26 July 2018

Revised

DIA

H1/2018

Financial summary

- Gross sales amounted to EUR4.60bn in H1 2018, implying 1.4% growth ex-currency.
- The group's LFL grew by 1.8% in the first half of 2018, 0.4% down in Iberia and 5.0% up in Emerging markets.
- Adjusted EBITDA amounted to EUR225.7m in the first half of 2018, 14.6% down ex-currency.
- Net debt amounted to EUR1,23bn at the end of June 2018, implying a 2.4x leverage ratio.

Strategic and operating highlights

- During the first half of 2018, DIA upgraded 903 stores in Iberia. The new version of proximity stores is delivering exceptional sales and operational results.
- La Plaza is generating the same high same-store sales figures as in the first quarter, with an increase of 25% in sales density over the last two years.
- Online sales grew by 48% to EUR39m in H1 2018, representing 1.4% of gross sales of Spain.
- DIA has decided to discontinue the small cash & carry stores in Spain operated under the "Max Descuento" banner. All company figures included in this document are expressed with "Max Descuento" re-expressed as discontinued unless otherwise stated.
- The strategy review process that was announced at the AGM has progressed very well and will be presented to the market in October.

Business performance (€m)	H1 2017	H1 2018	Change	Change (ex-FX)
Gross sales under banner	5,064	4,600	-9.2%	1.4%
LFL Iberia (1)	0.9%	-0.4%	-	-
LFL Emerging Markets (1) (2)	10.4%	5.0%	-	-
Adjusted EBITDA (3)	279.1	225.7	-19.1%	-14.6%
Net debt	1,020	1,230	20.6%	-
Underlying EPS	0.17€	0.11€	-38.1%	-

IFRS measures (€m)	H1 2017	H1 2018	Change	Change (ex-FX)
Net sales	4,233	3,796	-10.3%	0.0%
Operating income (EBIT)	116.1	54.0	-53.5%	-51.9%
Basic EPS	0.09€	0.01€	-88.7%	-

(1) Ex-calendar, (2) At local currency, (3) Adjusted by other items excluded from adjusted EBIT.

Comments by CEO Ricardo Currás

"The first six months of 2018 turned out to be the toughest period for the group since its listing. Iberian Like-for-Like sales were weaker than expected and margins were impacted by the termination of purchasing alliances.

We have almost completed our ambitious remodelling plan for the year, with more than 900 stores already upgraded in Iberia with good results. We are starting to observe the impact of these transformations in the very positive sales trend in July and we expect to sustain this positive pattern in the second half of the year, when we also plan to open new DIA, La Plaza and Clarel stores.

Argentina experienced big currency depreciation in Q2 2018. In this environment, our business is getting stronger by the day, gaining market share and growing operational profit.

In Brazil, the good sales performance seen since March continued until the transport strike massively impacted our operations. DIA's lean supply chain and geographical concentration was hit hard, with very high out of stocks in May and June, leading to a significant negative impact on sales and profitability in the quarter. Since July, business has returned to normal.

The new strategy plan that was announced at the AGM is being completed and will be presented to the market in October"

Like-for-like summary 2018

	Q1 2018	Q2 2018	H1 2018
Like-for-like			
Iberia	-1.0%	0.3%	-0.3%
Emerging markets	4.0%	6.3%	5.1%
TOTAL DIA	**1.2%**	**2.7%**	**1.9%**
Calendar effect			
Iberia	-1.0%	1.3%	0.1%
Emerging markets	-0.2%	0.4%	0.1%
TOTAL DIA	**-0.7%**	**1.0%**	**0.1%**
Like-for-like (ex-calendar)			
Iberia	**0.0%**	**-1.0%**	**-0.4%**
Emerging markets	**4.2%**	**5.9%**	**5.0%**
TOTAL DIA	**1.9%**	**1.7%**	**1.8%**

Sales Performance

Group

In H1 2018, gross sales under banner decreased by 9.2% in Euros to EUR4.60bn, with a very significant 10.6% negative impact from currencies. In local currency, gross sales increased by 1.4%.

In Q2 2018, gross sales under banner went down by 9.0% to EUR2.36bn, with an 11.5% negative currency effect. In local currency, gross sales grew by 2.5%.

Ex-calendar comparable sales growth amounted to 1.8% in H1 2018, with a 1.7% rise in Q2 2018.

Iberia

H1 2018 gross sales under banner declined by 3.0% to EUR3.08bn, with comparable sales of -0.4% and 0.1% calendar. Sales contribution from space was -2.7%, very much in line with the 2.1% decline in store selling area.

In Spain, the 2.9% decline in sales was pretty much in line with the 2.7% reduction in store selling area, but it was also impacted by the temporary closings of remodellings, a total of 860 in the first half of 2018.

In Portugal, the 3.3% sales decrease was due to the negative LFL sales growth related to the challenging market and weather conditions during the period.

In Q2 2018, gross sales amounted to EUR1.61bn, down by 1.7%. This decline was due to space reduction in Spain but also due to the 1.0% decline in "ex-calendar" LFL in the period.

During Q2 2018, DIA continued to make progress in its network, with the upgrade of 423 stores, accumulating 903 remodellings year-to-date, of which 463 corresponded to modular improvement and 440 to full refurbishments. Although this volume of upgrades is slightly higher than the initially expected milestone of remodellings for mid-year (880), the company is not changing the total number expected for the full year 2018 (1,090).

Emerging Markets

In H1 2018, gross sales under banner grew by 8.9% in local currency, but declined by 19.6% in Euros to EUR1.52bn, reflecting a 28.5% negative effect from FX during the period.

Q2 2018 gross sales in Euros decreased by 21.4% to EUR0.75bn after a 31.2% negative impact from currencies, which reflects a 9.8% increase in sales in local currency during the period.

In H1 2018, comparable sales ex-calendar amounted to 5.0%, while in the second quarter they amounted to 5.9%.

Brazilian gross sales declined by 3.4% in local currency in the first half of 2018, with the Q2 2018 sales decline improving (a -2.5% decline vs. -4.3% in Q1 2018) despite the negative impact of transport strikes in the second quarter. Sales contribution from new space was still small in H1 2018, while food inflation remains in negative territory.

In Argentina, gross sales in local currency rose by 22.9% in the first half of the year, with 23.5% growth in Q2 2018. Comparable sales growth was fuelled by food inflation in the second quarter, while contribution from new space was kept in mid-single digit territory.

Gross Sales Under Banner

(€m)	H1 2017	%	H1 2018	%	Change	FX effect	Change (ex-FX)
Spain	2,770.4	54.7%	2,689.6	58.5%	-2.9%	0.0%	-2.9%
Portugal	408.7	8.1%	395.2	8.6%	-3.3%	0.0%	-3.3%
IBERIA	**3,179.1**	**62.8%**	**3,084.8**	**67.1%**	**-3.0%**	**0.0%**	**-3.0%**
Argentina	880.3	17.4%	710.4	15.4%	-19.3%	-42.2%	22.9%
Brazil	1,004.5	19.8%	805.2	17.5%	-19.8%	-16.4%	-3.4%
EMERGING MARKETS	**1,884.8**	**37.2%**	**1,515.6**	**32.9%**	**-19.6%**	**-28.5%**	**8.9%**
TOTAL DIA	**5,063.9**	**100.0%**	**4,600.4**	**100.0%**	**-9.2%**	**-10.6%**	**1.4%**

Net Sales

(€m)	H1 2017	%	H1 2018	%	Change	FX effect	Change (ex-FX)
Spain	2,336.1	55.2%	2,231.6	58.8%	-4.5%	0.0%	-4.5%
Portugal	326.4	7.7%	310.3	8.2%	-4.9%	0.0%	-4.9%
IBERIA	**2,662.5**	**62.9%**	**2,542.0**	**67.0%**	**-4.5%**	**0.0%**	**-4.5%**
Argentina	701.3	16.6%	563.2	14.8%	-19.7%	-42.3%	22.6%
Brazil	868.8	20.5%	690.8	18.2%	-20.5%	-16.2%	-4.3%
EMERGING MARKETS	**1,570.2**	**37.1%**	**1,253.9**	**33.0%**	**-20.1%**	**-27.8%**	**7.7%**
TOTAL DIA	**4,232.6**	**100.0%**	**3,795.9**	**100.0%**	**-10.3%**	**-10.3%**	**0.0%**

Second Quarter 2018 Results

Net sales

In Q2 2017, net sales amounted to EUR1.94bn, down by 10.2%, but 1.0% up in local currency. The blended currency effect was particularly strong in the quarter (-11.2%), due to the 37.5% depreciation for the Argentinean Peso and 17.6% in the case of the Brazilian Real.

Operating Results

In Q2 2018, adjusted EBITDA decreased by 25.3% in Euros to EUR115.7m, which corresponds to a 20.5% decline ex-currency. This fall is namely due to Iberia, given the worse gross margin conditions related to the termination of the procurement JV with Eroski in Spain. While the transport strike in Brazil also had some impact on operating margins, it is also important to highlight the very challenging comparison base of Q2 2017, when the company achieved exceptionally good margins from the operations both in Iberia and Emerging Markets.

In Q2 2018, depreciation declined by 5.5% to EUR54.2m (a 2.2% increase ex-currency). Given this depreciation, adjusted EBIT decreased by 37.0% to EUR61.5m (-33.9% ex-currency).

Other items excluded from the calculation of the adjusted EBIT were almost unchanged in Euros with a 0.9% increase, although they were up by 8.1% ex-currency due to all the exceptional costs held in Brazil during the strike period. Other cash items increased by EUR8m to EUR28.8m mainly due to the very busy remodelling agenda in Iberia. Expenses related to the LTIP reflected a EUR0.8m positive figure in the standalone quarter, while other non-cash items decreased by 26% to EUR7.9m.

With this currency scenario and cost items, EBIT fell by 58.7% to EUR25.6m in the second quarter of 2018, 58.0% down ex-currency.

Profits

Consolidated profit amounted to EUR7.2m in the second quarter of 2018, while underlying net profit fell by 44.3% in Euros to EUR37.2m, 50% down ex-currency.

The effective tax rate in the second quarter was 26.5% while the net loss from discontinued operations (corresponding to DIA China and "Max Descuento" in Spain) amounted to EUR5.6m in the period.

Q2 2018 Results Summary

(€m)	Q2 2017	%	Q2 2018	%	Change	FX effect	Change (ex-FX)
Net sales	**2,159.6**	**100.0%**	**1,939.9**	**100.0%**	**-10.2%**	**-11.2%**	**1.0%**
Adjusted EBITDA [(1)]	**154.9**	**7.2%**	**115.7**	**6.0%**	**-25.3%**	**-4.8%**	**-20.5%**
D&A	(57.4)	-2.7%	(54.2)	-2.8%	-5.5%	-7.7%	2.2%
Adjusted EBIT [(1)]	**97.6**	**4.5%**	**61.5**	**3.2%**	**-37.0%**	**-3.1%**	**-33.9%**
Other items excluded from adj. EBIT	(35.6)	-1.6%	(35.9)	-1.8%	0.9%	-7.2%	8.1%
Other cash items	(20.8)	-1.0%	(28.8)	-1.5%			
Long-Term Incentive Plans	(4.0)	-0.2%	0.8	0.0%			
Other non-cash items	(10.7)	-0.5%	(7.9)	-0.4%			
EBIT	**62.0**	**2.9%**	**25.6**	**1.3%**	**-58.7%**	**-0.7%**	**-58.0%**
Consolidated profit	38.0	1.8%	7.2	0.4%	-81.2%	16.8%	-98.0%
Underlying net profit	**66.9**	**3.1%**	**37.2**	**1.9%**	**-44.3%**	**5.7%**	**-50.0%**

(1) Adjusted by other items excluded from adjusted EBIT

First Half 2018 Results

Sales

In the first half of 2018, net sales decreased by 10.3% in Euros to EUR3.80bn, but were flat in local currency. This sales performance reflected a 10.3% negative effect from currencies in the period, due to the 34.1% depreciation of the Argentinean Peso and 16.8% for the Brazilian Real during the period.

Operating Results

Gross profit amounted to EUR877m in the period, reflecting a 37bps decline in the gross margin to 23.1%, amid worse commercial conditions in Iberia and a growing contribution of the franchised activity.

Although total operating expenses were reduced by 8.8% in the period, adjusted EBITDA decreased by 19.1% in Euros to EUR225.7m, down by 14.6% ex-currency. The decline in adjusted EBITDA was reflected in a 65bps erosion of the adjusted EBITDA margin to 5.9%, namely due to the tough commercial conditions and the impact of the transport strike in Brazil.

Depreciation and amortization fell by 3.1% to EUR111.3m, but increased by 4.0% ex-currency due to the higher volume of Capex devoted to Emerging Markets in recent years.

Adjusted EBIT fell by 30.3% in Euros to EUR114.4m, with a 27.7% decrease at constant currency. With regards to other items excluded from the calculation of adjusted EBIT, they increased by 25.6% in the first half of 2018 to EUR60.4m. This expansion in other items was namely due to the EUR15.6m additional cash costs in the period related to the store remodelling completed in Spain in the first half of the year. Accrued expenses related to the Long-Term Incentive Plans were almost negligible at EUR0.1m, while non-cash items declined by 13% in the period to EUR14m. On the back of these figures, EBIT fell by 53.5% to EUR54.0m, 51.9% down ex-currency.

In the first half of 2018, the group's net financial expenses went up by 17.1% in Euros to EUR35.3m, entirely due to Emerging Markets and particularly Argentina, where funding costs increased by almost 8p.p. versus the same period last year.

Profits

Income tax amounted to EUR5.2m, 75% down versus the same period last year. The company's blended effective tax rate was 27.1% in the first half of the year, pretty much in line with the 28% to 30% range expected for the fiscal year 2018.

Consolidated profit declined by 78.5% to EUR13.9m. Net attributable profit fell by 88.8% to EUR6.0m. Adjusted by all the other costs and revenue items, DIA's underlying net profit amounted to EUR66.1m in the first half of 2018, 38.2% down in Euros and 44.0% lower ex-currency.

H1 2018 Results

(€m)	H1 2017	%	H1 2018	%	Change	FX effect	Change (ex-FX)
Net sales	**4,232.6**	**100%**	**3,795.9**	**100%**	**-10.3%**	**-10.3%**	**0.0%**
Cost of goods sold & other income	(3,239.4)	-76.5%	(2,919.0)	-76.9%	-9.9%	-11.2%	1.3%
Gross profit	**993.3**	**23.5%**	**876.9**	**23.1%**	**-11.7%**	**-7.6%**	**-4.1%**
Labour costs	(391.0)	-9.2%	(350.6)	-9.2%	-10.3%	-7.6%	-2.7%
Other operating expenses	(168.2)	-4.0%	(155.7)	-4.1%	-7.4%	-14.2%	6.8%
Leased property expenses	(155.0)	-3.7%	(144.9)	-3.8%	-6.5%	-6.2%	-0.3%
Total OPEX	*(714.2)*	*-16.9%*	*(651.2)*	*-17.2%*	*-8.8%*	*-8.9%*	*0.1%*
Adjusted EBITDA (1)	**279.1**	**6.6%**	**225.7**	**5.9%**	**-19.1%**	**-4.5%**	**-14.6%**
D&A	(114.9)	-2.7%	(111.3)	-2.9%	-3.1%	-7.1%	4.0%
Adjusted EBIT (1)	**164.2**	**3.9%**	**114.4**	**3.0%**	**-30.3%**	**-2.6%**	**-27.7%**
Other items excluded from adj. EBIT	(48.1)	-1.1%	(60.4)	-1.6%	25.6%	-5.4%	31.0%
Other cash items	(30.6)	-0.7%	(46.2)	-1.2%	50.9%		
Long-Term Incentive Plans	(1.3)	-0.0%	(0.1)	-0.0%	-88.7%		
Other non-cash items	(16.1)	-0.4%	(14.0)	-0.4%	-13.2%		
EBIT	**116.1**	**2.7%**	**54.0**	**1.4%**	**-53.5%**	**-1.6%**	**-51.9%**
Net financial results & associates	(30.6)	-0.7%	(34.9)	-0.9%	14.1%	-41.9%	56.0%
EBT	**85.6**	**2.0%**	**19.1**	**0.5%**	**-77.7%**	**11.6%**	**-89.3%**
Income taxes	(20.7)	-0.5%	(5.2)	-0.1%	-75.0%	3.8%	-78.8%
Consolidated profit	**64.8**	**1.5%**	**13.9**	**0.4%**	**-78.5%**	**14.1%**	**-92.6%**
Minorities & discontinuing op.	(10.9)	-0.3%	(8.2)	-0.2%			
Net attributable profit	**54.0**	**1.3%**	**6.0**	**0.2%**	**-88.8%**	**17.1%**	**-105.9%**
Underlying net profit	**106.9**	**2.5%**	**66.1**	**1.7%**	**-38.2%**	**5.8%**	**-44.0%**

(1) Adjusted by other items excluded from adjusted EBIT

Review by segment

Iberia

Net sales decreased by 3.3% in the second quarter of 2018 to EUR1.32bn, while in H1 2018 they fell by 4.5% to EUR2.54bn. This negative sales performance is due to the closure of some underperforming El Arbol and Dia stores in Spain, which is still reflected in a 2.7% decline in selling area. In addition, the store upgrading activity throughout the period (with a material impact on sales due to store closures on certain days) was very intense in the first half of 2018, with 903 stores upgraded, more than three times the comparable number completed in H1 2017. As for selling area, total space in Iberia at the end of June 2018 was already slightly higher than in December 2017, which confirms that commercial space will have a less negative contribution to sales in the second half of the year.

Moving to banners, La Plaza continues to post a solid performance, with an increase in sales density of more than 25% over the last two years. Clarel improved its sales performance in the second quarter, and Dia registered the worst relative performance, particularly in Portugal.

Adjusted EBITDA declined by 22.7% in Q2 2018 to EUR95.3m, with a total of EUR186.4m generated in the first half of 2018. These figures were reflected in adjusted EBITDA margin declines of 181 bps and 112 bps in Q2 2018 and H1 2018 respectively. The decrease in adjusted EBITDA during both periods is due to the worse commercial business scenario in Spain (cancellation of the agreement with Eroski and some regulatory changes).

D&A decreased by 2.5% in Q2 2018 (to EUR40.9m) and by 0.3% in H1 2018 (to EUR83.6m), marking a continuation of the negative performance seen since the end of 2015.

Adjusted EBIT fell by 33.2% in Q2 2018 to EUR54.4m, reflecting a 184 bps decrease in margin over net sales to 4.1%. In H1 2018, adjusted EBIT fell by 27.2% to EUR102.8m, reflecting a margin erosion of 126 bps to 4.0%.

(€m)	Q2 2017	Q2 2018	Change
Net sales	**1,366.4**	**1,321.3**	**-3.3%**
Adjusted EBITDA (1)	**123.3**	**95.3**	**-22.7%**
Adjusted EBITDA margin	9.0%	7.2%	-181 bps
D&A	-41.9	-40.9	-2.5%
Adjusted EBIT (1)	**81.4**	**54.4**	**-33.2%**
Adjusted EBIT margin	6.0%	4.1%	-184 bps
(€m)	H1 2017	H1 2018	Change
Net sales	**2,662.5**	**2,542.0**	**-4.5%**
Adjusted EBITDA (1)	**225.1**	**186.4**	**-17.2%**
Adjusted EBITDA margin	8.5%	7.3%	-112 bps
D&A	-83.8	-83.6	-0.3%
Adjusted EBIT (1)	**141.3**	**102.8**	**-27.2%**
Adjusted EBIT margin	5.3%	4.0%	-126 bps

(1) Adjusted by other items excluded from adjusted EBIT

Emerging Markets

In Q2 2018, net sales in Emerging Markets rose by 8.5% in local currency, but declined by 22% in Euros to EUR0.62bn, reflecting a negative 30.5% effect from currencies in the standalone quarter. In the first half of 2018, net sales increased by 7.7% in local currency, but went down by 20.1% in Euros to EUR1.25bn, with a 27.8% negative impact from the Argentinean Peso and the Brazilian Real.

In the second quarter of 2018, adjusted EBITDA declined both in Euros (-35.4%) and ex-currency terms (-12.0%). The demanding comparison base of 2017 together with the business disruption amid the transport strike in Brazil was behind the weak progress of the adjusted EBITDA margin, which declined by 69 bps in Q2 2018 to 3.3% and by 30 bps in the first half to 3.1%.

In Euros, D&A declined by 13.5% in Q2 2018 and by 10.7% in H1 2018, but ex-currency it grew by 14.8% in Q2 2018 and by 15.5% in H1 2018. These growing amounts of D&A in Emerging Markets are entirely related to the higher volume of capital allocated in these markets in recent years.

In Q2 2018, adjusted EBIT declined by 56.4% in Euros and by 37.6% ex-currency, reflecting a 90 bps decline in margin to 1.1%. In the first half of the year, adjusted EBIT went down by 49.7% in Euros to EUR11.5m, a 30.4% decrease ex-currency. The adjusted EBIT margin of H1 2018 fell by 54 bps to 0.9%.

The first half of 2018 was a particularly difficult period in Brazil, with a weak start to the year, very tough negotiations with local suppliers, persistent food deflation, weak consumer confidence, and a transport strike that disrupted the normal operations of our smaller-than-average stores for almost four consecutive weeks.

(€m)	Q2 2017	Q2 2018	Change	Change (ex-FX)
Net sales	**793.2**	**618.6**	**-22.0%**	**8.5%**
Adjusted EBITDA (1)	**31.7**	**20.4**	**-35.4%**	**-12.0%**
Adjusted EBITDA margin	4.0%	3.3%	-69 bps	
D&A	-15.4	-13.4	-13.5%	14.8%
Adjusted EBIT (1)	**16.2**	**7.1**	**-56.4%**	**-37.6%**
Adjusted EBIT margin	2.0%	1.1%	-90 bps	
(€m)	H1 2017	H1 2018	Change	Change (ex-FX)
Net sales	**1,570.2**	**1,253.9**	**-20.1%**	**7.7%**
Adjusted EBITDA (1)	**54.0**	**39.3**	**-27.2%**	**-4.0%**
Adjusted EBITDA margin	3.4%	3.1%	-30 bps	
D&A	-31.1	-27.8	-10.7%	15.5%
Adjusted EBIT (1)	**22.9**	**11.5**	**-49.7%**	**-30.4%**
Adjusted EBIT margin	1.5%	0.9%	-54 bps	

(1) Adjusted by other items excluded from adjusted EBIT

Trade Working Capital, Capex, and Net Debt

Trade Working Capital

DIA's negative value of trade working capital declined by 13.1% to EUR646m, down by 6.3% ex-currency. This decrease is entirely attributable to Emerging Markets.

The value of inventories declined by 15.2% in H1 2018, EUR98.4m down to EUR549.4m. This significant reduction in stock was attributable to the implementation of a range of initiatives in all the DIA countries to reduce inventories without having a negative impact on out-of-stock ratios. Currency depreciation also had a 12.9% impact, as the value of inventories declined by 2.3% ex-currency.

Trade and other receivables decreased by 6.7% in the first half of 2018, up by 4.2% ex-currency.

The value of trade and other payables decreased by 13.2% to EUR1.37bn, down by 3.4% at constant currency, due to declining sales volumes during the period.

Non-recourse factoring from receivables from our suppliers amounted to EUR100.0m by the end of June 2018, compared with EUR101.6m at the end of the same period last year.

(€m)	30 June 2017 [2]	30 June 2018	Change	Change (ex-FX)
Inventories (A)	647.8	549.4	-15.2%	-2.3%
Trade & other receivables (B)	187.4	174.9	-6.7%	4.2%
Trade & other payables (C)	1,578.3	1,370.1	-13.2%	-3.4%
Trade Working Capital [1]	**-743.1**	**-645.9**	**-13.1%**	**-6.3%**

(1) Trade working capital defined as (A+B-C).
(2) Figures adjusted by the discontinuation of DIA China.

Capex

DIA invested EUR192.8m in the first half of 2018, 33.6% more than in the same period last year in Euros. Excluding the currency effect, Capex would have risen by 43.6%.

This higher value of investment was due to the very dynamic remodelling activity in Spain, which was concentrated in the first half of the year, as announced in the FY 2017 results presentation. This upgrade plan explains most of the 70% increase in Capex in Iberia during the period. Investment in openings was also slightly higher than last year, but compared with a very small H1 2017 base. Total Capex was flat in Portugal in the period and almost doubled in Spain.

In Emerging Markets, investment declined by 24.3% in Euros to EUR42.3m but increased by 1.7% ex-currency, namely due to the new openings carried out in Argentina during the period.

(€m)	H1 2017	%	H1 2018	%	Change	Change (ex-FX)
Iberia	88.6	61.3%	150.6	78.1%	70.0%	70.0%
Emerging markets	55.8	38.7%	42.3	21.9%	-24.3%	1.7%
TOTAL Capex	**144.4**	**100.0%**	**192.8**	**100.0%**	**33.6%**	**43.6%**

Net Debt

Net debt at the end of June 2018 amounted to EUR1,230m, EUR210m higher than in the same period last year.

Growth in net debt during the period was due to the weak sales performance, declining operating margins, and higher investment volumes. In the first half of 2018, DIA obtained proceeds of EUR43m from asset disposals related to a group of stores divested during the period.

With this net debt amount, the leverage ratio was set at 2.4x. Adjusted by net debt seasonality related to the company's business cycle, the current leverage is consistent with the corporate investment grade rate. In this regard, on 26 March 2018 S&P reiterated its BBB- corporate credit rating on DIA, and on 14 June Moody's confirmed its Baa3 corporate credit rating on DIA.
In both cases, the neutral outlook on the current corporate credit rating was unchanged.

Preliminary approaches to IFRS 16 implementation point out under 3x lease adjustment.

(€m)	30 June 2017	31 Dec 2017	30 June 2018
Net debt / Adjusted EBITDA LTM	1.6x	1.6x	2.4x
Net debt	**1,019.9**	**891.3**	**1,230.3**

Balance Sheet

(€m)	30 June 2017	30 June 2018	Change
Non-current assets	2,447.4	2,335.4	-4.6%
Inventories	647.8	549.4	-15.2%
Trade & Other receivables	345.5	174.9	-49.4%
Other current assets	99.6	87.5	-12.2%
Cash & Cash equivalents	204.7	172.8	-15.6%
Non-current assets held for sale	41.8	60.7	45.4%
TOTAL ASSETS	**3,786.8**	**3,380.7**	**-10.7%**
Total equity	294.9	190.6	-35.3%
Long-term debt	942.7	1,050.4	11.4%
Short-term debt	281.9	352.7	25.2%
Trade & Other payables	1,736.4	1,370.1	-21.1%
Provisions & Other current liabilities	471.7	362.1	-23.2%
Liabilities associated with assets held for sale	59.2	54.6	-7.7%
TOTAL EQUITY & LIABILITIES	**3,786.8**	**3,380.7**	**-10.7%**

Cash Flow Statement

(€m)	H1 2017	H1 2018
Adjusted EBITDA	279.1	225.7
Taxes paid	-4.5	-12.8
Net change in trade working capital	-249.0	-273.5
Other payables & receivables	-47.7	-119.3
(A) CASH FLOW FROM CONTINUOUS OPERATIONS	**-22.2**	**-179.9**
Financial investments/divestments	20.0	-26.8
Divestment of assets	5.7	43.0
Capital expenditure	-144.4	-192.8
(B) CASH FLOW FROM INVESTING ACTIVITIES	**-118.6**	**-176.7**
(A+B) OPERATING FREE CASH FLOW	**-140.8**	**-356.6**
Equity issued	0.0	0.0
Financial results	-30.2	-35.3
Dividends	0.0	0.0
Shares buy-back	-5.7	0.0
Change in FX and other	35.1	52.9
(C) CASH FLOW FROM FINANCIAL ACTIVITIES	**-0.8**	**17.5**
Net debt at the beginning of the period	878.3	891.3
(A+B+C) CHANGE IN NET DEBT	**-141.6**	**-339.0**
Net debt at the end of the period	**1,019.9**	**1,230.3**

(1) Adjusted by other items excluded from adjusted EBIT

Store Count

At the end of June 2018, DIA operated a total of 7,409 stores, 28 more than in the same period last year, once adjusted by the discontinued operations of 'Max Descuento' in Spain (35 stores in June 2018 and 34 in June 2017).

In Iberia, the number of stores fell by 114 in the last twelve months to 5,318. This decline is due to the gross closure of 259 stores during this period (namely at the end of 2017), of which 190 Dia, 26 supermarkets, and 43 Clarel stores. In Spain, the number of stores declined by 134 in the last twelve months (with a net decline in the net number of stores in all the formats operated in the country). In the case of Portugal, it grew by 20 stores in the same period (17 DIA and 3 Clarel stores). Franchised Dia stores represented 57.3% of total stores at the end of June 2018 (vs. 56.6% in the same period last year) while in the case of Clarel a total of 169 stores were operated by franchisees (13.3% vs. 9.9% at the end of June 2017).

DIA converted 423 stores into the new versions in Iberia in Q2 2018, reaching a total of 903 transformations in the first half of 2018, of which 440 corresponding to full remodellings and 463 to modular ones. This figure more than triples the number of upgrades completed in H1 2017, which amounted to 291. This hectic remodelling process had a temporary impact on sales volumes, as the stores were closed for several weeks while they were being converted into the new proximity formats.

In Emerging Markets, DIA operated 2,091 stores at the end of June 2018, 142 more than in the same period last year. With 37 net openings in Q2 2018, the company has started to accelerate the expansion, accumulating 142 net openings in the last twelve months, of which 67 in Argentina and 75 in Brazil.

The number of franchised Dia stores in emerging markets increased by 98 in the last twelve months to 1,162, representing 60.3% of the total. Including the Cada Dia and Mais Perto stores in the region (also operated under the FOFO model), the total number of franchised stores is 1,327, representing 63.5% of the total.

By the end of June 2018, DIA operated a total of 7,409 stores, of which 3,777 franchised and 3,632 fully integrated.

Number of Stores

IBERIA	30 June 2017 COCO	Franchise	TOTAL	%	30 June 2018 COCO	Franchise	TOTAL	%	Change
Dia Market	903	1,941	2,844	52.4%	854	1,885	2,739	51.5%	-105
Dia Maxi	663	104	767	14.1%	645	130	775	14.6%	8
Total Dia stores	1,566	2,045	3,611	66.5%	1,499	2,015	3,514	66.1%	-97
% of DIA banner stores	43.4%	56.6%			42.7%	57.3%			
La Plaza	299	0	299	5.5%	272	0	272	5.1%	-27
Clarel	1,144	125	1,269	23.4%	1,097	169	1,266	23.8%	-3
% of Clarel stores	90.1%	9.9%			86.7%	13.3%			
Total stores	**3,009**	**2,170**	**5,179**	**95.3%**	**2,868**	**2,184**	**5,052**	**95.0%**	**-127**
Cada Dia / Mais Perto	0	253	253	4.7%	0	266	266	5.0%	13
Total IBERIA stores	**3,009**	**2,423**	**5,432**	**100%**	**2,868**	**2,450**	**5,318**	**100%**	**-114**

EMERGING MARKETS	COCO	Franchise	TOTAL	%	COCO	Franchise	TOTAL	%	Change
Dia Market	408	1,014	1,422	73.0%	411	1,106	1,517	72.5%	95
Dia Maxi	312	50	362	18.6%	353	56	409	19.6%	47
Total Dia stores	**720**	**1,064**	**1,784**	**91.5%**	**764**	**1,162**	**1,926**	**92.1%**	**142**
% of DIA banner stores	40.4%	59.6%			39.7%	60.3%		0.0%	
Cada Dia / Mais Perto	0	165	165	8.5%	0	165	165	7.9%	0
Total EMERGING stores	**720**	**1,229**	**1,949**	**100%**	**764**	**1,327**	**2,091**	**100%**	**142**

DIA GROUP	COCO	Franchise	TOTAL	%	COCO	Franchise	TOTAL	%	Change
Dia Market	1,311	2,955	4,266	57.8%	1,265	2,991	4,256	57.4%	-10
Dia Maxi	975	154	1,129	15.3%	998	186	1,184	16.0%	55
Total Dia stores	2,286	3,109	5,395	73.1%	2,263	3,177	5,440	73.4%	45
% of DIA banner stores	42.4%	57.6%			41.6%	58.4%			
La Plaza	299	0	299	4.1%	272	0	272	3.7%	-27
Clarel	1,144	125	1,269	17.2%	1,097	169	1,266	17.1%	-3
Total stores	**3,729**	**3,234**	**6,963**	**94.3%**	**3,632**	**3,346**	**6,978**	**94.2%**	**15**
Cada Dia / Mais Perto	0	418	418	5.7%	0	431	431	5.8%	13
Total DIA GROUP stores	**3,729**	**3,652**	**7,381**	**100%**	**3,632**	**3,777**	**7,409**	**100%**	**28**

Stores by country and operational model as of 30 June 2018

	30 June 2017			30 June 2018			
(# stores)	COCO	Franchise	Total	COCO	Franchise	Total	Change
Spain	2,658	2,160	4,818	2,561	2,123	4,684	-134
Portugal	351	263	614	307	327	634	20
IBERIA	**3,009**	**2,423**	**5,432**	**2,868**	**2,450**	**5,318**	**-114**
Dia	1,566	2,298	3,864	1,499	2,281	3,780	-84
Clarel	1,144	125	1,269	1,097	169	1,266	-3
La Plaza	299	0	299	272	0	272	-27
Argentina	299	586	885	302	650	952	67
Brazil	421	643	1,064	462	677	1,139	75
EMERGING MARKETS	**720**	**1,229**	**1,949**	**764**	**1,327**	**2,091**	**142**
TOTAL DIA	**3,729**	**3,652**	**7,381**	**3,632**	**3,777**	**7,409**	**28**

Events Following the Close of the Period

- On 17 July, in accordance with the resolution passed by the Annual General Shareholders' Meeting held on 20 April 2018, the Company paid out a gross dividend, with a charge to the Company's results in fiscal year 2017 and voluntary reserves, of EUR0.18 per share.

- On 23 July, DIA paid EUR4.6m to bondholders in the coupon related to the Euro note issued in July 2014.

Events and Corporate Calendar

Event	Date	Location	Status
Iberian conference	6-7 September 2018	Cascais	Confirmed
Iberian day	11 September 2018	London	Confirmed
Autumn Conference	12 September 2018	Paris	Confirmed
Strategic Plan presentation	October 2018	-	Tentative
9M 2018 results	**30 October 2018**	**-**	**Confirmed**
Non-deal roadshow	26-28 November 2018	USA	Tentative
Consumer conference	29 November 2018	San Francisco	Tentative
Consumer conference	27-28 November 2018	Paris	Tentative
Consumer Conference	5 December 2018	London	Tentative
Consumer Conference	10 December 2018	London	Tentative

Change in Currency Rates

Period	€ / Argentinean Peso	€ / Brazilian Real
Q1 2017 average	0.0599	0.2987
Q1 2018 average	0.0414	0.2507
Q1 2018 change (1)	**-30.9%**	**-16.1%**
Q2 2017 average	0.0578	0.2828
Q2 2018 average	0.0361	0.2329
Q2 2018 change (1)	**-37.5%**	**-17.6%**
H1 2017 average	0.0589	0.2907
H1 2018 average	0.0388	0.2418
H1 2018 change (1)	**-34.1%**	**-16.8%**

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

Definition of APMs

In the preparation of the financial information that is reported internally and externally, the Directors of DIA have adopted a series of Alternative Performance Measures (APMs) in order to gain a better understanding of the business performance. These APMs have been chosen according to the company's activity profile and taking into account the information of business performance commonly published by other international peers. Nevertheless, these APMs may or may not be totally comparable with those of other companies in the same industry. In all cases, APMs should be considered as data that are not intended to replace (or be superior to) IFRS measurements.

PURPOSE

The purpose of these APMs is to assist in the understanding of the business performance by providing additional useful information about the underlying performance of the activity and financial position of the company.

APMs are also used to enhance the comparability of information between reporting periods and geographical units by adjusting for other cost and revenue items or uncontrollable factors that affect IFRS measures. APMs are therefore used by Directors and management for performance analysis, planning, reporting, and incentive-setting purposes.

CHANGES TO APMs

During the period, the company has changed the wording of some APMs to adopt the recommendations of the ESMA (European Securities and Markets Authorities). Accordingly, the former expression "Non-recurring items" has been rephrased to "Other items excluded from adjusted EBIT". In accordance with this change, the old expressions "Non-recurring cash items" and "Non-recurring non-cash items" have been also adapted to the new wording "Other cash items" and "Other non-cash items" respectively.

In 2017, the calculation of "Other cash-items" includes gains on the disposal of non-current assets due to the accounting of this item as "Other income" in the consolidated P&L accounts. This modification, introduced in full compliance with IFRS, better reflects the cash impact of "Other items excluded from adjusted EBIT".

- Gross sales under banner: Total turnover value obtained in stores, including indirect taxes (sales receipt value) in all the company's stores, both owned and franchised.

NET SALES TO GROSS SALES UNDER BANNER RECONCILIATION

(€m)	H1 2017	H1 2018	Change
Net sales	4,232.6	3,795.9	-10.3%
VAT and other	831.3	804.5	-3.2%
GROSS SALES UNDER BANNER	**5,063.9**	**4,600.4**	**-9.2%**

- LFL sales growth under banner: Growth rate of gross sales under banner at constant currency of the stores that have been operating for more than thirteen months under the same business conditions.

- Other items excluded from adjusted EBIT: Volume of costs and revenues the company isolates in the management accounts to gain a better understanding of the underlying performance of the core business during the period. Items usually excluded from adjusted EBIT are classified between "Other cash items" (Expenses relating to acquisitions, expenses for restructuring and efficiency projects, expenses relate to the transfer of own stores to franchises, and gains on disposal of assets), "Expenses related to share-based payments transactions" and "Other non-cash items" (Losses on write-down of fixed assets, impairment of fixed assets and amortization related to the closing of stores).

OTHER ITEMS EXCLUDED FROM ADJUSTED EBIT

(€m)	H1 2017	H1 2018	Change
Other cash items	-30.6	-46.2	50.9%
Expenses relating to acquisitions	(7.2)	-	
Expenses for restructuring and efficiency projects	(20.7)	(55.0)	165.2%
Expenses related to the transfer of own stores to franchises	(5.7)	(5.4)	-5.7%
Gains on disposal of assets	3.0	14.1	371.9%
Expenses related to share-based payments transactions	-1.3	-0.1	-88.7%
Other non-cash items	-16.1	-14.0	-13.1%
Losses on write-down of fixed assets	(11.9)	(6.0)	-49.6%
Impairment of fixed assets	(2.5)	(3.3)	31.0%
Amortization related to the closing of stores	(1.7)	(4.7)	174.7%
OTHER ITEMS EXCLUDED FROM ADJUSTED EBIT	**-48.1**	**-60.4**	**25.6%**

- Adjusted EBITDA: Operating profit after adding back depreciation and amortization (including amortization related to the closing of stores and impairment of fixed assets), losses on write down of fixed assets, "Other cash items" and "Expenses related to share-based payments transactions".

OPERATING PROFIT TO ADJUSTED EBITDA RECONCILIATION

(€m)	H1 2017	H1 2018	Change
Operating profit (EBIT)	116.1	54.0	-53.5%
Depreciation & Amortization	114.9	111.3	-3.1%
Amortization related to the closing of stores	1.7	4.7	174.7%
Impairment of fixed assets	2.5	3.3	31.0%
Losses on write-down of fixed assets	11.9	6.0	-49.6%
Gross operating profit (EBITDA)	**247.2**	**179.4**	**-27.4%**
Other cash ítems	30.6	46.2	50.9%
Expenses related to share-based payments transactions	1.3	0.1	-88.7%
ADJUSTED EBITDA	**279.1**	**225.7**	**-19.1%**

- Adjusted EBIT: Operating profit after adding back "Other cash items", "Expenses related to share-based payments transactions" and "Other non-cash items".

OPERATING PROFIT TO ADJUSTED EBIT RECONCILIATION

(€m)	H1 2017	H1 2018	Change
Operating profit (EBIT)	116.1	54.0	-53.5%
Other cash items	30.6	46.2	50.9%
Expenses relating to share based payments transactions	1.3	0.1	-88.7%
Other non-cash items	16.1	14.0	-13.1%
ADJUSTED EBIT	**164.2**	**114.4**	**-30.3%**

- Underlying net profit: Net income calculated on net profit attributable to the parent company, adjusted by "Other items excluded from adjusted EBIT", "Items excluded from financial income and expenses", "Items excluded from income tax" and "Losses net of taxes of discontinued operations".

NET PROFIT TO UNDERLYING NET PROFIT RECONCILIATION

(€m)	H1 2017	H1 2018	Change
Net attributable profit	54.0	6.0	-88.8%
Other items excluded from adjusted EBIT	48.1	60.4	25.6%
Items excluded from financial income and expenses	5.0	6.0	19.4%
Items excluded from income tax	-11.0	-14.3	30.2%
Losses net of taxes of discontinued operations	10.8	8.0	-25.9%
UNDERLYING NET PROFIT	**106.9**	**66.1**	**-38.2%**

- Basic EPS: Fraction of the company's profit calculated as net attributable profit divided by the weighted average number of shares.

BASIC EARNINGS PER SHARE RECONCILIATION

(€m)	H1 2017	H1 2018	Change
Net attributable profit (EURm)	54.0	6.0	-88.8%
Weighted average number of shares (million)	611.69	612.21	0.1%
Average number of treasury shares (million)	10.76	10.25	-4.8%
BASIC EARNINGS PER SHARE (Euro)	**0.09**	**0.01**	**-88.8%**

- Underlying EPS: Fraction of the company's profit calculated as underlying net profit divided by the weighted average number of shares.

UNDERLYING EARNINGS PER SHARE RECONCILIATION

(€m)	H1 2017	H1 2018	Change
Underlying net profit (EURm)	106.9	66.1	-38.2%
Weighted average number of shares (million)	611.69	612.21	0.1%
Average number of treasury shares (million)	10.76	10.25	-4.8%
UNDERLYING EARNINGS PER SHARE (Euro)	**0.17**	**0.11**	**-38.2%**

- Net financial debt: Overall financial situation of the company that results by subtracting the total value of company's short-term, long-term financial debt, other financial liabilities from the total value of its cash, cash equivalents, and other liquid assets. All the information necessary to calculate the company's net debt is included in the balance sheet.

NET FINANCIAL DEBT RECONCILIATION

(€m)	H1 2017	H1 2018	Change
Long-term debt	942.7	1,050.4	11.4%
Short-term debt	281.9	352.7	25.2%
Cash & Cash equivalents	-204.7	-172.8	-15.6%
NET FINANCIAL DEBT	**1,019.9**	**1,230.3**	**20.6%**

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This document contains some expressions (gross sales under banner, comparable growth of gross sales under banner, adjusted EBITDA, adjusted EBIT, etc.) which are not IFRS (International Financial Reporting Standards) measures.