



**DÍA**

Q317

Results



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# 01

## Key messages



# Key messages

1

Focused in our strategy:

- Customer-centric.
- Digital to reach customers and drive efficiencies.

2

Significant changes in trading environment in Spain.  
Lower sales growth accross markets due to deflation.

3

Commitment to our customers on best prices.

4

Revision of our targets for FY2017.

- Single-digit sales growth.
- Adjusted EBITDA to go down by mid-single-digits.
- Around EUR300m capex.

5

Acceleration of store upgrade plan and price investments to recover LFL in Iberia from Q4 2017.  
Already positive in first three weeks of October.

6

Brazil and Argentina: lower sales growth but excellent delivery and customer ratings.

7

Efficient use of resources.  
Net debt reduction of EUR80m<sup>(1)</sup>.



HORRO  
EROPERTAS

# 02

## Financial review



# Highlights 9M 2017

- / 9M 2017 gross sales under banner (ex-currency) 1.4% up and 0.5% growth in Q3 2017.
- / 3.2% LFL sales growth in 9M 2017, impacted in Q3 2017 by lower inflation and tougher competitive environment.
- / Online sales in Spain jumped by 2.9x to EUR40.2m in the first nine months of 2017.
- / Adjusted EBITDA stable at EUR431.6m in 9M 2017.
- / Cash From Operations improved in 9M 2017.
- / Focus on cash generation allows EUR80m net debt reduction, after EUR128.5m dividends paid to shareholders in July 2017.

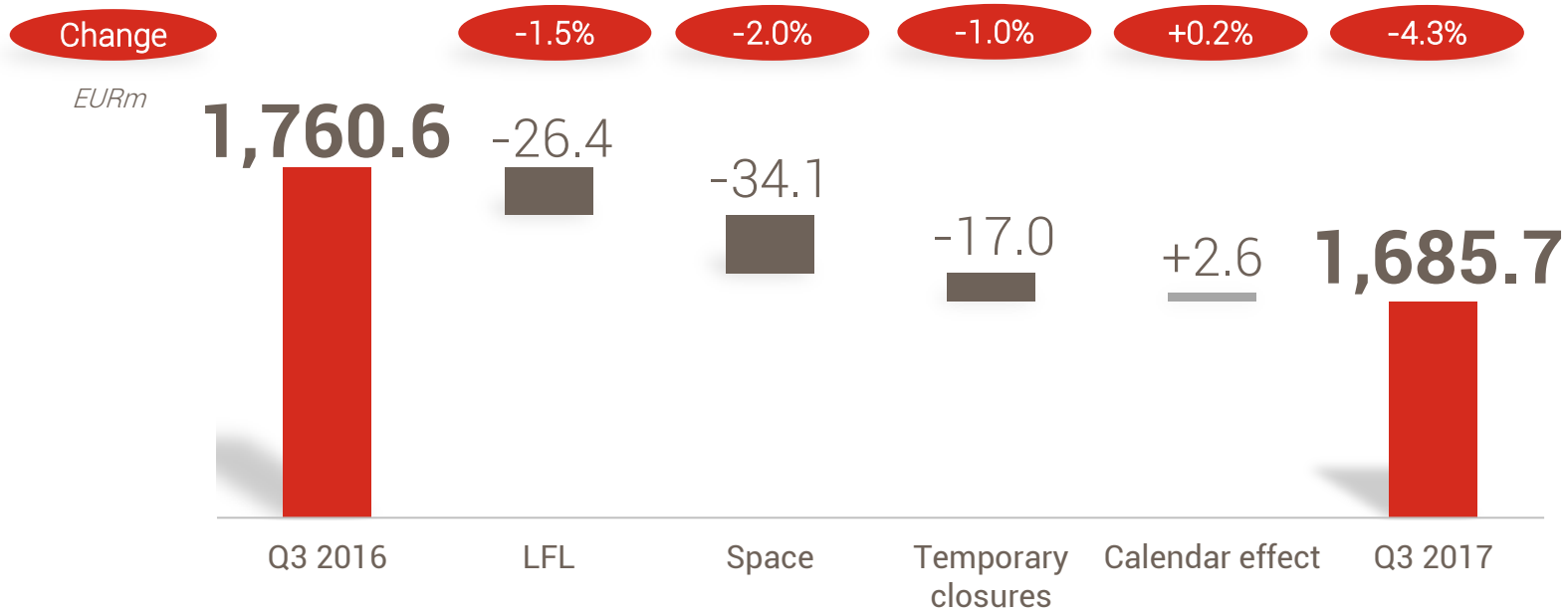
# DIA: Q3 2017 P&L summary

<i>(EURm)</i>	<b>Q3 2017</b>	<b>%</b>	<b>Change</b>	<b>FX effect</b>	<b>Change (ex-FX)</b>
Net sales	2,172.6	100.0%	-4.1%	-3.8%	-0.3%
Adjusted EBITDA <sup>1</sup>	153.3	7.1%	-5.5%	-1.6%	-3.9%
D&A	-59.1	-2.7%	-0.1%	-2.0%	1.9%
Adjusted EBIT <sup>1</sup>	94.2	4.3%	-8.6%	-1.4%	-7.2%
Non-Recurring items	-24.3	-1.1%	44.4%	-3.0%	47.4%
EBIT	69.9	3.2%	-19.0%	-1.1%	-17.9%
Net profit from continuing operations	39.4	1.8%	-21.8%	1.0%	-22.8%
Underlying net profit	60.8	2.8%	-4.1%	0.1%	-4.2%

1. Adjusted by non-recurring items



# Iberia: lower inflation and tough competitive environment



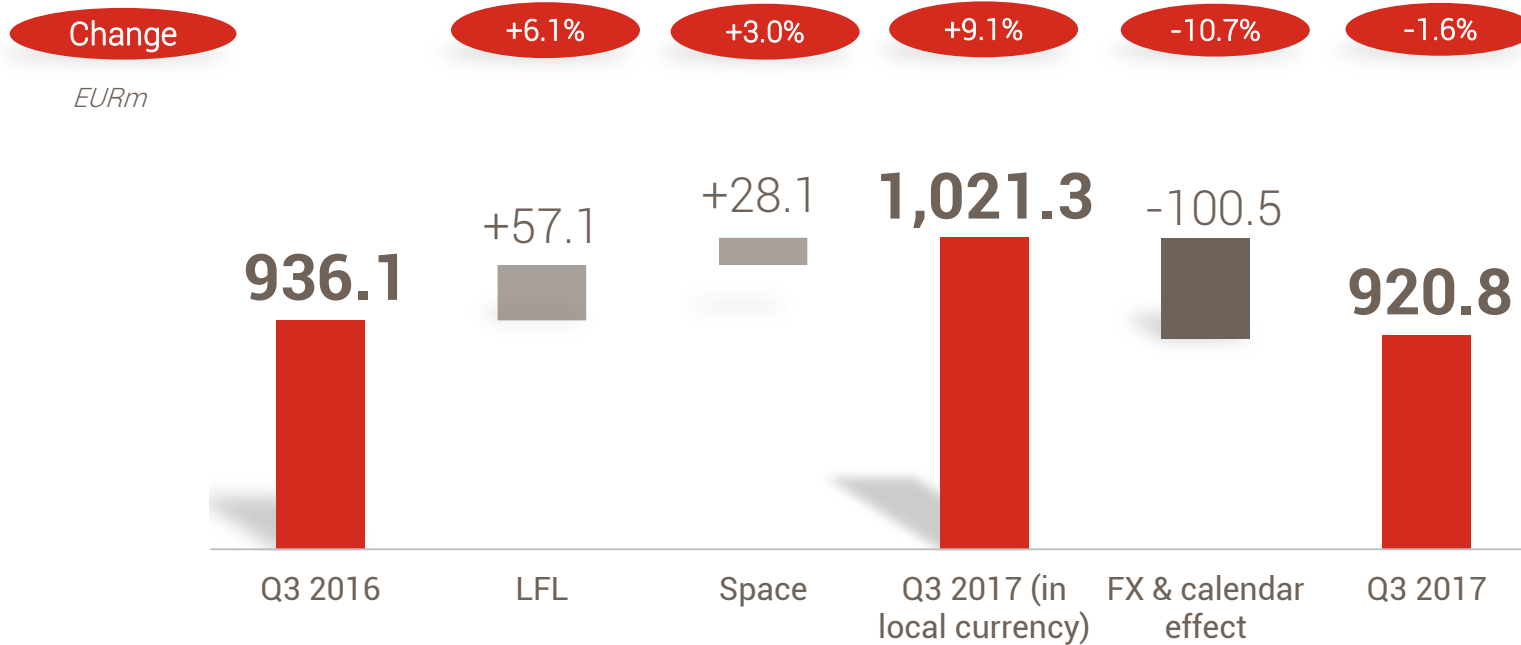
- / Strong deflation in seasonal products.
- / Record of 271 stores upgraded in Iberia in Q3 2017 impacts sales growth in the quarter but improves sales prospects.
- / Double-digit p.p. uplift Q3 store upgrades.
- / October sales already in positive territory.

# Iberia: P&L summary

<i>(EURm)</i>	<b>Q3 2017</b>	<b>Change</b>	<b>9M 2017</b>	<b>Change</b>
Gross sales under banner	1,685.7	-4.3%	4,928.3	-3.4%
Net sales	1,402.7	-5.2%	4,120.1	-4.3%
Adjusted EBITDA	116.7	-10.8%	341.0	-5.4%
<i>Adj. EBITDA margin</i>	<i>8.3%</i>	<i>-52 bps</i>	<i>8.3%</i>	<i>-10 bps</i>
D&A	(44.1)	-4.4%	(128.4)	-5.5%
Adjusted EBIT	72.6	-14.2%	212.6	-5.4%
<i>Adj. EBIT margin</i>	<i>5.2%</i>	<i>-55 bps</i>	<i>5.2%</i>	<i>-6 bps</i>

- / Price investments at the end of the quarter affects margins.
- / Cost efficiency yielding positive results, not enough to offset price investment and improved customer service.
- / Steady decrease of D&A.

# Emerging Markets: +9.1% sales<sup>1</sup> growth in Q3 2017



- / -4.5% average monthly deflation in Brazil in Q3 2017.
- / Sustained market share gains both in Argentina and Brazil.

## Emerging Markets: P&L summary

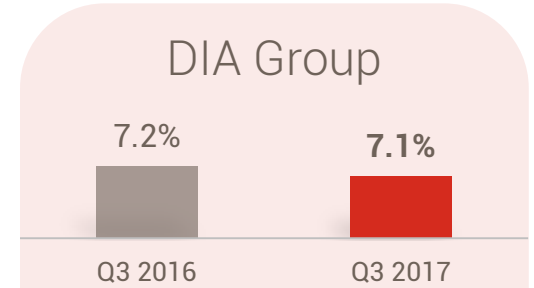
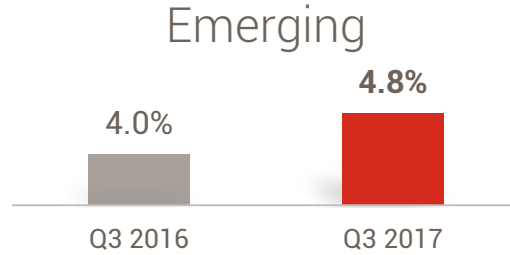
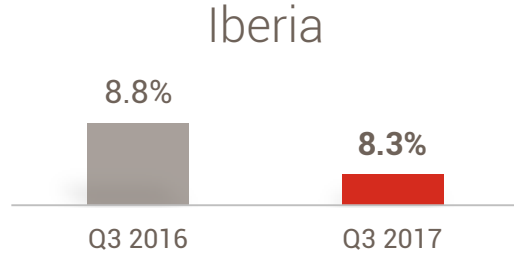
<i>(EURm)</i>	<b>Q3 2017</b>	<b>Change</b>	<b>Change (ex-FX)</b>	<b>9M 2017</b>	<b>Change</b>	<b>Change (ex-FX)</b>
Gross sales under banner	920.8	-1.6%	9.5%	2,805.7	11.4%	11.2%
Net sales	769.9	-2.1%	8.8%	2,340.1	11.1%	10.4%
Adjusted EBITDA	36.7	16.3%	24.7%	90.7	27.7%	25.2%
<i>Adj. EBITDA margin</i>	<i>4.8%</i>	<i>+75 bps</i>		<i>3.9%</i>	<i>+50 bps</i>	
D&A	(15.0)	15.0%	24.3%	(46.1)	33.0%	27.9%
Adjusted EBIT	21.7	17.2%	25.0%	44.6	22.5%	22.5%
<i>Adj. EBIT margin</i>	<i>2.8%</i>	<i>+46 bps</i>		<i>1.9%</i>	<i>+18 bps</i>	

- / Emerging Markets contributed with 35% of sales and 24% of adjusted EBITDA to Q3 2017 group's figures.
- / 24.7% growth in adjusted EBITDA in Q3 2017 (ex-currency).
- / Excellent operating performance drives margin improvement.

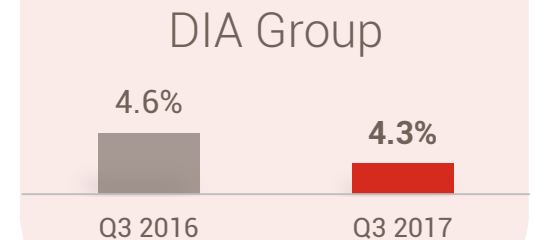
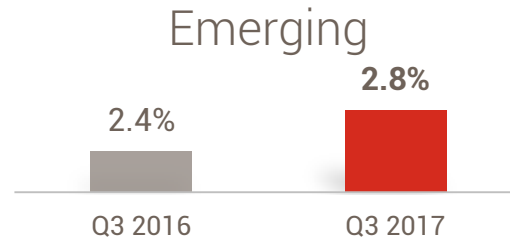
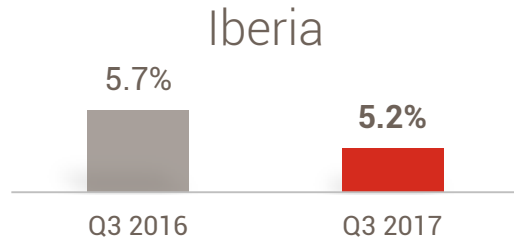


# Operating margins

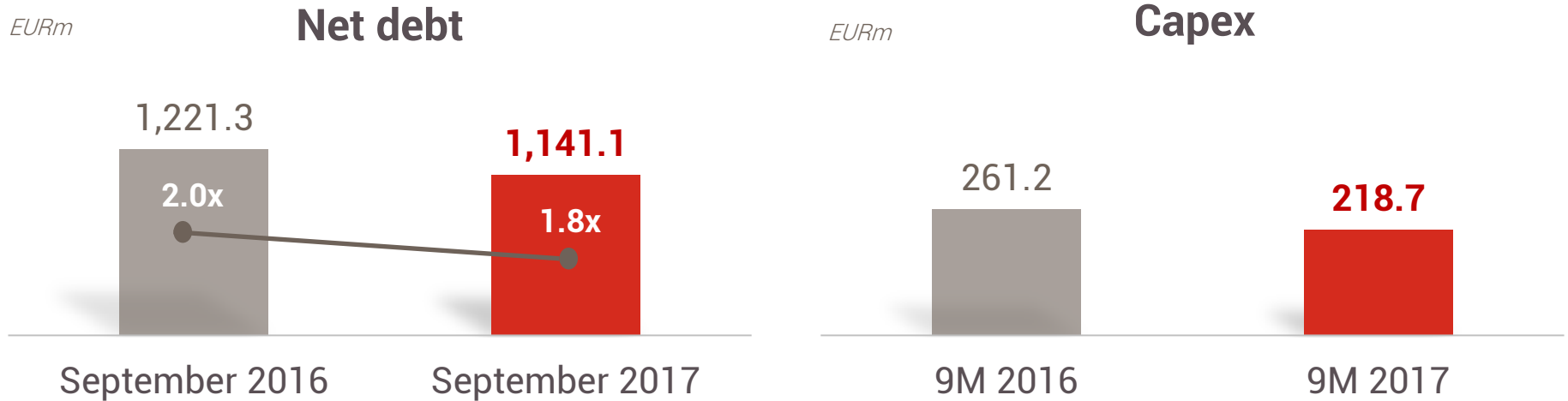
**Adj. EBITDA**



**Adj. EBIT**



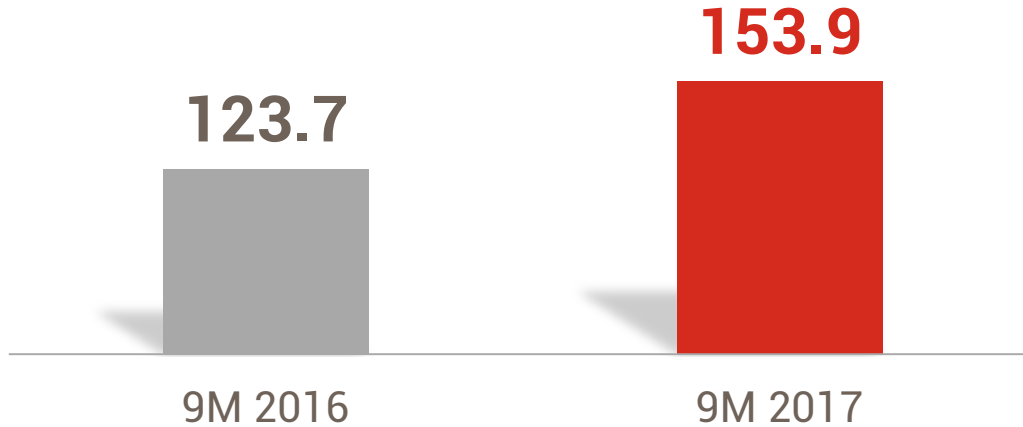
# EUR80m net debt reduction, more efficient capex approach



- / Good performance in TWC despite sales deceleration; double-E project delivering strong improvement in inventories in Spain.
- / More efficient results of our capex program:
  - Focus on projects that improve customer experience and sales, lower capex per store upgrade.
  - More demanding criteria for openings.

# Cash From Operations<sup>(1)</sup> evolution

EURm



/ Cash From Operations in 9M 2017 grew by EUR30.2m versus the same period last year.

1. Defined as adjusted EBITDA - Non-recurring cash items - Capex; on organic basis

# Revised outlook for full year 2017

	<u>OLD</u>	What has changed?	<u>NEW</u>
/ Gross sales under banner <sup>(1)</sup>	Mid-single-digit growth	<ul style="list-style-type: none"> <li>✓ Deflation</li> <li>✓ Temporary store closures due to upgrades</li> <li>✓ Less openings</li> </ul>	Low-single-digit growth
/ Adjusted EBITDA	Growth	<ul style="list-style-type: none"> <li>✓ Lower sales than expected</li> <li>✓ Price investments in Q4</li> <li>✓ Tough comparison base</li> </ul>	Mid-single-digit decrease
/ Capex	Lower than 2016	<ul style="list-style-type: none"> <li>✓ More efficient investment</li> </ul>	Around EUR300m
/ Cash From Operations	Higher than 2016		Higher than 2016

1. Ex-Currency



# 03

Closing  
remarks



# Our priorities

## We are working for the long-term...

- / DIA continues to implement its strategy:
  - New organization with the customer at the center of all decisions.
  - Digital transformation to cover new customer demands and increase efficiency.
  - Commitment to best prices.

## ...with a clear short-term action plan.

- / Our commitments for Q4 2017:
  - Positive LFL in Iberia.
    - ✓ Already achieved in first weeks of October.
  - Accelerate sales growth in Brazil.
- / Through a well-defined plan:
  - Price investments in key markets.
  - Sustained upgrade of store base.





04

Q&A

# 04

## Appendix

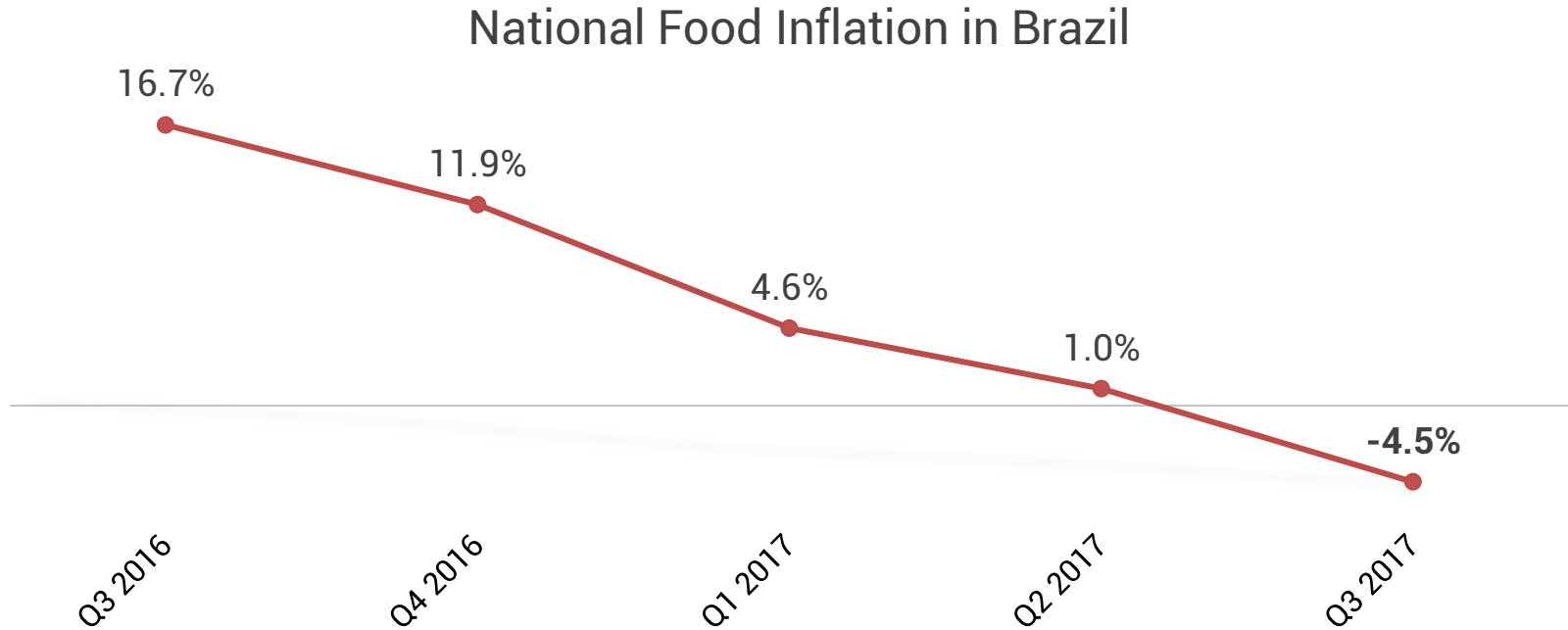




# Gross sales under banner by country

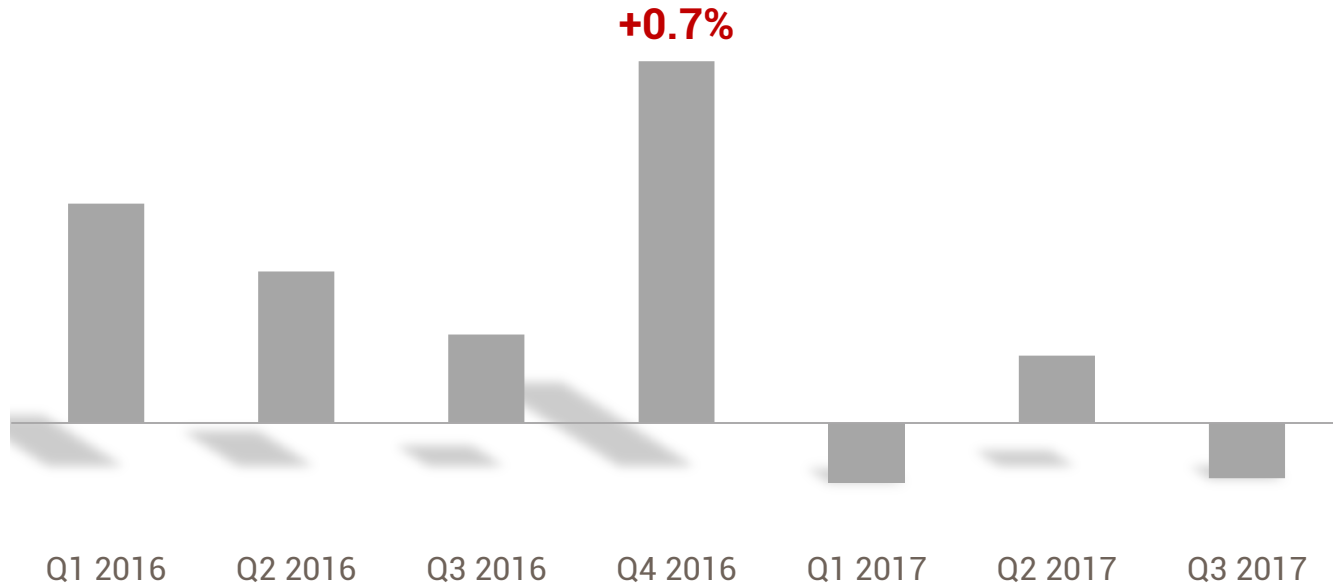
(EURm)	Q3 2017	%	Change	FX effect	Change (ex-FX)
Spain	1,453.9	55.8%	-4.8%	-	-4.8%
Portugal	231.8	8.9%	-0.4%	-	-0.4%
<b>IBERIA</b>	<b>1,685.7</b>	<b>64.7%</b>	<b>-4.3%</b>	<b>-</b>	<b>-4.3%</b>
Argentina	426.5	16.4%	1.3%	-21.9%	23.2%
Brazil	494.3	19.0%	-4.1%	-2.5%	-1.6%
<b>EMERGING MARKETS</b>	<b>920.8</b>	<b>35.3%</b>	<b>-1.6%</b>	<b>-11.1%</b>	<b>9.5%</b>
<b>TOTAL DIA</b>	<b>2,606.5</b>	<b>100.0%</b>	<b>-3.3%</b>	<b>-3.8%</b>	<b>0.5%</b>

# Sustained deceleration of food inflation in Emerging Markets



Source: IBGE (Instituto Brasileiro de Geografia e Estatística) Average on monthly data of the quarters

# DiA Group adjusted EBITDA margin evolution <sup>(1)</sup>



/ Tough comparable base in Q4 2017 due to extraordinary high margins in Q4 2016.

1. Adj. EBITDA margin over net sales evolution compared to same period previous year (in p.p.)

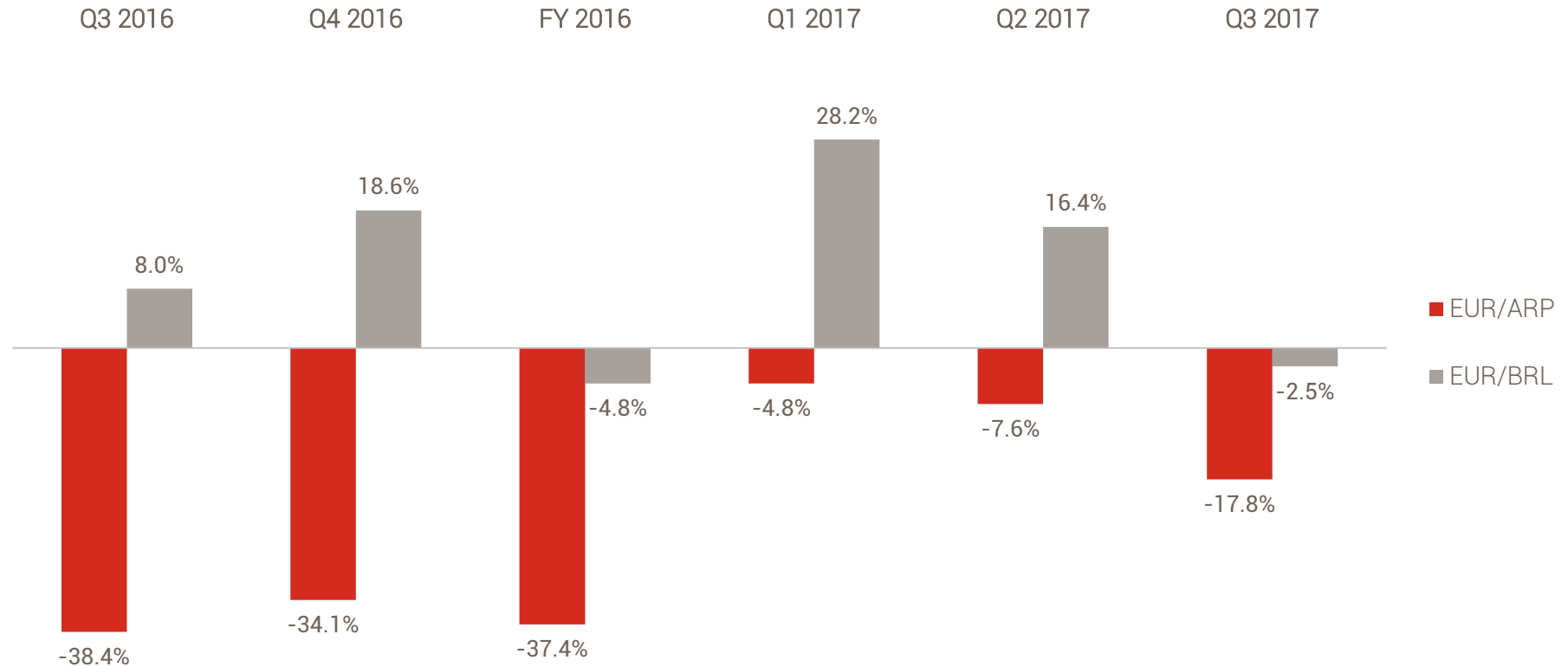
# Trade working capital

(EURm)	30 September 2017	Change	Change (ex-FX)
Inventories (A)	626.6	-0.5%	3.1%
Trade & other receivables (B)	294.9	2.3%	4.6%
Trade & other payables (C)	1,656.1	2.6%	5.8%
<b>TRADE WORKING CAPITAL<sup>(1) (2)</sup></b>	<b>-734.6</b>	<b>5.5%</b>	<b>8.7%</b>

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

2. Non-recourse factoring from receivables from our suppliers amounted to EUR98.3m

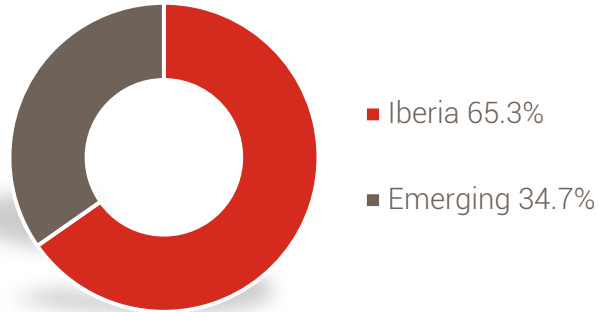
# Currency performance



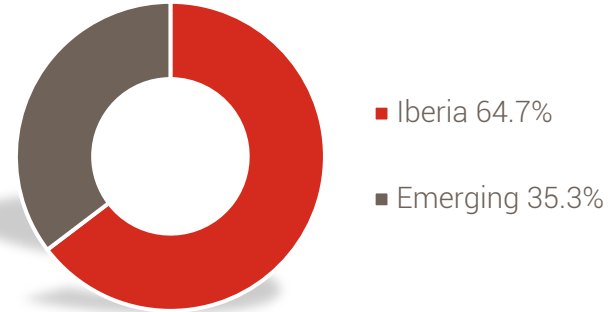
*Bloomberg average currency rates (a negative change in exchange rates implies a depreciation versus the Euro)*

# Gross Sales Under Banner & adj. EBITDA by segment

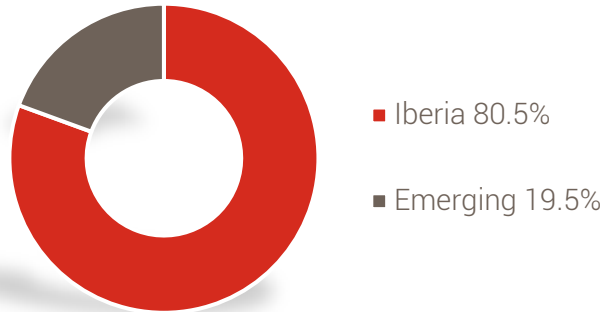
Q3 2016 Gross sales under banner



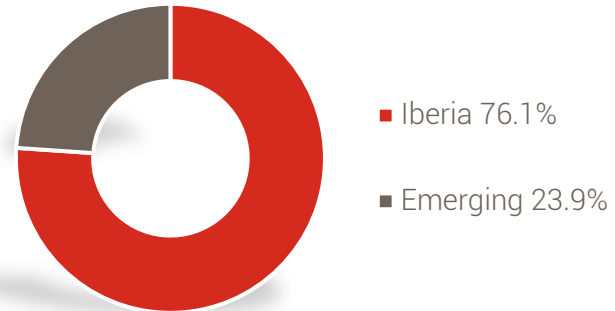
Q3 2017 Gross sales under banner



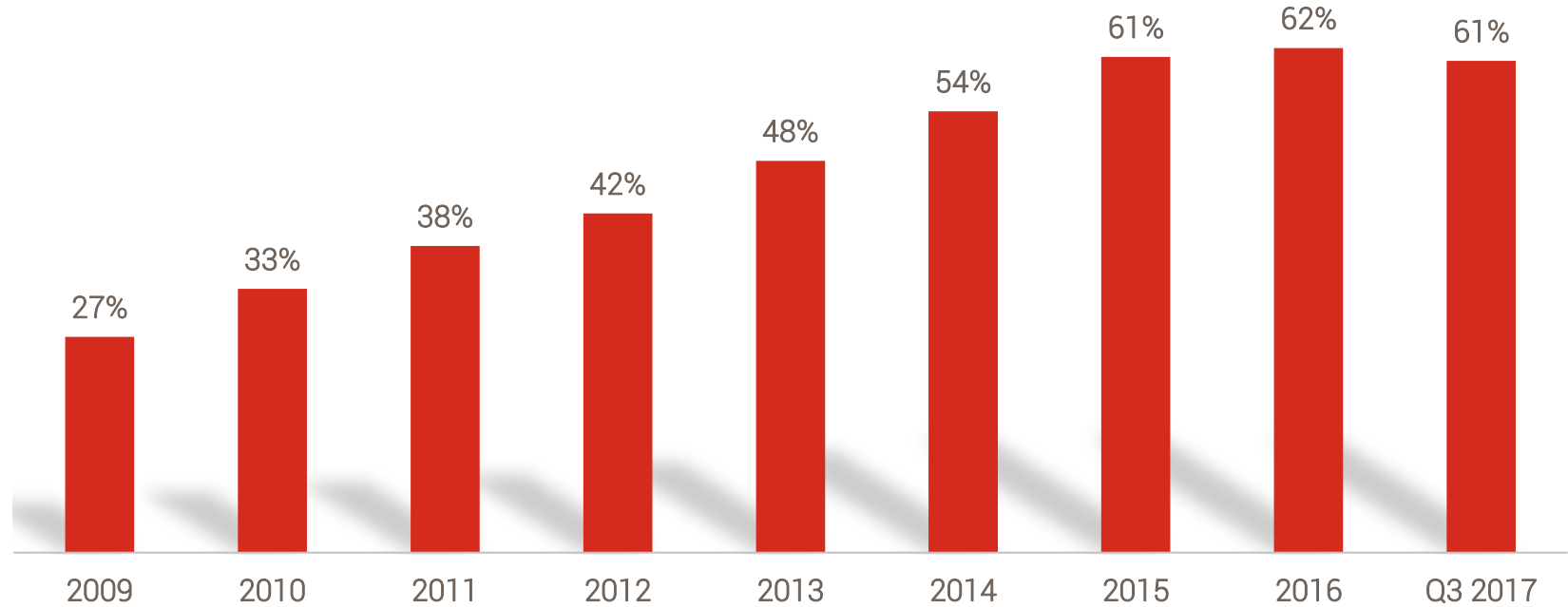
Q3 2016 adj. EBITDA



Q3 2017 adj. EBITDA



# Growing penetration of Dia banner franchised stores







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