



Distribuidora Internacional de Alimentación, S.A. (“**DIA**” or the “**Company**”), in accordance with Articles 228 of the consolidated wording of the Securities Markets Law and 17 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, hereby announces the following

RELEVANT FACT

I. Refinancing agreement

The Company is close to reaching a refinancing agreement of its banking debt until 31 May 2019. This implies, among other terms, the access to new liquidity in an amount of approximately EUR 200 million and the temporary suspension of the measurement of its financial covenants, as well as the future call of a Shareholders Meeting that shall approve a capital increase with pre-emptive subscription rights for an amount of at least EUR 600 million (capital increase referred to in the Relevant Fact dated 12 December with registry number 272404). Likewise, the Company contemplates the sale of the Clarel and *Cash & Carry* (MAX *Descuento*) businesses, which are not part of the core business.

The Company believes that there is an understanding with its banking entities regarding the main terms of the agreement, which is pending final approval by the credit committee of a single entity, and hopes that its signature will materialize shortly.

II. Non-current assets impairment test results

In the quarterly financial public information corresponding to the consolidated results for the third quarter of 2018 (information disclosed on 30 October 2018 together with further clarification by means of a Relevant Fact dated 31 October with registry number 271130), the Company informed that in the context of the new business plan in which it was working, it had implemented the performance of an impairment test over its non-current assets to assess if there might be a need to make a provision for part of them.

According to the analysis carried out on the basis of the abovementioned business plan, the operational assets impairment test results have been as follows (in million euros):

Operational Assets	Net Book Value on 30.09.2018	Estimated amount of impairment
Goodwill	552	47
Tangible fixed assets	1,370	63

Explanations of the above amounts are given below:

- According to International Accounting Standard (IAS) 36 “*Impairment of assets*”, operational assets impairment test corresponding to sections “*Goodwill*” and “*Tangible fixed assets*” has concluded the need to impair an estimated total amount of EUR 76 million (of which EUR 13 million correspond to “*Goodwill*” and EUR 63 million to “*Tangible fixed assets*”), mostly attributable to Spain. Additionally, in the specific case of Clarel, and provided that the business developed by this subsidiary has been classified as held for sale, its impairment test has taken as a reference its estimated fair value minus the selling costs, resulting in an estimated impairment of an additional EUR 34 million in the “*Goodwill*” section.
- No impairment has been estimated for the remaining corporate assets or non-attributed to stores goodwill.



- Since this impairment test has been carried out by reference to operational assets value as of 30 September 2018 and using the most conservative assumptions that will have to be confirmed in the audit process, the Company will calculate the final effect as of 31 December 2018 for its due registration in the annual accounts, by means of a charge to the income statement with which provisions that reduce the net book value of the assets described will be recorded. Such charge does not have any impact in the final period treasury, nor does it cause any detriment to the statement of cash flow generation.

On a different note, as regards “*Deferred tax assets*” section, which mainly corresponds to tax losses to be offset in the Spanish tax group, an analysis has been made to assess its future recoverability in the context of the new business plan, which result leads to the need to make an impairment of EUR 184 million, to make a provision for those tax credits with a recovery period of more than ten years, whether or not the Company continues to be entitled to its compensation for an unlimited period of time.

The provisioning of such amounts shall result in negative net equity at the end of fiscal year 2018; such position will revert, as the case may be, with the strengthening of the Group’s equity capital in the context of the capital increase for an amount of EUR 600 million to which section I above refers to.

III. Restatement of 2017 financial statements

The Company informed in the Relevant Facts from 15 and 22 October 2018 (registry numbers 270492 and 270687, respectively) about certain adjustments that needed to be incorporated to 2017 financial statements. In keeping with its duty of diligence and maximum transparency, the Company decided to extend the review to its foreign operating subsidiaries (Portugal, Brazil and Argentina).

As a consequence to such review, no aspects worthy of note have been identified in the Portugal and Argentina subsidiaries, and it has been identified and considered it necessary to make further significant adjustments to the 2017 consolidated financial statements related to the Brazil subsidiary, which as a whole have a negative impact in an amount of EUR 1.6 million in the 2017 net result and EUR 9.7 million in reserves as of 31 December 2017. In accordance with current accounting regulations, once the process of auditing of the aforementioned amounts has been completed, when the consolidated annual accounts are approved (*formuladas*), the Company will restate 2017 amounts, which will be presented for comparative purposes to reflect the equity effect of the restatement of amounts corresponding to 2017.

The amendments mentioned above, of which information will be provided in the 2018 annual accounts once approved (*formuladas*) and duly audited, are intended to allocate to each financial year the relevant income and expenditure.

IV. 2018 results estimates

The Company confirms that its 2018 full year estimates forecast that the adjusted EBITDA will be in a range of EUR 350 and 400 million, as disclosed in the Relevant Fact from 15 October 2018.

V. Changes in the Board of Directors

The Board of Directors has adopted the following resolutions:

- Appointment of director Mr Borja de la Cierva Álvarez de Sotomayor as new Chief Executive Officer of the Company, as a replacement of Mr Antonio Coto, who has been removed from his position as Chief Executive Officer with effect as of today.

A brief summary of the professional background of Mr de la Cierva and, in particular, of his expertise in the retail sector, is available in DIA’s corporate web (www.diacorporate.com).



- Appointment on an interim basis (*cooptación*) of Mr Jaime García-Legaz Ponce as a member of the Board of Directors of the Company (with the status of Independent Director) to cover the vacancy created by the resignation of Mr Karl-Heinz Holland. The appointment of Mr García-Legaz is subject to compliance with certain administrative requirements derived from his previous status as a senior official (*alto cargo*) of the Administration.
- Appointment on an interim basis (*cooptación*) of Mr Miguel Ángel Iglesias Peinado as a member of the Board of Directors (with the status of Executive Director) to cover the vacancy created by the resignation of Mr Sergio Dias.

A brief summary of the professional background of Mr Iglesias, currently the Gorup's Corporate Secretary, is available in DIA's corporate web (www.diacorporate.com).

Finally, the Board has acknowledged Ms Ana María Llopis resignation to her position as member of the Board on 31 December 2018, as anticipated by means of a Relevant Fact on 15 October 2018 (registry number 270492).

Changes in the composition of the Audit and Compliance Committee

Additionally, the Board of Directors of DIA has adopted the following resolutions:

- As a consequence of his appointment as Chief Executive Officer and, therefore, of his categorization as an executive director, to acknowledge the resignation of Mr Borja de la Cierva as a member of the Audit and Compliance Committee of the Company.
- Appointment of Mr Julián Díaz González (independent director) as member of DIA Audit and Compliance Committee.
- Appointment of Mr Jaime García-Legaz (independent director) as member of DIA Audit and Compliance Committee, subject to compliance with certain administrative requirements derived from his previous status as a senior official (*alto cargo*) of the Administration.

Madrid, 28 December 2018

DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A.

Mr. Miguel Ángel Iglesias Peinado
Vice-Secretary to the Board of Directors