

Dia Group Results 1H 2023 Presentation

August 3rd, 2023



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Disclaimer regarding the results shown in this presentation

The strategic asset sales of large store formats to Alcampo announced in 2022, the sale of Clarel and the agreement announced over the sale of the Dia Portugal business, require, for statutory reporting purposes, that these activities are classified as “discontinued” (both for year 2023 and for year 2022). This means that all its financial metrics (Income Statement and Balance Sheet) will not appear in the consolidated equivalent P&L and Balance Sheet lines, but combined into separate lines labelled “Results from Discontinued Activities”, “Non-current assets held for sale” and “Liabilities linked to assets available for sale”.

To help explain the performance of 2023, unless otherwise stated, this presentation shows results without reclassification to “Results from Discontinued Activities”. In the information uploaded to Dia’s Corporate website we have listed all the equivalences between the results with and without reclassifications to help bridge between this note and statutory reporting.

Agenda

- 01.** Dia Group's strategic update
- 02.** Financial Results 1H 2023
- 03.** Conclusions
- 04.** Q&A

01.

Dia Group's strategic update



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Dia Group's strategic update

Effort centered on operational performance

Focus set on proximity and business simplification

Progress made on 2023 priorities

(shared during 2022's results presentation)

1. Complete the turnaround in Spain and Argentina
2. Develop the new value proposition in Brazil
3. Accelerate the growth of the online business
4. Expand our franchise network
5. Become a company with a purpose

1H 2023: key figures at Group level



Total Stores

5,435
(franchise mix¹ 62%)

Var. 1H 2022: **(5.2%)**



Openings

57

Var. 1H 2022: **+32.6%**



Refurbishments

430

Var. 1H 2022: **(30.5%)**



**Like-for-Like
growth**

5.7%

Var. 1H 2022: **+3.1 p.p.**



Net Sales

3,602 M€

Var. 1H 2022: **+4.0%**



Adjusted EBITDA

65 M€

Var. 1H 2022: **+27.0%**



**Adjusted
EBITDA Margin**

1.8%

Var. 1H 2022: **+0.3 p.p.**



Net Result

(67) M€

Var. 1H 2022: **+38 M€**

(1) Excluding the sale of large-format stores to Alcampo in Spain and Clarel.

Focus on proximity food retail

Two relevant transactions for the Spanish market

Fully aligned to support the Group's strategy, to focus on the core business of **proximity food retail**



By July 31st, the buyer's precedent conditions had not been fulfilled, consequently terminating the contract.

Strategic sales options continue to be analyzed.

Large format stores, agreement with Alcampo in Spain:

Fully executed. In total, **223 stores** were transferred for **252 million euros**.

Focus on simplifying our business

Agreement to sell Dia Portugal to Auchan for 155 million euros (enterprise value Post IFRS 16) to focus on the Group's more relevant markets.

We have decided to divest from our business in Portugal following a simplification strategy and in order to focus management efforts on the most relevant markets.

Cash transaction estimated to be concluded by the end of 2023. It is still subject to approval by the antitrust authorities and lenders.

Proceeds will be used to continue to deleverage the company.



2023 Outlook

As shared during 2022's results presentation in February 2023

Continue to transform and consolidate the operating model through:



Shared in 2022	Achieved in 1H 2023
<p>1. Complete the turnaround: Finish transformation in Spain (stores and Dia brand) and Argentina.</p>	<p>Turnaround completed:</p> <ul style="list-style-type: none"> ✓ Refurbished 264 stores and opened 16 stores in Spain. ✓ Refurbished 157 stores and opened 41 stores in Argentina. <p>Portfolio simplification: sale of large format stores in Spain and sale of Clarel and Portugal businesses.</p>
<p>2. Develop the new value proposition in Brazil, continuing with pilot store tests</p>	<ul style="list-style-type: none"> ✓ Refurbished 15 stores that delivered 22% Like-for-Like sales growth. ✓ Assortment changed to match our concept of proximity.
<p>3. Accelerate the growth of the online business</p>	<ul style="list-style-type: none"> ✓ Launched One App in Argentina. ✓ Launched new website Dia.es and Club Dia app in Spain.
<p>4. Expand our franchise network</p>	<ul style="list-style-type: none"> ✓ Reached a total of 1,479 franchised stores in Spain (63%). ✓ Reached a total of 755 franchised stores in Argentina (73%).
<p>5. Company with a purpose: providing access to high quality products at affordable prices</p>	<ul style="list-style-type: none"> ✓ Launched the “Eat better every day” (Comer mejor cada día) program. ✓ Defined the strategic guidelines for our 23-25 Diversity Plan.

Dia Spain

Turnaround completed

- **264** refurbishments.
- **16** openings.
- **63%** network franchised (+10.8pp vs 1H 2022)
- **184** new SKUs under the Dia brand, reaching a total of 2,049 since 2020 (91% of total Dia brand portfolio).
- Sustaining total market share and **gaining market share at comparable surfaces.**
- **+13.2%** Like-for-Like sales.
- Number of tickets: **207 M** (+4.0%).
- NPS: **44** (all-time record and +5 points vs. June 2022).
- **100%** of **energy cost hedged** for 2023.
- **Completion of the 223 large-format store transfers to Alcampo.**
- Launched the new **Dia.es** website and **Club Dia** app.



Store footprint evolution

	Owned	Franchised	Total
Number of stores Dec. 31st, 2022	1,139	1,481	2,620
Openings	5	11	16
Net transfers (owned to franchised)	(13)	13	-
Closings	(59)	(20)	(79)
Stores transferred to Alcampo	(217)	(6)	(223)
Number of stores June 30th, 2023	855	1,479	2,334
Refurbishments during 1H 2023	94	170	264

Dia Argentina Turnaround completed

- **157** refurbishments.
- **41** openings (opened store N° 1.000 in February).
- **73%** network franchised.
- **57** new SKUs under the Dia brand.
- **Market share growth** albeit 0.8% Like-for-Like sales contraction (measured in units).
- Number of tickets: **97 M** (+22.1%).
- NPS: **67** (+3 points vs. June 2022).
- Launched **One App**.



Opening of the 1.000th store in Argentina



Store footprint evolution

	Owned	Franchised	Total
Number of stores Dec. 31st, 2022	267	727	994
Openings	-	41	41
Net transfers (owned to franchised)	7	(7)	-
Closings	-	(6)	(6)
Number of stores June 30th, 2023	274	755	1,029
Refurbishments during 1H 2023	87	70	157

Dia Portugal

- **60%** network franchised.
- **+50** new SKUs under the Dia brand.
- **+7,8%** Like-for-Like sales.
- **New App** update attracting digital clients.
- Number of tickets: **43 M** (+4.6%).
- NPS: **37**.
- **Corporate divestment operation.**



Store footprint evolution

	Owned	Franchised	Total
Number of stores Dec. 31st, 2022	172	291	463
Openings	-	-	-
Net transfers (owned to franchised)	12	(12)	-
Closings	-	(3)	(3)
Number of stores June 30th, 2023	184	276	460
Refurbishments during 1H 2023	-	-	-

Dia Brazil

- **9** refurbishments (new value proposition with a total of 15 stores – remaining stores were refurbished in December 2022).
- **35%** network franchised.
- **34** new SKUs under the Dia brand.
- **-8.6%** Like-for-Like sales. (going through an assortment change and implementing a new value proposition)
- Number of tickets: **57 M** (-6.4%).
- NPS: **57** (+45 points vs. June 2022)



Store footprint evolution

	Owned	Franchised	Total
Number of stores Dec. 31st, 2022	365	243	608
Openings	-	-	-
Net transfers (owned to franchised)	26	(26)	-
Closings	(1)	(5)	(6)
Number of stores June 30th, 2023	390	212	602
Refurbishments during 1H 2023	5	4	9

Outstanding quality at everyone's reach

New brands and awarded Dia products:



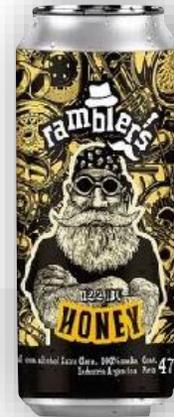
Mr. Veg
Vegetable hamburgers
Product of the year



VivOliva
Organic oil
Flavor of the year 2023



Puska
Red wine
malbec



Rambler's
Craft beers



Vegedia
Mochis Temptation
and vegan ice-cream



Dia láctea
Natural yogurt
Flavor of the year 2023

3. Accelerate the growth of the online business

New e-commerce & Club Dia app in Spain



3 Clicks Check Out.



100% Omnichannel and personalized experience.



>84% population reach.

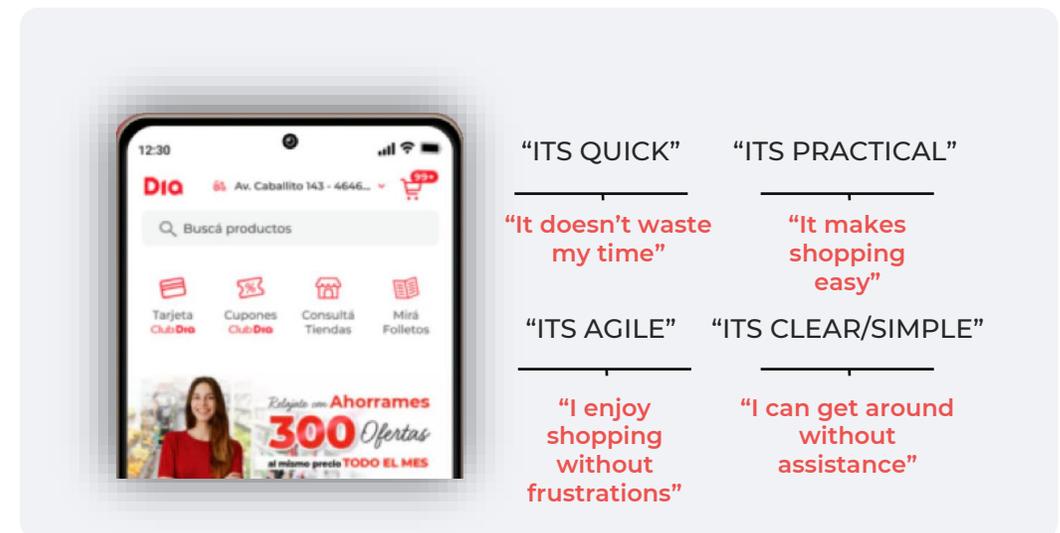


90% Same day and Express Delivery within the hour.



94% of orders contain fresh products.

One App in Argentina



“ITS QUICK”
“It doesn't waste my time”

“ITS PRACTICAL”
“It makes shopping easy”

“ITS AGILE”

“ITS CLEAR/SIMPLE”

“I enjoy shopping without frustrations”

“I can get around without assistance”



Programed Delivery within the day or the next day.



100% Omnichannel.

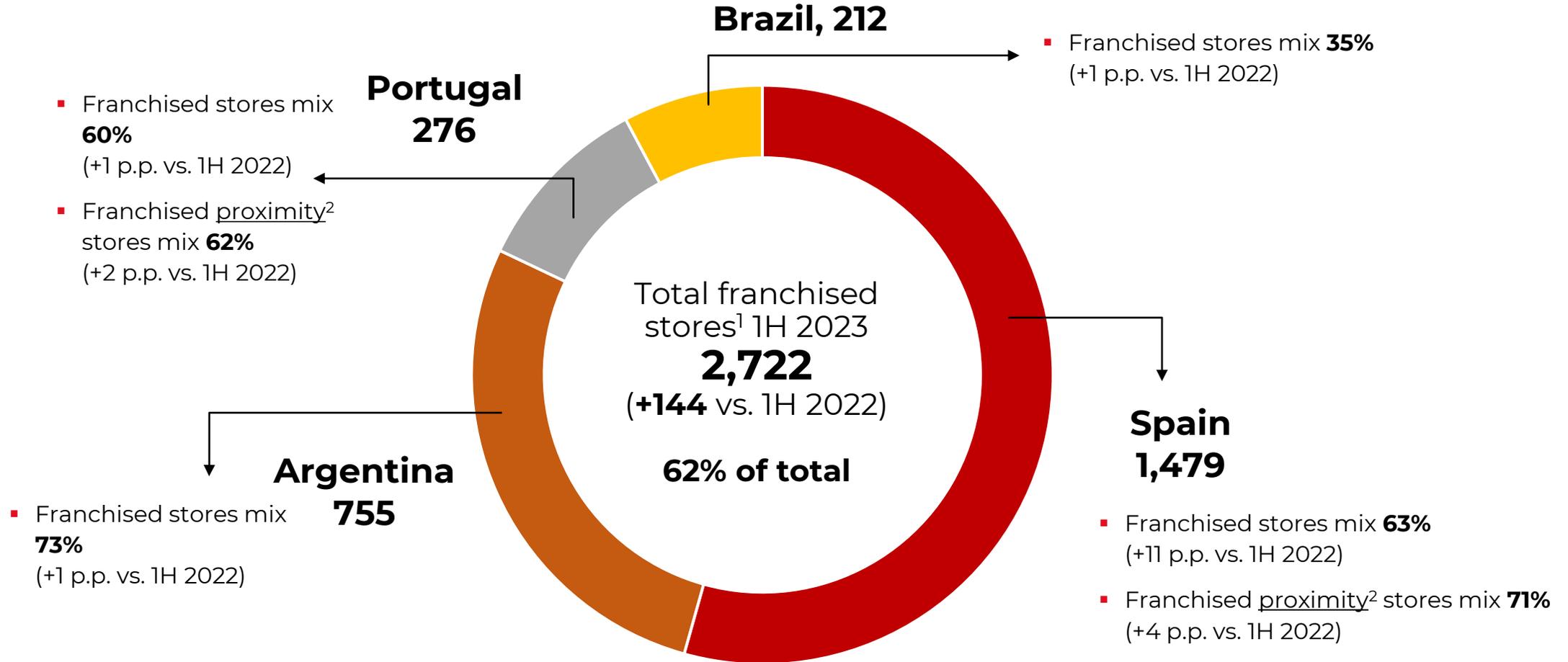


Pickup in +700 stores, Car Pickup in 40 stores.



Express Delivery within the hour.

4. Expand our franchise network



(1) Excluding Clarel stores and large format stores transferred to Alcampo

(2) Excluding Maxi stores

5. Renewed Purpose and Corporate Values

**Everyday closer to offer
great
quality at everyone's
reach**

Passion for
the Client

Collaborative
Spirit

Continuous
Growth

Commitment to
Results

Simplicity in what
we do

02.

Financial Results 1H 2023



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Key financial and operational results 1H 2023



Gross Sales

4,437 M€

Var. 1H 2022: **(11.0%)**



**Like for Like
Growth**

5.7%

Var. 1H 2022: **+3.1 p.p.**



Net Sales

3,602 M€

Var. 1H 2022: **+4.0%**



Gross Profit

729 M€

Var. 1H 2022: **(3.3%)**



Adjusted EBITDA

65 M€

Var. 1H 2022: **+27.0%**



Adjusted EBITDA Margin

1.8%

Var. 1H 2022: **+0.3 p.p.**



**Cash Flow from
Operations¹**

57 M€

Var. 1H 2022: **+32 M€**



Net Result

(67) M€

Var. 1H 2022: **+38 M€**



Net Financial Debt²

427 M€

Var. 12/31/2022: **(21.6%)**



**Net Financial
Debt²/Adjusted EBITDA³**

2.0x

06/30/2022: **4.3x**

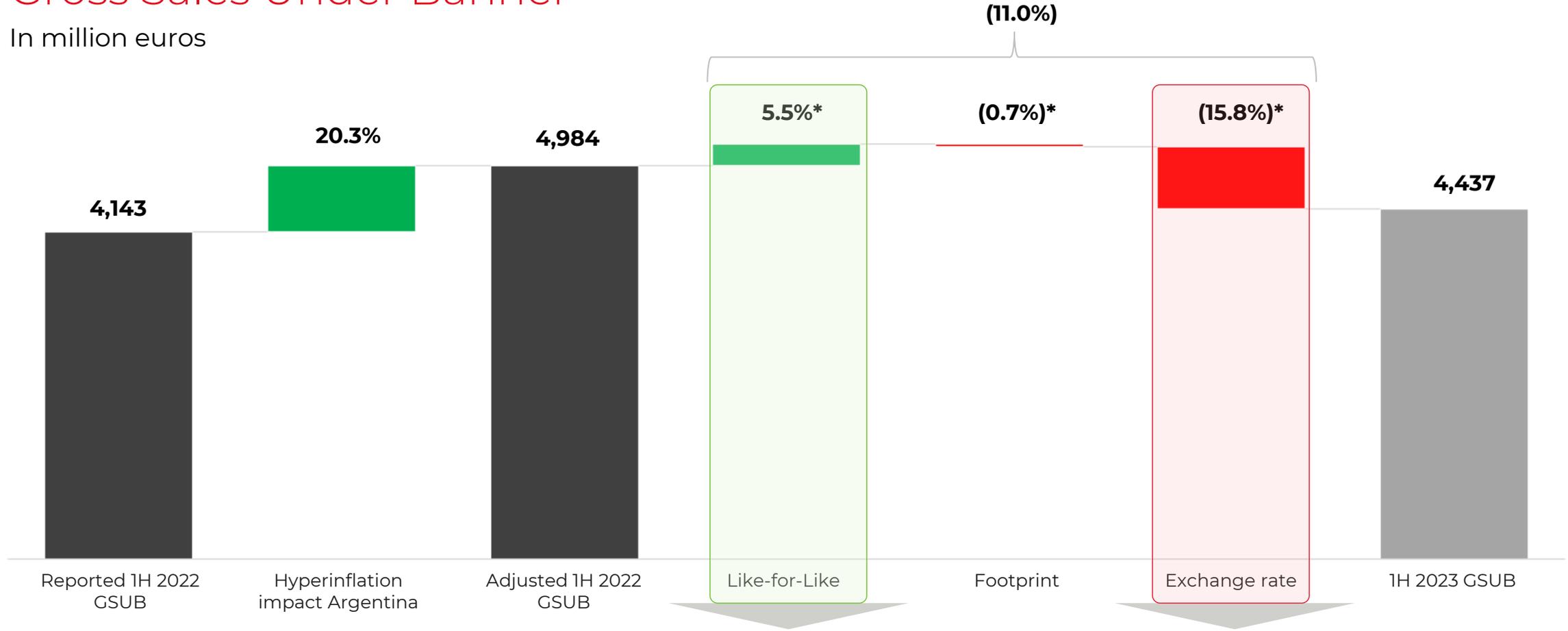
(1) Cash Flow from operations before changes in working capital minus Financial Leases considering stores transferred to Alcampo in Spain (fully executed) and Clarel as discontinued operations.

(2) Excluding effect of NIIF16.

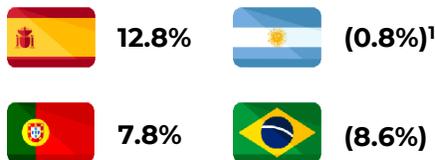
(3) Last twelve months Adjusted EBITDA (from 07/01/2022 to 06/30/2023).

Gross Sales Under Banner

In million euros



Dia Group Like-for-Like 5.7%



(1) Measured in number of units.
(*) % contribution to growth.

Gross Sales, Net Sales and Like-for-Like

1H 2023 sales breakdown (in million euros)	Gross Sales ¹			Net Sales ²			Like-for-Like ³
	1H23	1H22	Var. (%)	1H23	1H22	Var. (%)	1H23 vs. 1H22
Spain	2,673.7	2,501.3	6.9%	2,241.0	2,095.5	6.9%	12.8%
Excl. Stores sale ⁵	2,498.2	2,239.4	11.6%	2,081.9	1,859.4	12.0%	12.9%
Excl. Clarel sale	2,505.5	2,345.1	6.8%	2,107.2	1,968.9	7.0%	13.2%
Excl. Stores sale ⁵ and Clarel	2,330.1	2,083.2	11.9%	1,948.1	1,732.9	12.4%	13.3%
Argentina	907.2	1,616.1	(43.9%)	701.4	652.0	7.6%	(0.8%)
Portugal	401.9	386.9	3.9%	294.6	283.1	4.1%	7.8%
Brazil	454.6	479.9	(5.3%)	365.4	434.7	(15.9%)	(8.6%)
Group Total	4,437.4	4,984.3	(11.0%)	3,602.4	3,465.2	4.0%	5.7%
Group Total Excl. Stores sale⁵ and Clarel	4,093.8	4,566.2	(10.3%)	3,309.5	3,102.6	6.7%	5.5%
Group Total Excl. Stores sale⁵, Clarel and Portugal	3,691.9	4,179.3	(11.7%)	3,014.9	2,819.5	6.9%	5.3%

Total Number of Stores⁴	5,435	5,733	(5.2%)
Excl. Stores sale ⁵	5,435	5,510	(1.4%)
Excl. Stores sale ⁵ and Clarel	4,425	4,485	(1.3%)
Excl. Stores sale ⁵ , Clarel and Portugal	3,965	3,991	(0.7%)

- (1) Gross Sales Under Banner (GSUB) as defined in the Consolidated Management Report for the first half of 2022. Total value of the turnover obtained in the stores at current exchange rates, including all indirect taxes (cash ticket value) and in all the Company's stores, both owned and franchised. In the case of Argentina, Gross Sales Under Banner are penalized twice over, since the inflation between the two periods is not considered, but the devaluation effect is taken into account.
- (2) Net sales expressed at current exchange rates and applying IAS 29 "Financial reporting in hyperinflationary economies" in Argentina, i.e. sales affected by devaluation and exchange rates.
- (3) Represents the growth rate of Gross Sales Under Banner (GSUB) at a constant exchange rate of those stores that have operated for a period greater than twelve months and one day under similar business circumstances. The figures corresponding to Like-for-Like sales in Argentina have been adjusted to reflect the variation in volume (units), avoiding inaccurate calculations due to the effect of hyperinflation.
- (4) At the end of the period.
- (5) Excluding the sale of the 223 stores of the asset sale agreement reached with Alcampo in Spain, announced by the company on August 2nd, 2022.
- (6) Excluding Maxi (Spain and Portugal), La Plaza and Clarel stores.

Financial performance by geography



Spain (excluding reclassifications of discontinued operations)

(In million euros)	1H 2023	1H 2022	Var.
Gross sales under banner	2,674	2,501	6.9%
Like-for-Like	12.8%	2.4%	10.4pp
Net Sales	2,241	2,096	6.9%
Adjusted EBITDA	65	45	44.8%
% Adjusted EBITDA Margin	2.9%	2.1%	0.8pp

- Sales growth acceleration in H1, 12.8% LfL increase (13.3% excl. Clarel and stores transferred to Alcampo) with market share gains at comparable surfaces.
- Margin improvement given store mix and assortment.
- Relevant costs under control: collective labor agreement until 2024 and energy supply agreements until 2026.



Results

(In million euros)	1H 2023	1H 2022	Var.
Gross sales under banner	907	1,616	-43.9%
Like-for-Like¹	-0.8%	3.4%	-4.2pp
Net Sales	701	652	7.6%
Adjusted EBITDA	17	16	4.9%
% Adjusted EBITDA Margin	2.5%	2.5%	0.0pp

- Net Sales and market share growth.
- Increase in the number of refurbishments and openings.
- Good control over commercial margins and fixed costs, guaranteeing stable profitability within a hyperinflationary context.
- Currency devaluation below inflation (6 month average).

(1) Like-for-Like sales figures in Argentina reflect the variation in volume (number of units)

Financial performance by geography



Portugal

Results

(In million euros)

	1H 2023	1H 2022	Var.
Gross sales under banner	402	387	3.9%
Like-for-Like	7.8%	-1.8%	9.6pp
Net Sales	295	283	4.1%
Adjusted EBITDA	4	1	340.0%
% Adjusted EBITDA Margin	1.5%	0.4%	1.1pp

- Sustained LfL growth, reversing negative 1H 2022 trend.
- Net Sales growth offsetting a 7% network reduction (vs. 1H 2022).
- Margin expansion driven by pricing management coupled with cost efficiencies.



Brazil

Results

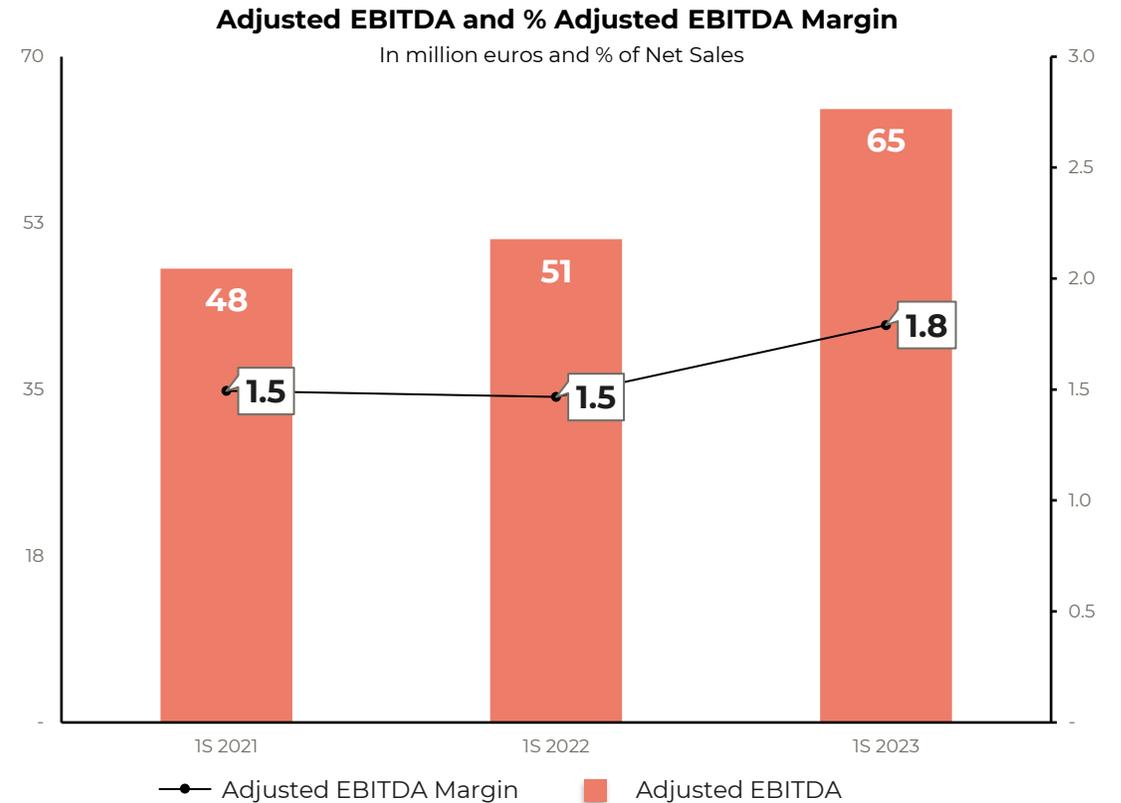
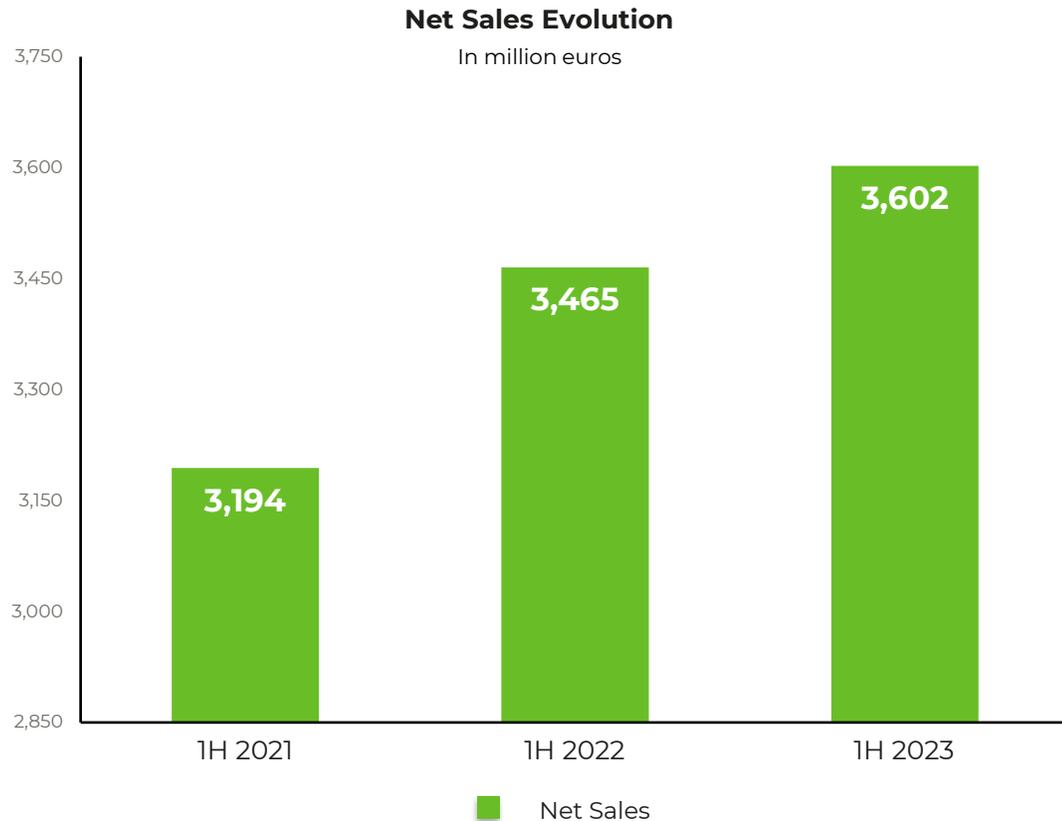
(In million euros)

	1H 2023	1H 2022	Var.
Gross sales under banner	455	480	-5.3%
Like-for-Like	-8.6%	6.9%	-15.5pp
Net Sales	365	435	-15.9%
Adjusted EBITDA	(22)	(11)	-93.8%
% Adjusted EBITDA Margin	-5.9%	-2.6%	-3.4pp

- 15,9% Net Sales shortfall affected by the assortment change which is being introduced coupled with the 2% store network reduction.
- Like for Like sales -8,6%.
- Favorable evolution of new business model in 15 recently refurbished stores.

Net Sales and Adjusted EBITDA

Sustained profitable growth



Income Statement Summary

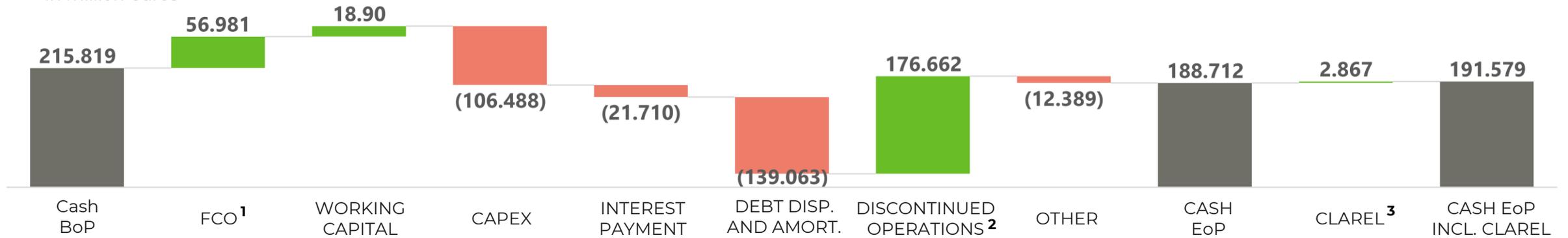
(In million euros)	1H 2023	1H 2022	Var.
% Like-for-Like	5.7%	2.6%	3.1pp
Gross Sales Under Banner	4,437	4,984	(11.0%)
Net Sales	3,602	3,465	4.0%
Gross Profit	729	754	(3.3%)
Gross Profit Margin	20.2%	21.8%	1.5pp
Adjusted EBITDA	65	51	27.0%
Adjusted EBITDA Margin	1.8%	1.5%	0.3pp
EBITDA	98	123	(20.4%)
EBIT	(51)	(98)	48.5%
Net Result	(67)	(105)	35.8%

- Like-for-Like sales grew 5.7%, 3.1pp above 1H 2022.
- Net Sales growth in all geographies, excluding Brazil.
- Gross Profit Margin impacted by higher franchising (39% of Net Sales compared to 34% in 1H 2022) and cost inflation not passed through to clients.
- Growth of Adj. EBITDA Ajustado and Adj. EBITDA Margin from improved business profitability and cost control.
- EBITDA erosion explained by hyperinflation (IAS 29) and higher restructuring costs derived from higher franchising and transfer costs from the sale of large format stores to Alcampo in Spain.
- Net Results improvement by 38 million euros from the stores sale to Alcampo, offsetting EBITDA shortfall.

Cash Flow evolution

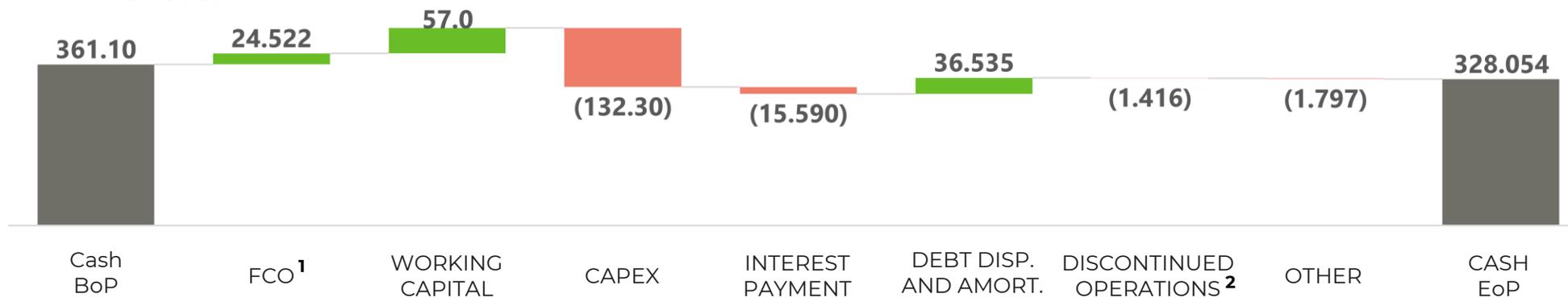
1H 2023

In million euros



1H 2022

In million euros



(1) FCO calculated as Cash Flow From Operations before changes in Working Capital minus Financial Leases excluding the impact of stores sold to Alcampo in Spain

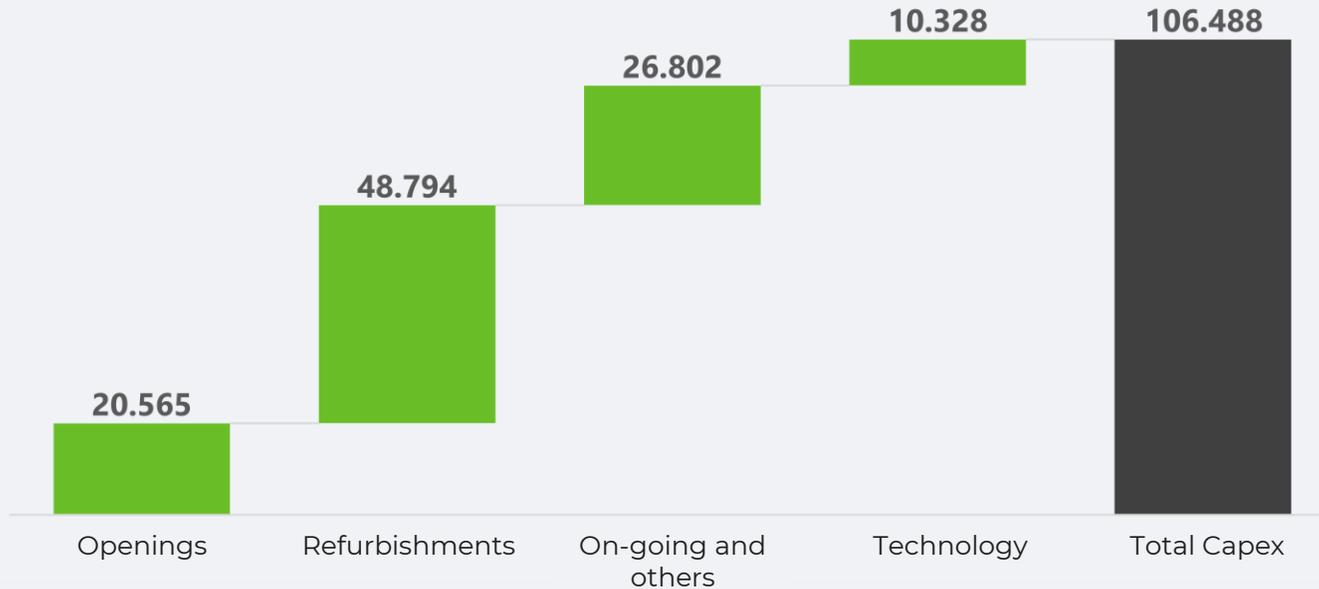
(2) To show a precise cash evolution from the business during 1H 2023, cash flows from discontinued operations are grouped in a specific category and only include the sale of large format stores sold to Alcampo in Spain and exclude Clarel.

(3) Clarel's cash position at the end of 1H 2023.

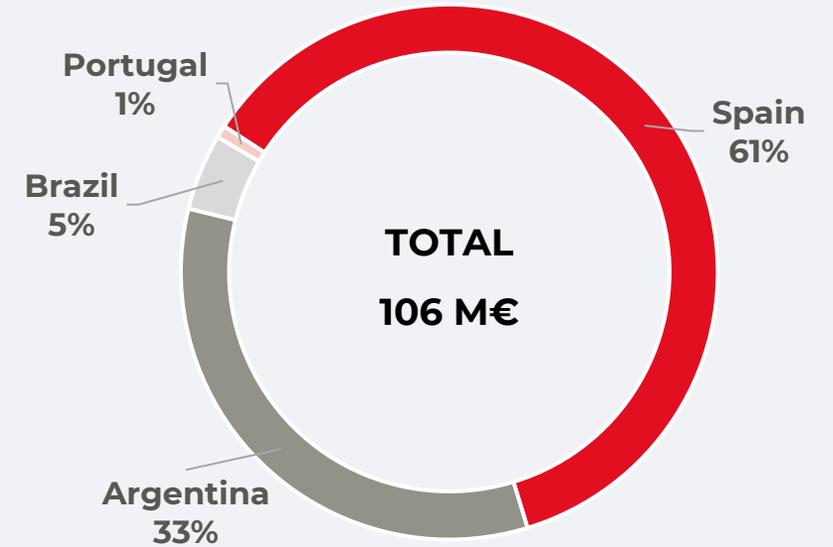
CAPEX by type and geography

CAPEX by type of investment

In million euros



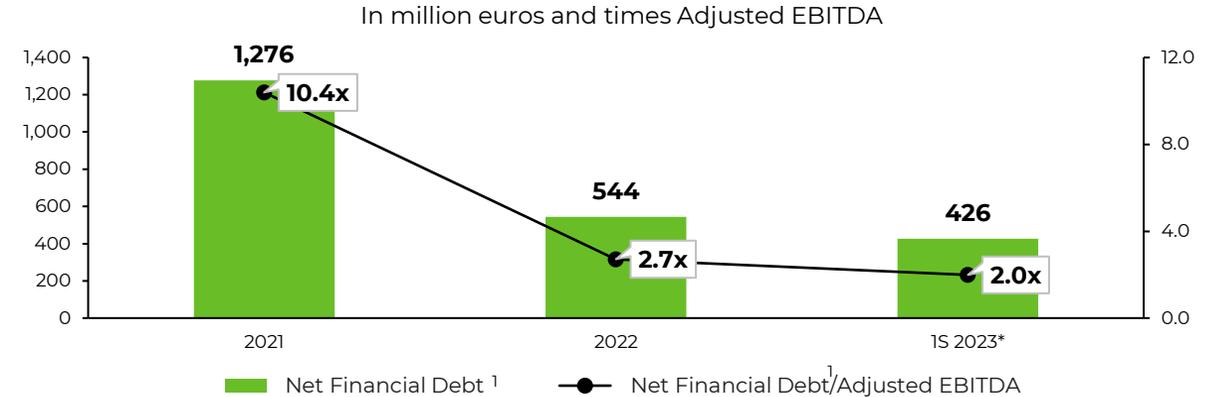
CAPEX by geography



Liquidity and debt 1H 2023

- **Net Debt reduction by 118 million euros** explained by 139 million in debt amortizations coupled with cash generation by the business offsetting capex investment efforts during the period.
- Sustained Group deleveraging (**2,0x Adjusted EBITDA***).
- Gross Debt at 1H 2023 closing **622 million euros**.
- Available liquidity at 1H 2023 closing **375 million euros**.

Evolution of Net Financial Debt¹ and Net Financial Debt¹/Adjusted EBITDA



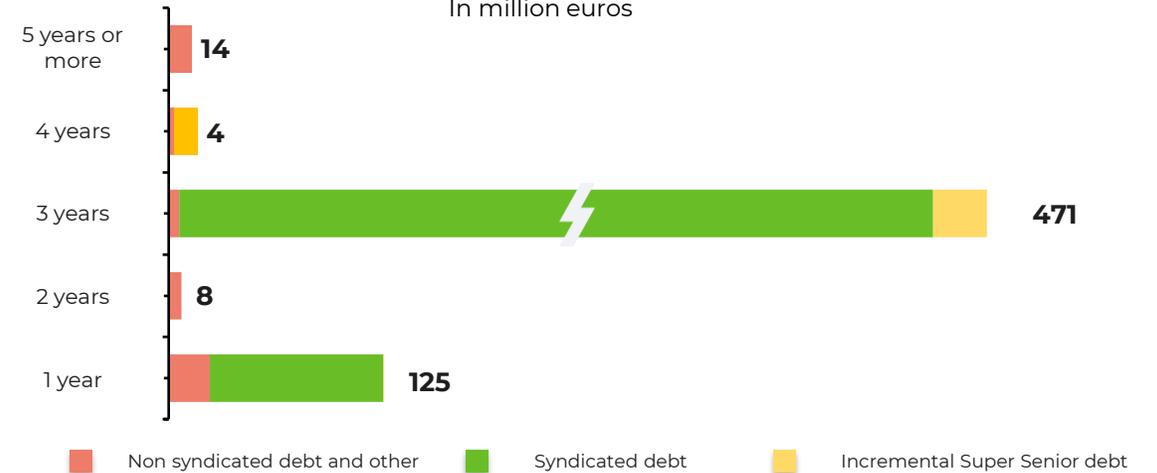
Available Liquidity

In million euros



Gross Debt maturity profiles as of 06/30/2023 (excl. IFRS16)

In million euros



(1) Excluding IFRS 16 effects.

(*) Adjusted EBITDA used to calculate H1 2023 leverage ratio considers last twelve months figures. Figures also include Clarel.

03.

Conclusions



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Conclusions

Operational and business milestones:

- *Completion of the turnaround in Spain and Argentina, beginning of the consolidation towards growth.*
- *Business simplification: focus on proximity food retail (sale of large-format stores to Alcampo in Spain and search for strategic options for the sale of Clarel) and agreement reached for the sale of Dia Portugal to Auchan to focus on our relevant markets.*
- *Customer satisfaction improvement through the evolution of the Group's commercial proposal.*
- *Acceleration of e-commerce and omnichannel in Spain and Argentina.*
- *Launched Dia Group's social cause "Eat better every day" ("Comer mejor cada día").*

Main financial results:

- *Net Sales increased by 4%, reaching 3,602 million euros.*
- *Like-for-Like grew 5.7%, led by Spain with growth of 12.8% (13.3% excluding stores sold to Alcampo and the Clarel operation).*
- *Adjusted EBITDA grew 27% from 51 to 65 million euros, improving profitability by 0.3pp.*
- *Financial leverage improvement reaching a ratio of 2.0x Net Financial Debt¹ / Adjusted EBITDA².*

(1) Excluding IFRS16.

(2) Adjusted EBITDA used to calculate 1H 2023 leverage ratio considers last twelve months figures.

Q&A



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más cerca*





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