



FY 18 Results

February 2019

DÍA

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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.

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Today's speakers



Borja de la Cierva

Chief Executive Officer
>30 years of experience

- Appointed BoD member in September 2016 and CEO in December 2018
- Relevant experience in retail: Supply Chain Manager of **El Corte Ingles**, CFO of **Inditex**
- Started his career working 9 years at **Arthur Andersen**
- Holds a degree in Business Administration and is a chartered accountant



Enrique Weickert

Chief Financial Officer
>20 years of experience

- Appointed CFO in December 2018
- Relevant management experience: CFO of **OHL Group**, CFO of **Fertiberia**
- Started his career working 9 years at **Arthur Andersen / Deloitte**
- Holds a degree in Business Administration and is a chartered accountant



María Miralles

Chief Transformation Officer
16 years of experience

- Appointed CTO in January 2019
- Relevant experience in retail: retail sector partner at **Oliver Wyman** for the last 13 years (experience in transformation processes in Europe, North American and Latin America)
- Previous experience at DIA as a consultant since 2016
- Holds a MEng in Agricultural engineering

DIA at a glance

DIA



Source: DIA, Nielsen

Notes: 2018 Figures; Store numbers exclude Clarel and Cash & Carry

1. Defined as gross sales of private label products divided by total gross sales in Spain excluding perishable food
2. Based on market share of DIA Plaza in the omnichannel in Spain, YTD 2018 excluding December

3. Based on number of stores this includes retailers with a value market share larger than 3.5%
4. Top 100 global franchises (Franchise Direct)
5. Spain, Portugal, Argentina & Brazil



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01

Financial Review

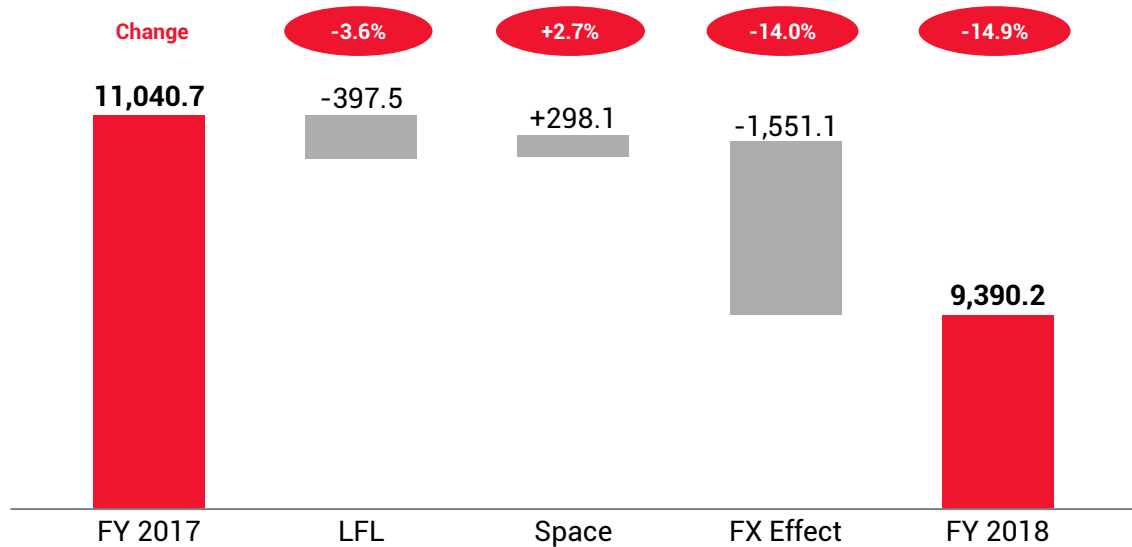


Sales performance

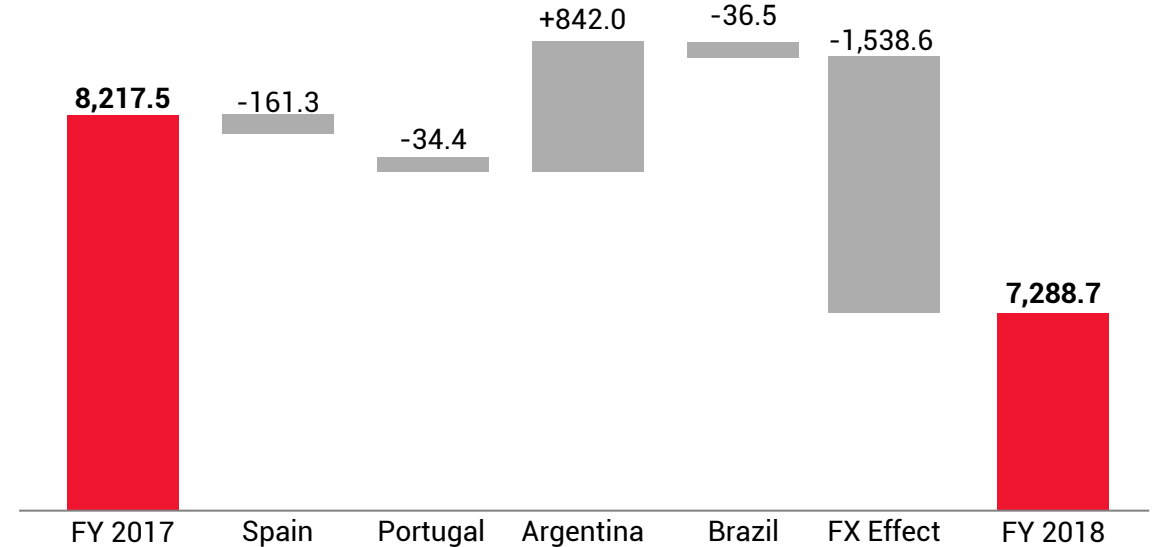
EURm

- -40.3% Euro/Argentinian Peso
- -16.2% Euro/Brazilian Real

Gross Sales Under Banner

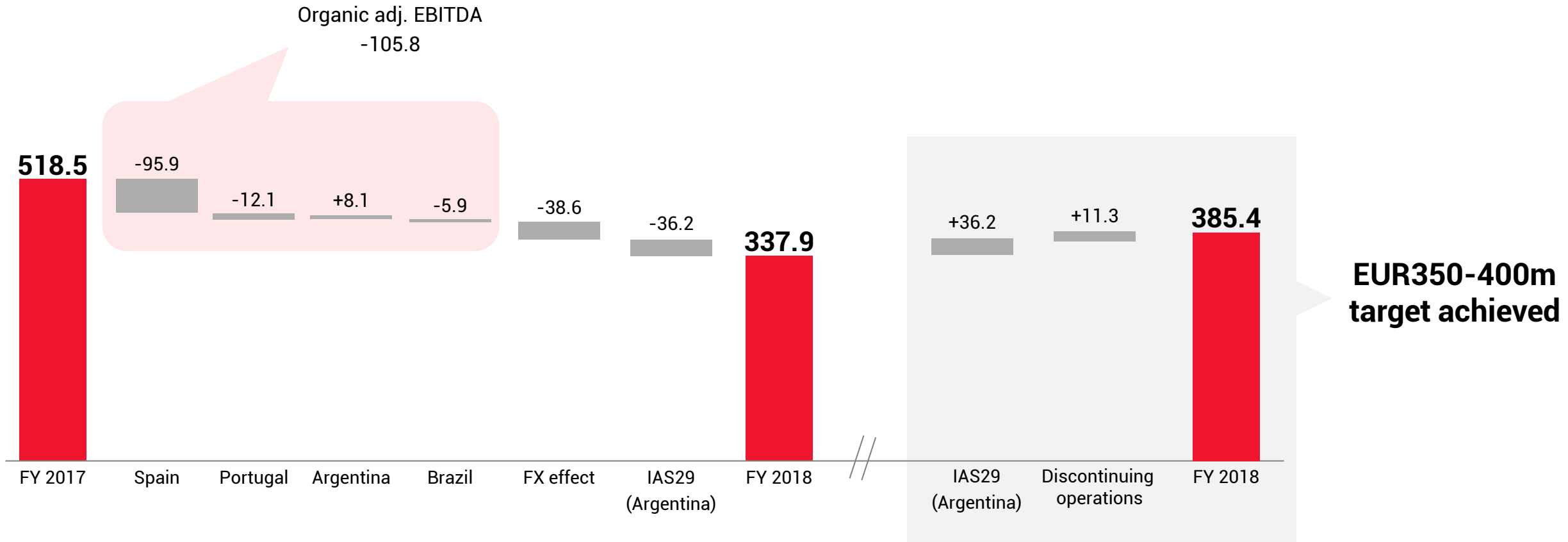


Net Sales



Adjusted EBITDA

EURm



FY 2018 results summary

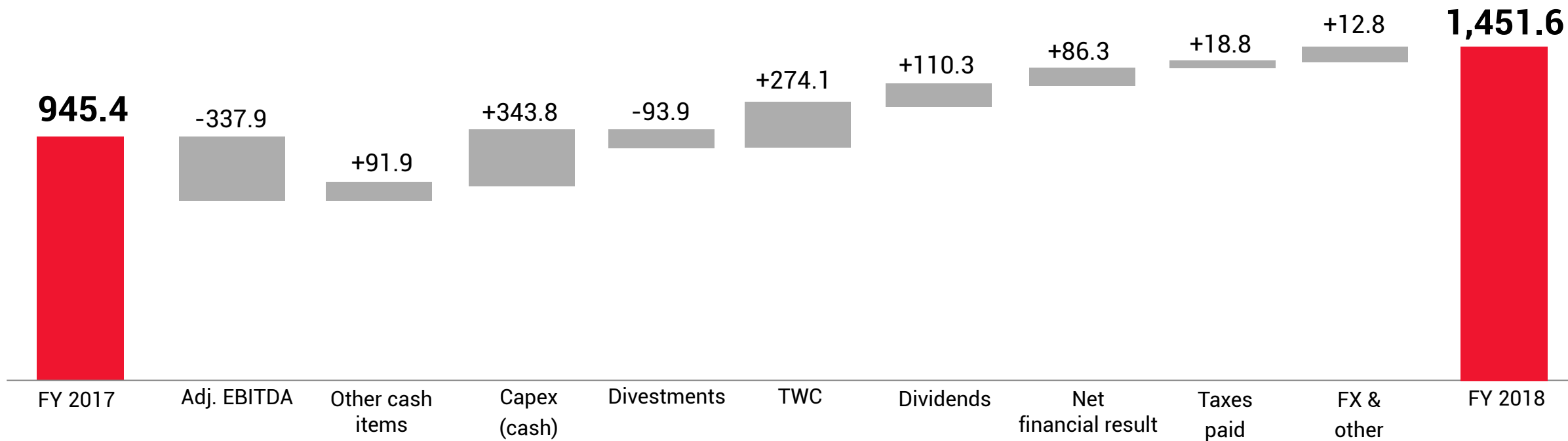
EURm	2018 As Reported	Impairment	2018 Adjusted	2017 Re-expressed	Var (%)	Var (EURm)
NET SALES	7,288.7		7,288.7	8,217.5	-11%	-928.7
Adjusted EBITDA ¹	337.9		337.9 ²	518.5	-35%	-180.6
Other cash items	-91.9		-91.9	-47.5	93%	-44.3
EBITDA	246.0	0.0	246.0	470.9	-48%	-224.9
D&A	-235.2		-235.2	-223.7	5%	-11.5
Impairment of Assets	-79.9	79.9	0.0	-12.1	-100%	12.1
Losses on disposal of Assets	-25.4		-25.4	-17.2	48%	-8.2
EBIT	-94.5	79.9	-14.6	218.0	-107%	-232.6
Net financial result	-84.9		-84.9	-53.3	59%	-31.6
Gain from net monetary position	67.5		67.5	0.0		67.5
EBT	-111.9	79.9	-32.0	164.7	-119%	-196.7
Income Tax	-16.4		-16.4	-52.0	-68%	35.6
Impairment of DTAs	-170.5	170.5	0.0	0.0		0.0
Consolidated Profit	-298.9	250.4	-48.4	112.7	-143%	-161.1
Discontinuing Operations	-15.7		-15.7	-11.5	37%	-4.2
Impairment Discont.Op. (Clarel)	-38.0	38.0	0.0	0.0		0.0
Net Attributable Profit	-352.6	288.4	-64.2	101.2	-163%	-165.3
Net Underlying Profit	49.7	0.0	49.7	191.3	-74%	-141.7

Note:

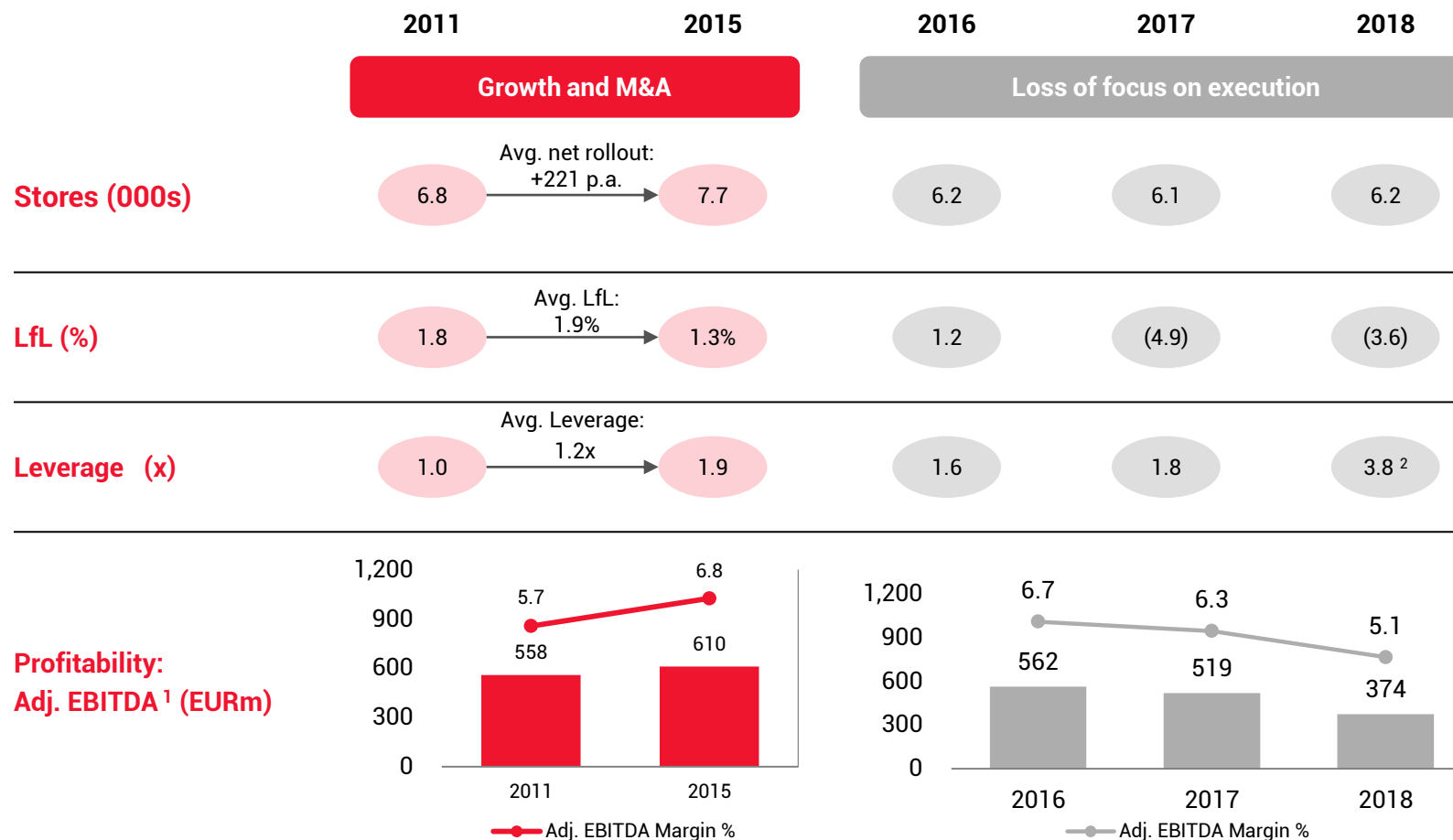
1. Adjusted by other cash items
2. Not including 11,3 m of Clarel and Max Descuento

Change in net debt

EURm



Three distinct phases in our performance as an independent company



"End 2018+"
Refocus on execution: our new strategy

DIA strategy focus

Transform grocery business in Iberia

Continue selective self-funded growth in Latam

Analyse potential strategic alternatives for non-core businesses

Top layers of management already appointed, fully committed with the implementation of the new strategy

Long-term financial outlook

Transformed model to underpin healthy growth in the future

2019; a transition year

- Sharpen our commercial model and optimise operating performance
- Launch profit boosting initiatives
- Contained CAPEX deployment (below EUR200m)

2020 – 2023; confirming turnaround

- Mid-single digit TOP LINE GROWTH
- EBITDA upturn in 2020E and healthy growth thereafter benefiting from top-line growth and significant operating leverage
- CAPEX at 3.5%-4.0% in the 2020-2023 period to roll-out our new winning commercial model








Source: DIA

Notes: 2011 – 15 as reported, 2016 – 18 audited restated and re-expressed figures excluding Clarel and Cash & Carry, pre-IAS29

1. Defined as 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"

2. Based on Adjusted EBITDA pre IAS29 including discontinuation of Clarel of EUR385.4m. Defined as Net Debt / Adj. EBITDA

What led to deterioration of performance in 2017 – 2018?

-  Highly competitive environment in Iberia
-  Low franchisee support
-  Lower customer centricity
-  Acquisition strategy
-  Too many formats
-  Institutional focus on margins
-  Macroeconomic and FX headwinds in LatAm



Profit warnings



Multiple changes in Board and Management



Rating downgrades



Liquidity Constraints

Next steps: working towards a sustainable capital structure

Debt Refinancing

+

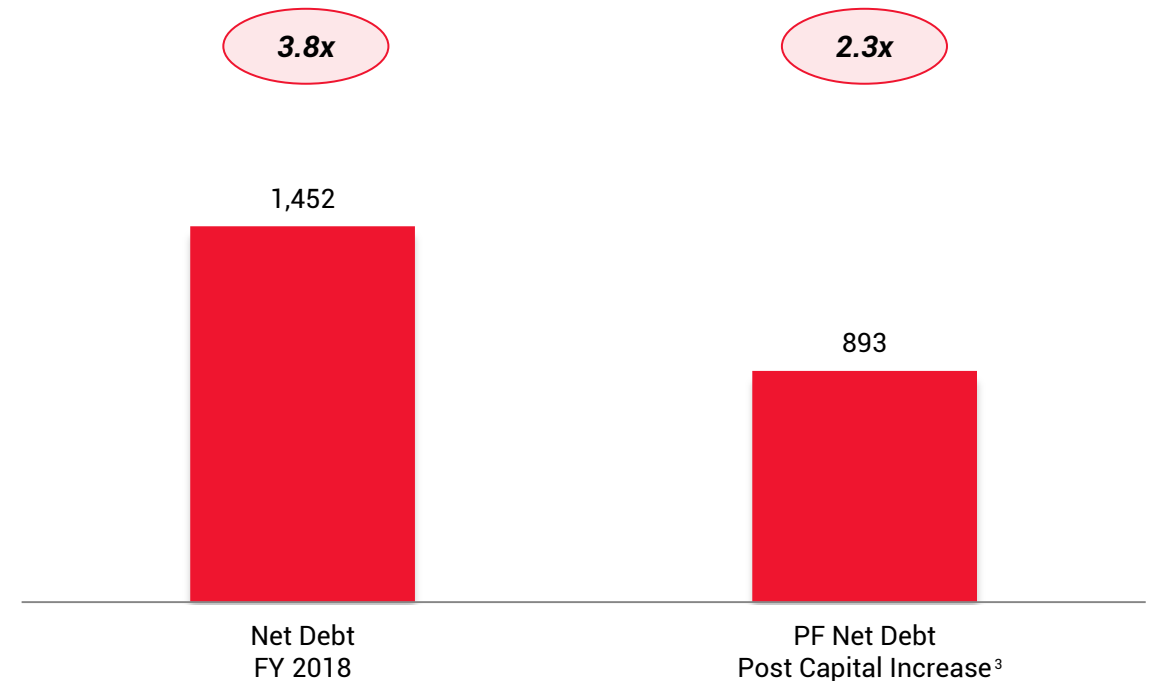
Capital Increase

- **Indicative support from the syndicated facility lenders for an extension of the final maturity** of the syndicated facilities post Rights Issue (EUR 765m) **until March 2023**
- The **earlier pre-payment of up to EUR100m** with the proceeds from non-core assets disposals
- **Support based on a Head of Terms and subject to certain conditions, including the completion of a rights issue of EUR600m**

- **Rights issue of EUR600m**
- **To be underwritten** by Morgan Stanley¹
- **Use of funds:** deleveraging and capex
- **Restores in a timely manner its net equity position** (EUR-166m consolidated equity at year-end 2018, of which EUR-99m in the parent company)

Post Capital Increase Deleveraging

EURm, as of December 2018²



○ Net Financial Debt / Adj. EBITDA (Adj. EBITDA EUR385.7m)

Source: DIA

Notes:

1. Subject to certain conditions
2. Based on Adjusted EBITDA (pre IAS 29) including discontinued operations of EUR385.4m
3. Assuming EUR600m capital increase (EUR558.2m net of related costs), but excluding refinancing adjustments

Pescadería

02

Strategic Update



Grocery retail is changing rapidly



CONSUMER SEEK

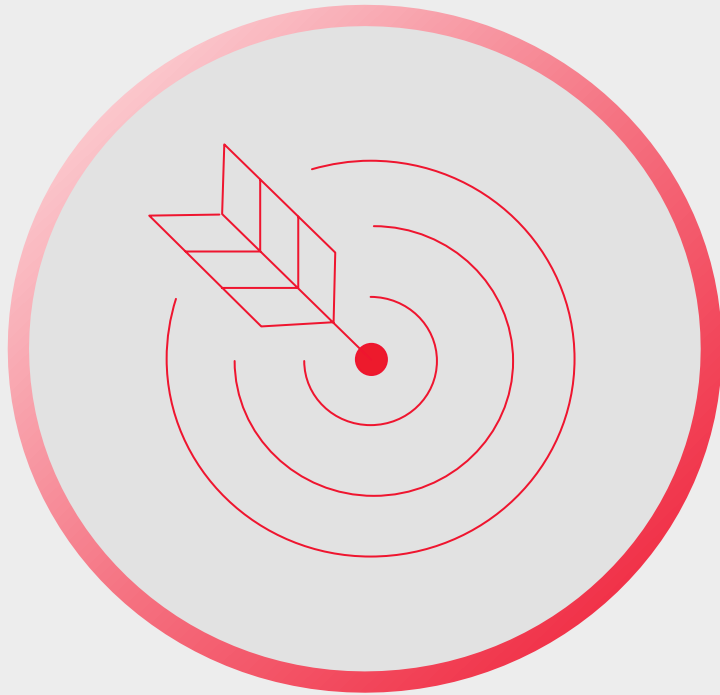


ENVIRONMENT EVOLVES



COMPETITION ADAPTS





“Our ambition is to be the **day-to-day** grocery retailer **closest to our customers**; providing them with **the best value convenience** through our extensive omnichannel store network”

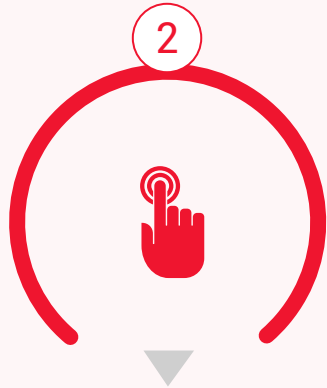
Our structural advantages

We are close to our customers

Our **convenience** focus provides exposure to favorable consumption trends



Our unparalleled **capillarity** in Spain gives us a unique level of access to customers

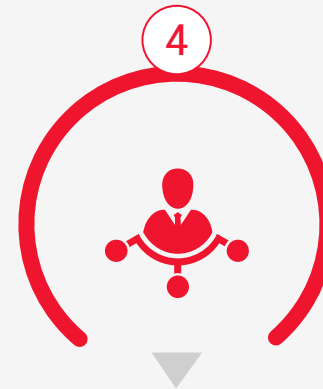


We benefit from a large, loyal and data-rich **customer base**



We have strong operational know-how

We keep a developed range of **private label** with over 2,000 SKUs in Spain

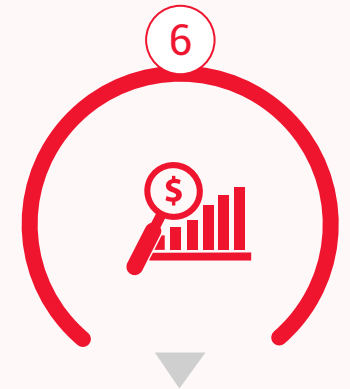


We have historically solid relationships with our **suppliers**



We manage capital efficiently

Our **asset light** franchise model enables us to deliver high store returns and industry-leading margins



Transformation programme focused on Spain & Portugal and supported by renewal of our culture



The new DIA

Spain & Portugal

Brazil & Argentina

1



Transform our commercial offer

2



Reinvigorate our estate and formats

3



Re-engage with franchisees

4



Re-focus on effective execution



Focus on the core

5 Culture

Focus on the customer

Culture of openness and transparency

ROI-based performance incentives

Recruit the best talent



1 Transform our commercial offer



Offer

Step-up Fresh offering with higher share and frequency

Higher quality private label with continued innovation



Price

Invest in on-shelf prices while reducing promotions

Personalised promotions driven by customer insights



Perception

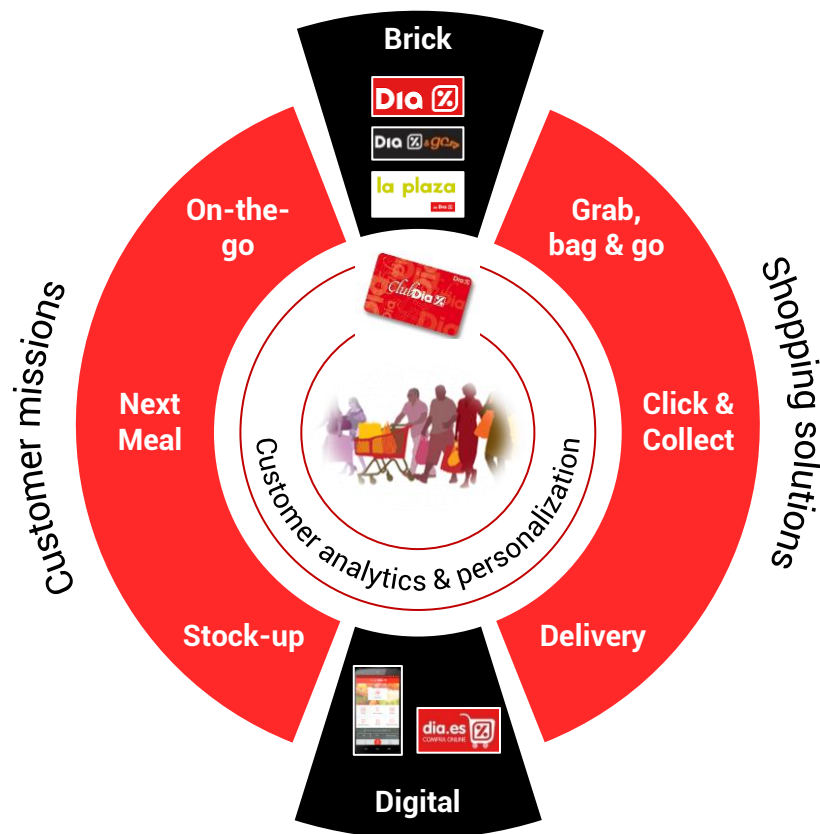
Rationalise assortment and space via SKUs reduction aligning with customer needs

Outstanding shopping experience driven by in-store services

Quality and Convenience at the Heart of Our Offer

2 Reinvigorate our estate and formats

Omnichannel ecosystem built around convenience: what customers need, where they need it, when they need it



Case study: DIA&Go

- 144 stores operating in 2018
- 75% of stores showing high and in-line performance throughout the year ¹
- >27% average sales growth throughout 2018 with consistent monthly performance ¹
- Average margins >28%, with similar results delivered by both own and franchised stores ¹

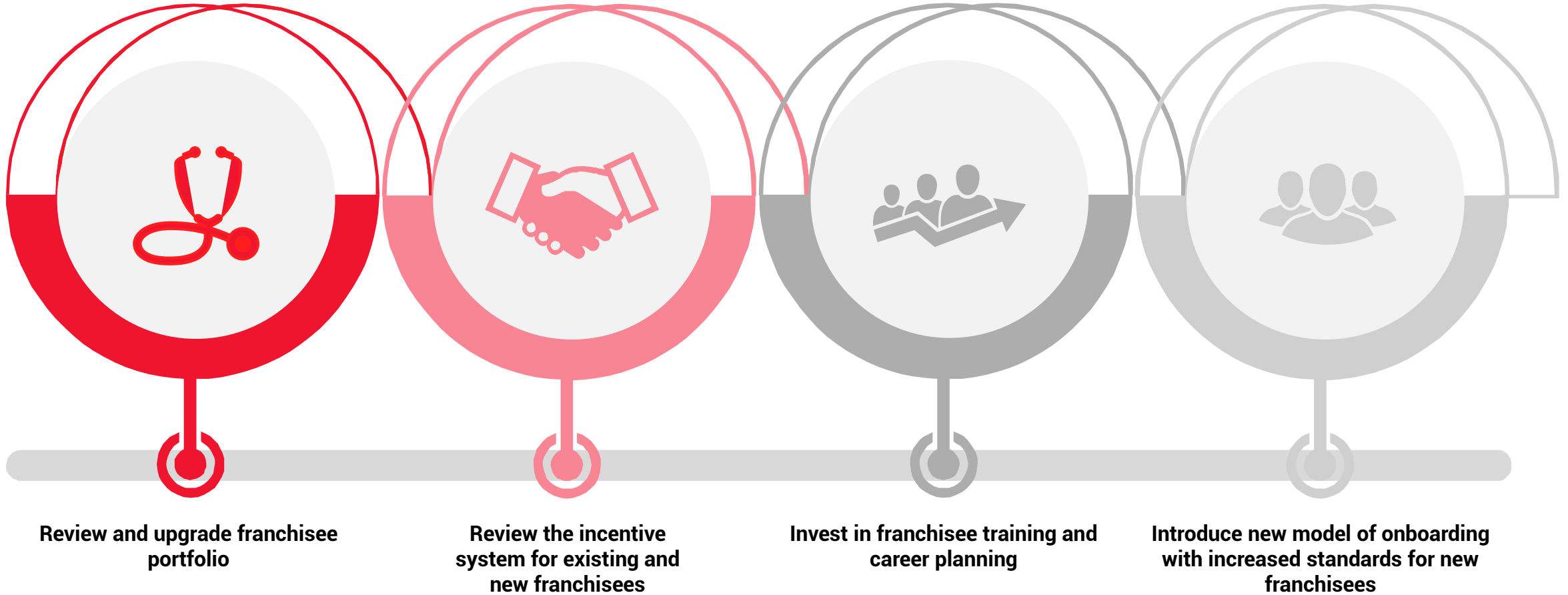


Source: DIA Analysis

Notes

1. 84 comparable stores in 2018

3 Re-engage with franchisees



We Invest in Our Franchisees on Equal Terms to Our Own Stores



4 Re-focus on effective execution

Re-engineer store operating model

- Upgrade the store labour model
- Reduce operational complexity
- Optimise the store network
- Launch the new store format

Transform each link of the supply chain



- Refocus on servicing the stores
- Review cost structure
- Re-negotiate with suppliers
- New warehouse and delivery model

Modernise our backbone



- Implement ZBB¹ + ZBO²
- Review processes / ways of working
- Implement advanced analytics across the whole company
- Upgrade IT infrastructure

Group-wide change driven by the Transformation Management Office



Organisation alignment

Loss and Inventory 


 Product Availability 

Time to Market 


 Long-Term Driver for Effective Execution 

 Control & Visibility 

Notes
1. Zero based budgeting
2. Zero based organisation



5 Renew and strengthen our company culture



Focus on the customer



Culture of openness and transparency



ROI-based performance incentives



Recruit the best talent

Reinvigorated Corporate Leadership to Build the New DIA



Borja de la Cierva
Chief Executive Officer
>30 years of experience



Enrique Weickert
Chief Financial Officer
>20 years of experience



María Miralles
Chief Transformation Officer
16 years of experience




Our management team


Executive Committee




Borja de la Cierva
Chief Executive Officer
32 Years of Experience


Enrique Weickert
Chief Financial Officer
21 Years of Experience





María Miralles
Executive Director of Transformation
16 Years of Experience


José Antonio Lombardía
Executive Director of Clients
25 Years of Experience





Faustino Dominguez de la Torre
Executive Director Spain
28 Years of Experience


Pedro Barsanti
Executive Director of IT
25 Years of Experience




Alejandro Grande
Executive Director Human Resources
20 Years of Experience


Miguel Ángel Iglesias
Company Secretary
29 Years of Experience



Heads of Geographical Divisions



Marin Dokozic
Executive Director Brazil
20 Years of Experience

Faustino Domínguez de la Torre
Executive Director Spain
28 Years of Experience




Damián Dircie
Executive Director Argentina
20 Years of Experience





Miguel Guinea
Executive Director Portugal
28 Years of Experience




Additional Management


Iván Martín
Spain Operations Director
17 Years of Experience



Teresa Travesí
Customer Insights Director
28 Years of Experience



Miren Sotomayor
Reporting and Control Director
19 Years of Experience



 Position Covered Externally  Position Covered Internally  Previous Experience

Source: DiA

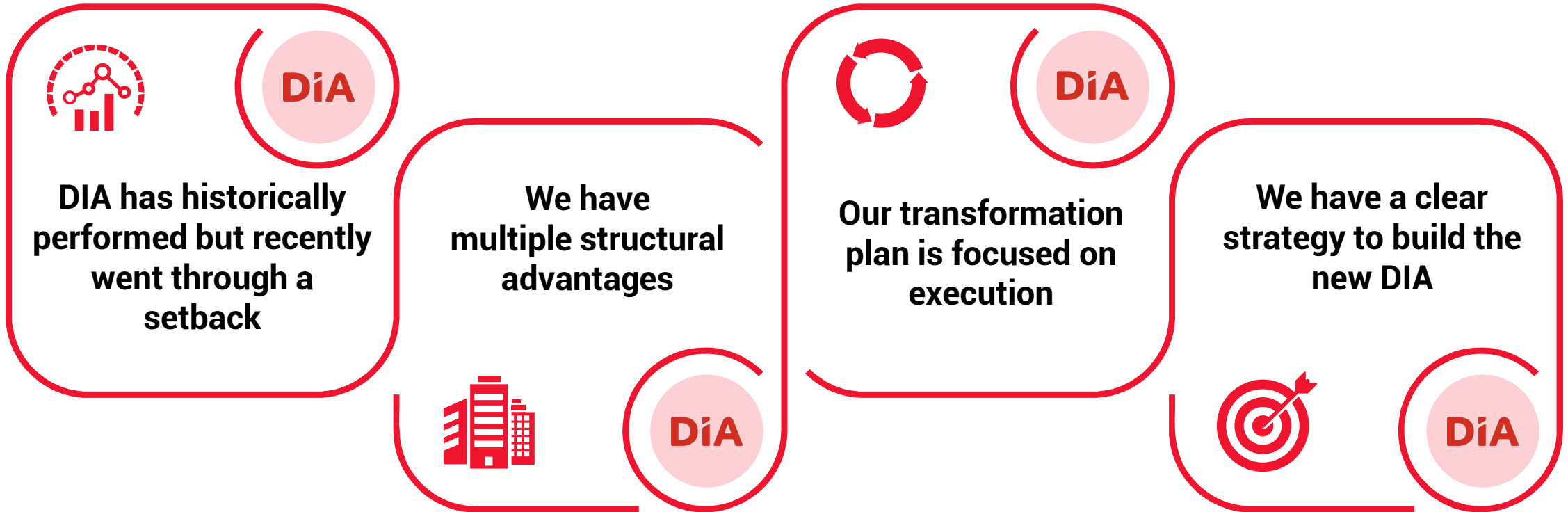


03

Conclusions



A clear vision of the transformed company



Reconfirmation of the outlook for DIA

2018

Reset

We guided towards:

✓ Adj. EBITDA of
EUR350 – 400m
(before IAS29)

✓ Capex: EUR350m

2019

A Transition Year

Sharpen our commercial model

Refocus on effective execution

Prudently deploy CAPEX

2020 – 2023

Completion of Turnaround

Mid-single digit top-line growth

EBITDA upturn in 2020E and
healthy growth thereafter

CAPEX at 3%-4% in 2020-2023 to
roll-out our new commercial model
and build the New DIA

Transformed model to underpin future growth



Congelados

Precocinados

Pizzas

Pizzas

Pizzas

Pizzas

Pizzas

Pizzas

Pizzas

04

Appendix

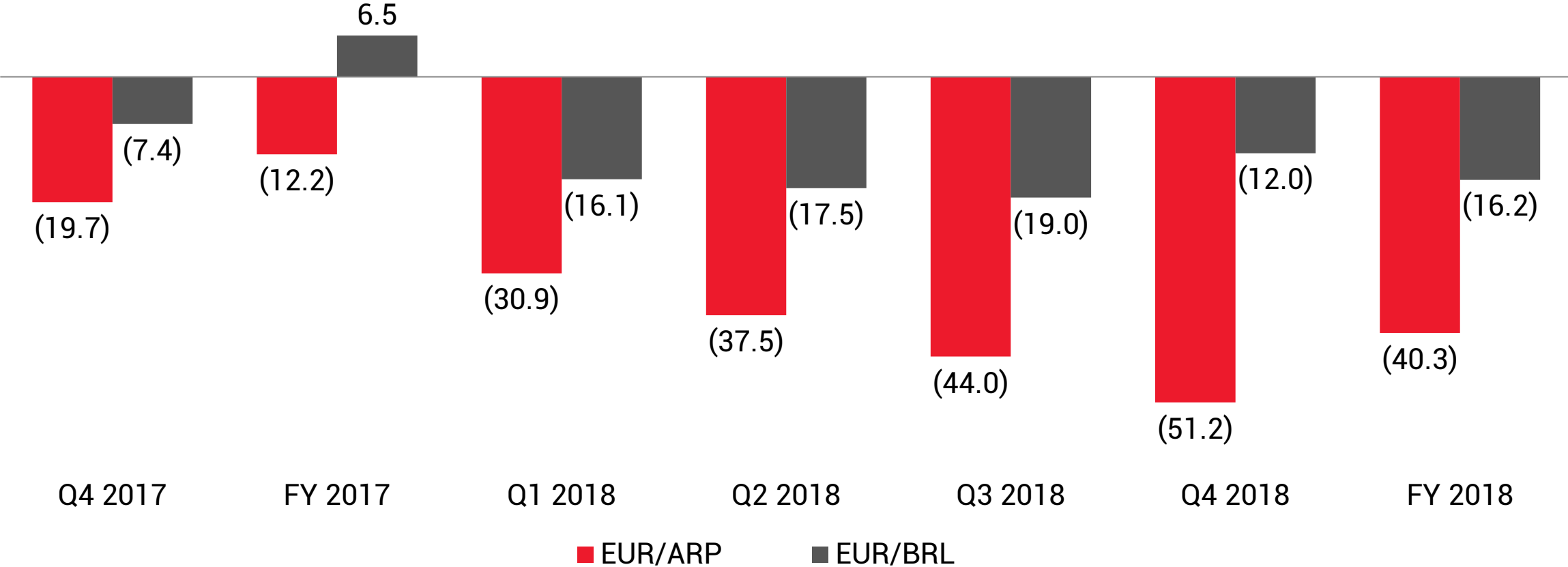


Gross sales under banner by country

EURm	FY 2017	%	FY 2018	%	Change	FX effect	Change (ex-FX)
Spain	5,275.1	47.8%	5,147.7	54.8%	(2.4%)	0.0%	(2.4%)
Portugal	834.4	7.6%	808.4	8.6%	(3.1%)	0.0%	(3.1%)
Argentina	2,934.1	26.6%	1,794.5	19.1%	(38.8%)	(41.8%)	3.0%
Brazil	1,997.1	18.1%	1,639.6	17.5%	(17.9%)	(16.1%)	(1.8%)
TOTAL DIA	11,040.7	100.0%	9,390.2	100.0%	(14.9%)	(14.0%)	(0.9%)

Currency performance

(%)

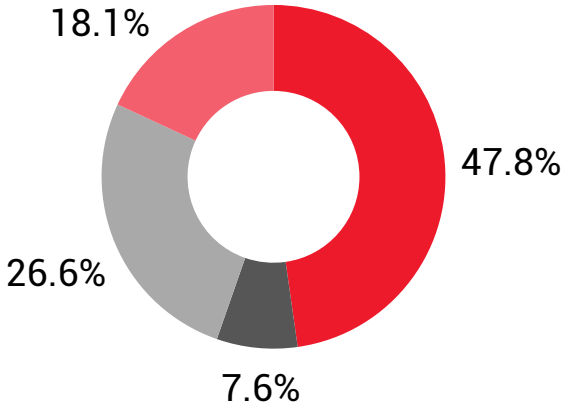


Source: Bloomberg average currency rates (a negative change in exchange rates implies a depreciation versus the Euro)

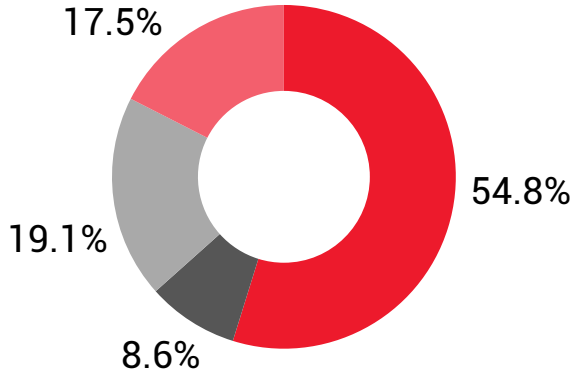


Gross sales under banner & adjusted EBITDA by segment

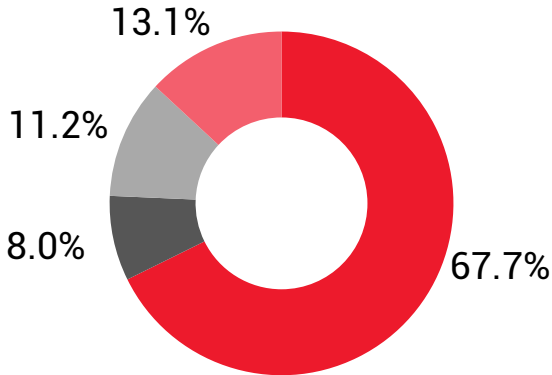
FY 2017 Gross sales under banner



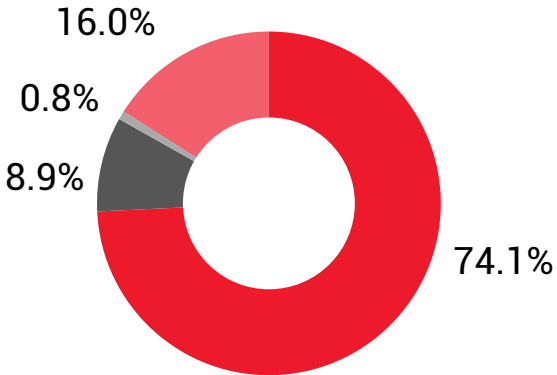
FY 2018 Gross sales under banner



FY 2017 adjusted EBITDA



FY 2018 adjusted EBITDA



■ Spain ■ Portugal ■ Argentina ■ Brazil



Summary of stores

	2017			2018		
	Owned	Franchised	TOTAL	Owned	Franchised	TOTAL
DIA GROUP ¹						
Total stores at the beginning of the period	2.608	3.543	6.151	2.462	3.639	6.101
New openings	150	271	421	163	173	336
Owned to franchised net transfers	-105	105	0	20	-20	0
Closings	-191	-280	-471	-35	-245	-280
Total DIA GROUP stores at the end of the period	2.462	3.639	6.101	2.610	3.547	6.157
SPAIN ¹						
Total stores at the beginning of the period	1.630	2.040	3.670	1.473	2.024	3.497
New openings	20	53	73	34	28	62
Owned to franchised net transfers	-13	13	0	109	-109	0
Closings	-164	-82	-246	-13	-72	-85
Total SPAIN stores at the end of the period	1.473	2.024	3.497	1.603	1.871	3.474
PORTUGAL ¹						
Total stores at the beginning of the period	303	256	559	262	297	559
New openings	12	10	22	6	17	23
Owned to franchised net transfers	-38	38	0	-35	35	0
Closings	-15	-7	-22	-10	-40	-50
Total PORTUGAL stores at the end of the period	262	297	559	223	309	532
ARGENTINA						
Total stores at the beginning of the period	296	576	872	303	627	930
New openings	32	78	110	30	64	94
Owned to franchised net transfers	-16	16	0	-24	24	0
Closings	-9	-43	-52	-11	-34	-45
Total ARGENTINA stores at the end of the period	303	627	930	298	681	979
BRAZIL						
Total stores at the beginning of the period	379	671	1.050	424	691	1.115
New openings	86	130	216	93	64	157
Owned to franchised net transfers	-38	38	0	-30	30	0
Closings	-3	-148	-151	-1	-99	-100
Total BRAZIL stores at the end of the period	424	691	1.115	486	686	1.172

1. By 2018 year-end the company also operated 1,200 Clarel and 35 Max Descuento stores in Spain and 71 Clarel in Portugal

Other items

Other cash items

EURm	2017	2018	Change
Expenses relating to store remodellings	18.0	18.6	0.6
Expenses relating to transfer of own stores to franchises	10.8	10.4	-0.4
Expenses relating to store closings	31.3	25.7	-5.6
Expenses relating to warehouse closings	1.7	1.1	-0.6
Expenses for efficiency projects and severance payments	20.2	34.6	14.4
<i>o/w HQ restructuring</i>	5.7	15.5	9.8
<i>o/w Warehouses restructuring</i>	2.7	4.9	2.3
<i>o/w Stores restructuring</i>	11.8	14.2	2.4
Other special expenses	1.7	28.4	26.7
<i>o/w Impact from transportation strike in Brazil</i>	0.0	7.9	7.9
<i>o/w Advisory fees</i>	0.0	18.2	18.2
<i>o/w Other projects</i>	1.7	2.3	0.6
Gains on disposal of assets	-31.2	-28.1	3.1
Expenses related to share-based payments transactions	-4.9	1.1	5.9
Other cash items	47.5	91.9	44.3

Other non-cash items

EURm	2017	2018	Change
Write-off of fixed assets	-17.2	-25.4	-7.6
Impairment of fixed assets	-12.1	-79.9	-67.8
Impairment of DTA's	0.0	-170.5	-170.5
Impairment of discontinued operations	0.0	-38.0	-38.0
Other non-cash items	-29.3	-313.8	-283.9