €43.0 million what represents a decline of 13.8% vs. the same period last year. Excluding the non-recurring impact of the reversal of provisions in the previous year, the Adjusted Operating Profit grew by 3.1%

Profit from Operations reached €39.8 million versus €45.7 million recorded in the previous year, reducing by 12.9%. During the first half, restructuring costs reached €2.8 million vs. €4.2 million in the same period last year.

B. France

Revenues from the France segment increased 0.8% to €2,123.3 million while Economic Sales reached €138.8 million recording a 1.8% growth.

Revenues from Tobacco and related products grew well above the slight reduction experienced by Other businesses Revenues that continue reflecting the impact of the progressive rationalisation in the portfolio of clients and, to some extent, of the consumption weakness during the beginning of the fiscal year.

Tobacco and related products Revenues increased by 1.1% to €2,026.1 million thanks to the growth experienced by distributed tobacco volumes that offset the lower revenues from electronic transactions.

During the first half of the fiscal year there were not retail selling price increases of tobacco products as there were not during the same period in the precedent year either. The tobacco distributed volumes grew compared to first half of 2015 both in the cigarette category (+1.6% versus -1.7%) and in the RYO category that increased by 3.9% while during the same period last year it declined by 1.7%.

Sales of electronic transactions continued the declining trend although well below the decline suffered by telephony top-ups sector thanks to the diversification of products.

After the irregular data recorded in the precedent quarter, consumption in the convenience channels seems to have recovered slightly in the second quarter of the current fiscal year (source: Banque de France). Sales of convenience and tobacco related products were stable.

Economic Sales increased by 1.4% to €116.2 million, growing in all categories, as a consequence of the growth of tobacco distributed volumes and the improvement recorded by the margins over revenues in the distribution of convenience products and electronic transactions.

Economic Sales in **Other Businesses** (wholesale distribution of convenience products in non-tobacconist channels) while reduced 0.6% to €25.1 million, reflecting the positive impact of the measures that are being carried out to rationalise the portfolio of clients, despite Revenues declining by 5.4% to €100.2 million.

The activity growth in the France segment was accompanied by a very good performance of operating costs, that were practically stable thanks to the reorganisation measures carried out in previous quarters. Thus, **Adjusted Operating profit** moved forward a 6.1% to €34.7 million (versus €32.7 million in the same period last year).

Profit from Operations reached €8.6 million well above that obtained during the first half of 2015, due to the lack of restructuring costs in the first half of the current fiscal year compared to €5.3 million recorded in the first half of the precedent fiscal year. The main adjustment in the segment is the Amortization of Assets generated from the acquisition of Logista France that was €26.1 million in both periods.

C. Italy

Revenues in the Italy segment increased 3.8% and reached €1,214.3 million (€1,170.0 million in the first semester last year) thanks to the positive performance of tobacco distributed volumes, the retail selling price increase of these products in January 2015 and the growth recorded by the sales of other products during the period.

Cigarette distributed volumes increased by 1.6% compared to the 0.8% decline recorded last year. The RYO category grew by 4.6% vs. an increase of 2.4% in the precedent year.

During the first half of the current fiscal year there were no retail selling price increase of tobacco products while in the second quarter of last year tobacco manufacturers took a 20 cents per pack price increase. On the contrary, during the second quarter of the current fiscal year, the automatic update of weighted average price of these products led to an increase on the taxation incidence in those brands paying taxes above the minimum tax. However, this situation has led to a price increase of 20 cents per pack at the end of April (third quarter of the fiscal year).

Sales of tobacco related and convenience products continued registering growth due to the commercial activity developed by the Group on these lines.

In that sense, during the first half the already announced second phase reorganisation of the distribution network has been started what will enable continuing with the improvement on commercial results, derived from the concentration of the activity in those centres applying the best practices as well as on efficiency in operations.

This commercial focus, in addition to the invoicing of other services to manufacturers and to the positive performance of tobacco distributed volumes, enabled maintaining a practically stable Economic Sales figure, offsetting the negative impact of the no retail selling price increases despite the growth of excise taxes in certain brands. Thus, Economic Sales in the Italy segment reached €109.3 million vs. €109.2 million in 2015 fiscal year what represents a 0.1% increase.

The total operating costs grew by 1.1% with respect to the first half of the previous year, well below the underlying growth of the recurring activity. During the first six months of the fiscal year several actions were implemented to reduce handling cost in central warehouses, packing costs or the number of service points of which, under the already mentioned network reorganisation, 17 out of the 175 existing at the beginning of the fiscal year have been closed.

Adjusted Operating Profit reached €27.5 million during 2014, what represents a 2.8% decline over the same period of fiscal year 2015. During the first half of this year €1.7 million restructuring costs were recorded reducing Operating profit to €25.8 million, an 8.4% lower to the €28.2 million recorded in the same period last year.

D. Corporate and Others

Adjusted Operating Profit in this segment, that includes corporate expenses and the Polish operations, reached -€6.2 million registering a reduction of 6.7% vs. the -€5.9 million obtained in the previous year.

It is worth to mention, in spite of its relative small size, the good performance shown by the activity in Poland.

II. Financial Overview

A. Financial Result Evolution

Financial results increased from €3.2 million to €4.7 million.

The interest rate used as a reference in the treasury agreement with our majority shareholder (European Central Bank base rate), over which a 75 b.p. spread is obtained under that agreement, remained stable at 0.05%, during the half of fiscal year 2015 while in the current fiscal year, from 1 October 2015 to 9 March 2016 was stable at 0.05 b.p. but reduced to 0.0% since 10 March..

The average cash position during the fiscal year was €1,419 million compared to €1,147 million in the previous fiscal year.

B. Net Income Evolution

Earnings before Taxes increased by 0.7% to €73.3 million, while Net Income increased by 8.7%.

The effective consolidated tax rate of the period was 29.5% vs. close to 35.0% in precedent year mainly due to the reduction of the corporate tax rate in Spain approved by the Government in 2014 and the application of certain deductions.

Earnings per Share were €0.39 vs. €0.35 in the first half of 2015, with no variations in the number of shares.

C. Cash Flow

The seasonality of the Group's business results in a negative cash flow during the first and second quarters of the fiscal year that is recovered during the second half, usually reaching its peak around year end.

The negative Cash Generation was significantly lower than in the first quarter of 2015 thanks to the lower investment in working capital as a consequence of the positive evolution in tobacco distributed volumes.

In the second quarter of the fiscal year the final dividend corresponding to 2015 was paid for a total amount of €66.4 million. In the second quarter of last year €74.3 million were paid charged to the issue premium.

D. Dividend Policy

The General Shareholders Meeting held on 16^h March 2016 approved the distribution of a final dividend of €66 million for fiscal year 2015 (€0.50 per share) that was paid on 23 March 2016.

With this payment the total dividend for fiscal 2015 reached €98.2 million (€0.74 per share), representing 90% of Net profit of that year.

E. Outlook

The results obtained during the half of the fiscal year continue confirming the growth expectations for Adjusted EBIT (in the range of 4 – 5%) and Net Profit (close to double digit) at this fiscal year closing.

Appendix

P&L

<i>Data in million euros</i>	1 Oct. 2015 – 31 Mar. 2016	1 Oct. 2014 – 31 Mar. 2015	% Change
Revenues	4,574.9	4,481.9	2.1%
Eco. Sales	498.4	494.2	0.8%
(-) Distribution Costs	(328.0)	(317.9)	(3.3)%
(-) Sales and Marketing Expenses	(32.5)	(32.0)	(1.6)%
(-) Research Expenses and G&A Expenses	(38.9)	(39.2)	0.0%
Total Costs	(399.4)	(389.1)	(2.6)%
Adjusted EBIT	99.0	105.1	(5.8)%
<i>Margin %</i>	<i>19.9%</i>	<i>21.3%</i>	<i>-140 b.p.</i>
(-) Restructuring Cost	(4.7)	(9.7)	51.3%
(-) Amort. of Intangibles Logista France	(26.1)	(26.1)	0.0%
(-) Net Loss on Disposal and Impairments	0.6	(0.1)	n.r.
(-) Share of Results of Companies and Others	(0.1)	0.5	n.r.
Profit from Operations	68.7	69.7	(1.4)%
(+) Financial Income	6.3	5.2	21.0%
(-) Financial Expenses	(1.7)	(2.1)	22.0%
Profit before taxes	73.3	72.7	0.7%
(-) Corporate Income Tax	(21.9)	(25.4)	13.9%
<i>Effective Income Tax Rate</i>	<i>29.9%</i>	<i>35.0%</i>	<i>-500 b.p.</i>
(+/-) Other Income / (Expenses)	(0.1)	(0.1)	0.0%
(-) Minority Interest	(0.1)	(0.1)	(2.2)%
Net Income	51.2	47.1	8.7%

Cash Flow Statement

<i>Data in million euros</i>	1 Oct. 2015 – 31 Mar. 2016	1 Oct. 2014 – 31 Mar. 2015	Change
EBITDA	117.7	123.8	(6.2)
Movements in Prov. and Other Fixed Liabilities	(5.7)	(4.3)	(1.4)
Working Capital Variations and Others	(165.8)	(409.8)	244.0
Corporate Income Tax Paid	(11.1)	(21.2)	10.1
Financial and Others Flows	4.7	3.4	1.3
Cash Flow From Operating Activities	(60.3)	(299.5)	239.2
Net Investments	(7.8)	(13.9)	6.1
Economic Free Cash Flow	(68.1)	(313.4)	245.3
% over EBITDA	(57.9)%	(253.1)%	

Balance Sheet

<i>Data in million euros</i>	31 March 2016	30 September 2015
PP&E and other Fixed Assets	211.7	216.0
Net Long Term Financial Assets	8.9	9.5
Net Goodwill	919.1	919.1
Other Intangible Assets	629.6	660.7
Deferred Tax Assets	29.9	40.9
Net Inventory	1,097.6	1,060.5
Net Receivables and Others	1,654.0	1,773.0
Cash & Cash Equivalents	1,661.5	1,798.3
Total Assets	6,212.3	6,478.0
Group Equity	424.6	442.6
Minority interests	2.0	1.8
Non Current Liabilities	43.7	48.2
Deferred Tax Liabilities	343.7	328.1
Short Term Financial Debt	32.7	31.7
Short Term Provisions	16.7	16.8
Trade and Other Payables	5,348.9	5,608.8
Total Liabilities	6,212.3	6,478.0

Tobacco Volumes Evolution

	Million units			% Y-o-Y Change	
	1 Oct. 2015 – 31 March 2016	1 Oct. 2014 – 31 March 2015	1 Oct. 2013 – 31 March 2014	1 Oct. 2015 – 31 March 2016	1 Oct. 2014 – 31 March 2015
TOTAL					
Cigarettes	79,963	78,998	79,678	1.2%	(0.9)%
RYO/MYO	9,997	9,795	9,709	2.1%	0.9%
Cigars	1,869	1,918	1,948	(2.5)%	(1.5)%
SPAIN					
Cigarettes	21,449	21,472	21,456	(0.1)%	0.1%
RYO/MYO	3,081	3,141	3,162	(1.9)%	(0.7)%
Cigars	1,001	1,024	1,029	(2.3)%	(0.5)%
PORTUGAL					
Cigarettes	839	764	811	9.9%	(5.8)%
RYO/MYO	71	81	95	(12.5)%	(14.5)%
Cigars					
FRANCE					
Cigarettes	22,265	21,917	22,299	1.6%	(1.7)%
RYO/MYO	4,701	4,524	4,450	3.9%	1.7%
Cigars	639	665	686	(3.9)%	(3.1)%
ITALY					
Cigarettes	35,410	34,845	35,112	1.6%	(0.8)%
RYO/MYO	2,144	2,049	2,002	4.6%	2.4%
Cigars	229	229	233	(0.1)%	(1.6)%

Results presentation

Results presentation is available at the web page of the CNMV (Comisión Nacional del Mercado de Valores, www.cnmv.es) as well as at the company's web page (www.grupologista.com).

The company's Management will hold a H1 2016 results presentation for analysts and investors today, May 4, 2016, at 12:00h (CET), which could be attended on real time through an audio-webcast in the company's website (www.grupologista.com), and analysts and investors will have the opportunity of making questions to the company from the publication of these results to the end of the presentation.

This audio-webcast will be available in the company's website at least during one month.

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