16 September 2019

Unaudited

DIA

H1/2019

H1 2019 Corporate and business context

During the H1 2019, the Company has been operating in a highly disrupted and volatile business, financial and corporate context which, despite having a positive final resolution at the back end of the period, has taken a substantial toll which is reflected in the negative operating performance during Q1 and more strongly in Q2.

The sequence of the most relevant events is as follows:

- The release on 8 February 2019 of the Company's 2018 Annual Accounts (showing negative shareholder's equity and triggering a short-term dissolution threat), together with other factors such as: very near-term debt maturities and high refinancing risk, uncertainty around the outcome of the then-forthcoming Annual Shareholders' Meeting held on 20 March, rating agencies' negative comments and overall headline noise, led to a negative public perception around the Company that, amplified with sharp risk-cutting decisions made by trade insurance companies at that time, resulted in a level of supplier tightening that impacted negatively the supply chain, resulting in a substantial increase in the out-of-stock levels in our warehouses and stores, which ultimately translated into lower sales.

- The top-line deterioration and sales decline resulting from the above became visible firstly in March, and accelerated since then in the following months, as the uncertainty about the binary outcome of the voluntary tender offer kept growing, and stakeholders feared the potential consequences of a scenario where a failed VTO would trigger an insolvency proceeding.

- Finally on 21 May 2019, right after the public tender offer was successfully completed and an agreement in principle with the syndicate lenders was announced, Letterone became the controlling shareholder reaching 69.76% of the share capital of DIA, new members of the Board of Directors and a new CEO were appointed. But still then, the negotiations with the syndicate lenders to reach a binding agreement were on-going, and their successful completion was a prerequisite for Letterone to inject cash into the Company ahead of the committed capital increase.

- The new financing agreement with the syndicated facility lenders was finally reached on 25 June 2019, and it became effective on 18 July 2019, once all conditions precedent were completed or waived, providing the Company at last with a long-term and sustainable capital structure, enabling the removal of the dissolution obligation, and providing an integral solution to the urgent liquidity needs that the Company had been facing in the last months.

- The Company entered into participating loans from Letterone totalling EUR 490m, of which EUR 128.5m were funded before 30 June 2019, and the remaining EUR 361.5m until 19 July 2019 (which were used by the Company to fully repay at maturity on 22 July 2019 the EUR 306m Medium Term Notes). These participating loans will be converted into shareholders´ equity in the capital increase that will be submitted to approval in a

Shareholders´ Extraordinary Meeting to be held in the fourth quarter of 2019, for an increased amount of EUR 600m.

The complex situation and the high uncertainty described above, which has extended over most of the period, has resulted in a very negative impact on the Company's top-line and ultimately driven a strongly negative performance in the H1 2019.

The performance of the Company in the H1 2019 is also negatively impacted by a series of decisions taken and actions implemented, which have all the common goal of creating upfront a realistic, robust and healthy business base on which to start building the new future of the Company. Those include principally: (i) a Collective Dismissal in Spain and other headcount reduction measures in Brazil to improve productivity, (ii) the closure of 663 unprofitable stores with permanent negative contribution, (iii) a strong de-franchising initiative (COFO to COCO) affecting initially 222 stores to improve and strengthen the franchisee network, (iv) an assortment optimization initiative to achieve a meaningful SKUs reduction to reduce complexity and improve operations, (v) the discontinuation of non-core activities (i.e.: e-shopping, Bahia masterfranchise or Mini Preço) to reduce complexity and improve efficiency and focus, and (vi) the recognition of accruals, losses or write-offs in connection with certain receivables, risks and liabilities that had previously not been provisioned appropriately.

With respect to post H1 2019 evolution, once the new liquidity -primarily in the form of participating loans- was made available to the Company (by late June – early July), the immediate priority has been to normalize the relationship with credit insurers and all the supplier base, to catch-up and eliminate the out-of-stocks, and to have the warehouses and stores fully supplied, in order to be ready to fully serve our customers and be back to business as usual as soon as possible. The positive effect of this normalization is already visible in July and August, with Like-for-Like Sales showing a gradual recovery from June all-time low levels (-15.5%).

Going forward, the Company intends to further support and promote this initial sales recovery with several initiatives across different areas (i.e.: commercial, operations, logistics, etc.) whose common goal will be to drive incremental traffic and sales in our stores and improve productivity.

At year-end, with additional information and under a more normalized business environment, as part of its normal closing procedures the Company will prepare an updated long-term Business Plan for the Company, which will be the basis to assess the long-term recoverability of its assets.

Group Performance[1]

Financial summary (€m)	**H1 2018** (*)	**H1 2019**	**Change (%)**	**Change (% ex-FX)**
Net sales	3,701.8	3,444.5	-7.0%	-0.5%
Adjusted EBITDA (ex one-offs)	205.9	33.2	-83.9%	
Operating income (EBIT)	15.1	(315.0)		
Net attributable profit	(29.6)	(418.7)		

(*) Including in the H1 2018 figures as re-expressed in the 2018 Annual Accounts: (i) the IAS 29 hyperinflation adjustment of Argentina, (ii) the consolidation of CDSI and (iii) Clarel figures as continued operations.

- In H1 2019, Gross Sales Under Banner fell by 18.3% to EUR 4.25bn (6.9% down ex-currency with a strong FX impact of -11.4%). Comparable (Like-for-Like) sales decreased 7.8% for the Group compared to -3.6% in the same period of 2018, showing a negative trend and the sharp deterioration during the period caused by the out-of-stock levels in our warehouses and stores resulting from the business disruption context described above.

- Net attributable loss for the first half of the year amounted EUR 418.7m, compared to the EUR 29.6 m losses shown in the same period of 2018, as a result of the strongly negative earnings impact related to the sharp sales decline and also to the exceptional one-off effects registered in the period in connection with the different measures implemented to set the right basis for the long term turnaround of the Company, which will translate into visible positive effects on sales and profitability only in the medium to long-term, as explained further in this report. Also, a detailed risk and recoverability analysis has resulted in the recognition of previously not addressed write-offs, losses, and provisions for risks associated to the business.

- The main items affecting the Group's negative performance in the first six months of 2019, include:

    1. The **sharp sales deterioration** caused by the extraordinary out-of-stock levels and business disruption context described above.

    2. The **closure process of poorly-performing stores** which has affected a total of 663 stores in H1 2019 (mostly in Spain and Brazil), which ultimately translated into: lower sales, the write-off of related assets, an increase in Opex due to the expenses related to the handover of the leases and the recognition of provisions in respect of doubtful accounts receivables from related franchisees. The positive impact of these closings (derived from the elimination of their negative margin contribution), will start from H2 2019 onwards.

    3. A strong **de-franchising process** aimed at improving the quality of our franchisee network, which has affected a total of 222 stores during H1 2019 (mostly in Spain and Brazil), resulting in higher labor and opex expenses, and the recognition of additional provisions on related accounts receivables.

    4. An initial **commercial assortment rationalization** process carried out, in all regions resulting in a meaningful SKUs reduction, seeking greater simplification, productivity improvement and best value-for-money proposition for customers. This initiative led to the recognition of significant losses (especially in Brazil) related to the corresponding stock liquidation (impacting Cost of Goods Sold).

[1]The company has decided to keep its Clarel business and to strengthen it with the appointment of a new CEO and a dedicated management team who will work on reformulating its customer value proposition. Accordingly, the H1 2019 financial information and the comparable data for H1 2018 includes Clarel figures fully consolidated as "continued operations".

5. The impact of some **logistic improvement initiatives** implying the **closing of warehouses** to seek greater efficiency, which translated in the short term into higher logistic costs, additional write-offs of assets and provisions for committed lease payments to the owners.

6. **Refinancing complexity and increasing focus on its core business**, which led to decisions/actions (the closing of the operations in Bahia and Mini Preço in Brazil, or the discontinuation of the non-food e-commerce activities in Spain through E-Shopping) which increased restructuring costs and impairment of assets.

7. Other substantial **extraordinary and one-off items** such as:

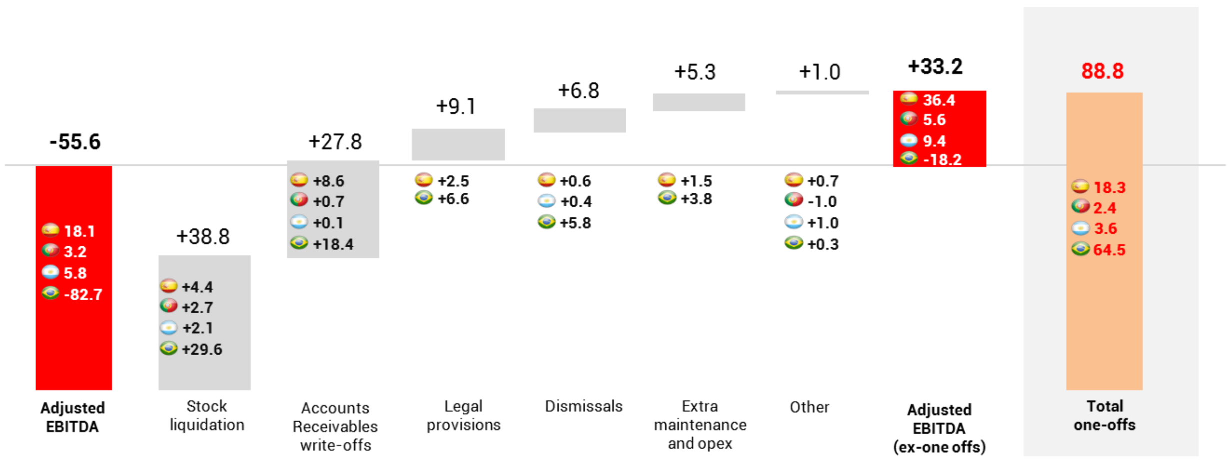
   - The **Collective Dismissal** implemented in Spain together with other headcount reduction decisions taken in other countries (mainly Brazil) to improve productivity in the stores, warehouses and head offices, impacting Restructuring Costs.

   - The **complex and multi-phased syndicated debt refinancing process** and advisory work related to the **capital increase presented by the former board** in the Annual General Shareholders´ Meeting (including financial and corporate advice, auditors, forensic services, legal advice and strategy consultants), impacting Restructuring Costs and Financial Results.

   - The **repurchase by DIA of the 50% of Finandia** due to change of control which triggered the recognition of losses impacting in Financial Results.

8. The recognition of **additional accruals in connection with certain legal and tax risks and liabilities** identified that needed to be provisioned, and write offs and others.

The following chart shows the **One-off impacts included in Adjusted EBITDA**, totaling EUR (88.8)m, which are mainly concentrated in Brazil (64.5) and Spain (18.3). The largest impacts in Adjusted EBITDA relate to stock liquidation efforts and to accounts receivable write-offs.



H1 2019 Results

(€m)	H1 2018[1]	%	H1 2019	%	Change (%)	Change (% ex-FX)
Net sales	**3,701.9**		**3,444.5**		**-7.0%**	**-0.5%**
Cost of goods sold & other income	(2,860.5)	-77.3%	(2,771.5)	-80.5%	-3.1%	4.2%
Gross profit	**841.5**	22.7%	**673.0**	**19.5%**	**-20.0%**	**-16.4%**
Labour costs	(355.4)	-9.6%	(383.8)	-11.1%	8.0%	12.8%
Other operating expenses	(152.3)	-4.1%	(185.9)	-5.4%	22.1%	32.9%
Leased property expenses	(142.4)	-3.8%	(14.0)	-0.4%	-90.2%	-90.1%
Restructuring costs	(67.8)	-1.8%	(75.8)	-2.2%	11.8%	+13.6%
Gain/Losses on disposal of assets	14.1	0.4%			-100.0%	-100.0%
EBITDA	**137.7**	3.7%	**13.5**	**0.4%**	**-90.2%**	**-93.5%**
D&A	(113.7)	-3.1%	(265.3)	-7.7%		
Impairment	(3.3)	-0.1%	(11.6)	-0.3%		
Write-offs	(5.7)	-0.2%	(51.6)	-1.5%		
EBIT	**15.1**	0.4%	**(315.0)**	**-9.1%**		
Net financial results	(12.9)	-0.3%	(88.4)	-2.6%		
EBT	**2.1**	0.1%	**(403.4)**	**-11.7%**		
Income taxes	(23.8)	-0.6%	5.4	0.2%		
Consolidated profit	**(21.6)**	-0.6%	**(398.0)**	**-11.6%**		
Discontinuing operations	(8.0)	-0.2%	(20.7)	-0.6%		
Net attributable profit	**(29.6)**	-0.8%	**(418.7)**	**-12.2%**		

(1) Including in the H1 2018 figures as re-expressed in the 2018 Annual Accounts: (i) the IAS 29 hyperinflation adjustment of Argentina, (ii) the consolidation of CDSI and (iii) Clarel figures as continued operations.

In H1 2019, the DIA Group's Net Sales decreased by 7.0% to EUR 3.44bn, but were down only by 0.5% in local currency. This sales performance reflected a 6.5% negative effect from currencies due to the 44.7% and 4.7% depreciation of the Argentinean Peso and Brazilian Real, respectively, in the period.

As shown in the attached table, the evolution of Comparable Sales (Like-for-Like) in the H1 2019 was negative -7.8%, with a progressive and accelerating monthly deterioration during the period.

LFL (*)	Jan	Feb	Mar	Apr	May	Jun	H1	Jul	Aug
DIA Group	-1.6%	-3.2%	-7.7%	-7.5%	-11.1%	-15.5%	-7.8%	-9.0%	-7.0%

(*) With Clarel

This downward trend is driven by the negative impact caused by the uncertainty surrounding the Company's financial situation and the supplier tightening resulting from it, as already explained.

Gross Profit (as a percentage of Net Sales) decreased in H1 2019 to 19,5% (versus 22.7% in H1 2018) reflecting principally the negative impact of the stock liquidation initiatives referred to above, write off of receivables related to franchisees and also some erosion caused by the supplier tightening.

Adjusted EBITDA[2] amounted to EUR (55.6)m in H1 2019, compared to the EUR 205.9m in the same period last year, as a result of the negative earnings impact related to the sales decline and to the exceptional one-off effects of EUR (88.8)m registered in the period mainly related to stock liquidation and write-off of accounts receivables in Spain and Brazil. Also, the Company has adopted a new more conservative definition of Adjusted EBITDA in 2019 which does not exclude certain cost items.

EBITDA in H1 2019 fell to EUR 13.5m compared to positive EUR 137.7m in the same period of last year. In addition to the negative operational impacts already described above, the negative impact from one-off restructuring items of EUR (75.8)m, additional Impairment of EUR (11.6)m and write-offs of assets of EUR (51.6)m were more than offset by the sizeable EUR 163.0m positive effect resulting from the application of IFRS 16.

[2]The Adjusted EBITDA definition has been updated in 2019 (see "Definition of APMs") to: (i) exclude the effect of IAS 29 and IFRS 16 and (ii) include as ordinary operational expenses or revenues –to be more conservative- those related to store remodelling and closings, long-term incentive programs (LTIP), and write-offs of account receivables related to franchisees.

The following table further explains the Adjusted EBITDA performance during the period:

EBITDA to Adjusted EBITDA reconciliation

(€m)	H1 2018	H1 2019	Change
EBITDA	**137.7**	**13.5**	**-124.2**
Restructuring costs	**67.8**	**75.8**	**8.0**
Store remodellings	14.2		-14.2
COCO to COFO transfers	5.4		-5.4
Store closings	12.0	8.8	-3.2
DC closings	0.2	10.8	10.7
Efficiency projects & severance packages	22.0	43.6	21.6
Advisory fees	8.6	12.6	4.0
LTIP share based payments	0.2		-0.2
Amortization related to the closing of stores	5.4		-5.4
Gains/Losses on disposal of fixed assets	**(14.1)**		**14.1**
IFRS 16 lease effect		**(163.0)**	**-163.0**
IAS 29 hyperinflation effect	**14.5**	**18.1**	**3.6**
Adjusted EBITDA	**205.9**	**(55.6)**	**(261.5)**

With respect to the Restructuring Costs, the material increase in H1 2019 is primarily resulting from: (i) the EUR 43.6m provision accrued for the total estimated costs related to the Collective Dismissal approved in Spain and dismissals in other countries, and (ii) the EUR 12.6m of exceptional one-off fees related to: financial and corporate advice, auditors, forensic services, legal advice, strategy consultants, and the preparation of the EUR 600m capital increase presented at the Annual Shareholders' Meeting, and (iii) the EUR 19.6m related to committed lease payments and other costs related to the exceptional closing of stores and warehouses executed in the period.

The effect of the initial application in 2019 of new IFRS 16 (without restating 2018 for comparative purposes) and that of IAS 29 is shown separately in the table, and complete the explanation of the evolution of the items excluded from Adjusted EBITDA.

It is important to note that the Adjusted EBITDA definition has been updated in 2019 to: (i) exclude the effect of IAS 29 and IFRS 16, and (ii) include –to be more conservative– as ordinary operational expenses or revenues, those related to store remodellings and closings, long-term incentive programmes (LTIP) and write-offs of account receivables related to franchisees.

Depreciation and amortisation more than doubled in H1 2019 (from EUR 113.7m to EUR 265.3m) due to the new application of IFRS 16.

Financial results

(€m)	H1 2018	H1 2019	Change
Finance income	4.5	1.6	-2.9
Interest expense	-20.7	-36.8	-16.1
Other financial expenses	-10.0	-15.3	-5.3
Refinancing costs		-23.2	-23.2
FX differences	-2.7	-1.9	0.8
IFRS 16 related financial costs	-1.0	-36.2	-35.2
P&L from financial instruments	-0.7	0.0	0.7
Gains from net monetary position (IAS 29)	17.8	36.1	18.3
P&L from companies accounted under equity method	-0.1	-12.7	-12.6
NET FINANCIAL RESULTS	**-12.9**	**-88.4**	**-75.5**

In terms of financial results, in H1 2019, the Group's net financial expenses amounted to EUR 88.4m, which compares with EUR 12.9m expenses of the re-expressed figures in the same period of last year. This EUR 75.5m increase is firstly due to the new application of IFRS 16 in 2019, which had a EUR 35.2m impact on the financial results. On top of that, the higher amounts of average financial net debt held during the period and its substantially higher cost translated into EUR 16.1m higher interest financial costs (from EUR 20.7m to EUR 36.8m).

The costs related to the refinancing process had an exceptional effect of EUR 23.2m considering all fees paid to syndicate lenders, together with all financial and legal advisory services used during the various phases of the refinancing process that the Company has gone through.

Finally, the P&L of companies accounted under equity method includes a EUR 12.5m impairment charge triggered by the repurchase in July of the 50% stake in Finandia, following the exercise of a change-of-control put option by the other partner.

After all these effects, the Net attributable loss amounted to EUR 418.7m in H1 2019 (versus a EUR 29.6m loss in the re-expressed H1 2018 accounts).

Information by country

DIA GROUP [1] (EURm)	H1 2018	%	H1 2019	%	Change (%)	Change (% ex-FX)
Gross sales under banner	**5,200.7**		**4,249.5**		**-18.3%**	**-6.9%**
Like-for-like sales growth	-3.6%		-7.8%			
Net sales [3]	**3,701.9**	**100.0%**	**3,444.5**	**100.0%**	**-7.0%**	**-0.5%**
Cost of goods sold & Opex	(3,496.0)		(3,500.2)		0.1%	
Adjusted EBITDA [2]	**205.9**	**5.6%**	**(55.6)**	**-1.6%**	**-127.0%**	**-126.6%**

SPAIN [1] (EURm)	H1 2018	%	H1 2019	%	Change (%)
Gross sales under banner	**2,689.6**		**2,500.2**		**-7.0%**
Like-for-like sales growth	-2.1%		-6.8%		
Net sales	**2,235.9**	**100.0%**	**2,078.7**	**100.0%**	**-7.0%**
Cost of goods sold & Opex	(2,086.5)		(2,060.6)		-1.2%
Adjusted EBITDA [2]	**149.4**	**6.7%**	**18.1**	**0.9%**	**-87.9%**

PORTUGAL [1] (EURm)	H1 2018	%	H1 2019	%	Change (%)
Gross sales under banner	**395.2**		**377.1**		**-4.6%**
Like-for-like sales growth	-4.8%		-3.9%		
Net sales	**310.3**	**100.0%**	**290.7**	**100.0%**	**-6.3%**
Cost of goods sold & Opex	(297.3)		(287.5)		-3.3%
Adjusted EBITDA [2]	**13.0**	**4.2%**	**3.2**	**1.1%**	**-75.2%**

ARGENTINA (EURm)	H1 2018	%	H1 2019	%	Change (%)	Change (% ex-FX)
Gross sales under banner	**1,310.8**		**691.1**		**-47.3%**	**-4.9%**
Like-for-like sales growth	-2.1%		-9.6%			
Net sales [3]	**464.9**	**100.0%**	**489.5**	**100.0%**	**5.3%**	**50.8%**
Cost of goods sold & Opex	(450.9)		(483.7)		7.3%	
Adjusted EBITDA [2]	**14.0**	**3.0%**	**5.8**	**1.2%**	**-58.7%**	**-25.1%**

BRAZIL (EURm)	H1 2018	%	H1 2019	%	Change (%)	Change (% ex-FX)
Gross sales under banner	**805.2**		**681.1**		**-15.4%**	**-10.9%**
Like-for-like sales growth	-10.0%		-9.7%			
Net sales	**690.8**	**100.0%**	**585.7**	**100.0%**	**-15.2%**	**-11.2%**
Cost of goods sold & Opex	(661.3)		(668.4)		1.1%	
Adjusted EBITDA [2]	**29.5**	**4.3%**	**(82.7)**	**-14.1%**	**-380.6%**	**-393.8%**

(1) With Max Descuento as discontinued activities, and Clarel as continued activities.
(2) Adjusted by Restructuring Costs, IFRS 16 and IAS 29.
(3) Includes EUR 98.3m negative and EUR 23.4m positive IAS 29 impact in Net Sales in H1 2018 and H1 2019, respectively.

Gross Sales Under Banner in Spain declined by 7.0% in H1 2019 to EUR 2.50bn, while Net Sales also went down 7.0% during the period to EUR 2.08bn, very affected by the out of stock situation, the negative media environment around the Company and substantially lesser promotion investment. This negative performance was driven by the negative 6.8% Comparable Sales, while the store selling area during the period also went down 6.9%.

The Adjusted EBITDA generated in the country decreased by 87.9% to EUR 18.1m, reflecting 580bps margin erosion to 0.9% strongly impacted by one-off impacts of EUR (18.3)m.

With regards to Portugal, Gross Sales Under Banner went down by 4.6% in H1 2019 to EUR 377.1m, while Net Sales decreased by 6.3% during the same period to EUR 290.7m. This negative performance was related to the negative 3.9% Comparable Sales and the contraction of the commercial space by 3.6%. Adjusted EBITDA went down by 75.2% to EUR 3.2m, a 310bps margin erosion to 1.1%.

In Argentina, Gross Sales Under Banner declined by 4.9% to EUR 691.1m and by 47.3% in local currency. Net sales grew by 5.3% to EUR 489.5m after applying IAS 29, but down 17.2% before IAS 29 (up 49.0% in local currency), affected by the challenging macroeconomic environment and the sharp decline in private consumption related to the spike in inflation and severe currency depreciation, business in local currency performed relatively well in H1 2019. The volume Comparable Sales declined by 9.6%. Adjusted EBITDA in H1 2019 was EUR 5.8m (EUR -12.3m after the impact from the application of IAS 29). Isolating this effect, the comparable figure of Adjusted EBITDA would have been down by 58.7% versus H1 2018 (-25.1% ex-currency), reflecting an 180bps decline in the Adjusted EBITDA margin to 1.2%.

In Brazil, Gross Sales Under Banner fell by 15.4% to EUR 681.1m (-10.9% ex-currency) with comparable sales down by 9.7%. Adjusted EBITDA figure of the period declined to EUR (82.7)m highly impacted by one-off adjustments of EUR (64.5)m related mainly to stock liquidation and accounts receivables write-offs associated to the defranchising process. The business is also being affected by the Company´s priority to improve the current network and fix outdated stores, which implies additional Opex and Capex to improve the shopping experience of our customers.

Balance Sheet

(€m)	31 Dec 2018	30 June 2019
Non-current assets	2,159.1	2,711.8
Inventories	597.4	491.0
Trade & Other receivables	193.5	111.6
Other current assets	66.9	70.7
Cash & Cash equivalents	239.8	122.7
Non-current assets held for sale	15.1	3.4
TOTAL ASSETS	**3,271.8**	**3,511.2**

Total equity	(166.1)	(566.2)
Long-term debt	920.4	1,240.4
Short-term debt	775.6	1,389.5
Trade & Other payables	1,448.9	1,180.1
Provisions & Other current liabilities	293.0	262.4
Liabilities associated with assets held for sale	0.0	5.0
TOTAL EQUITY & LIABILITIES	**3,271.8**	**3,511.2**

The application in 2019 of the new IFRS 16 has resulted in an incremental impact of EUR 689.3m on the Company's consolidated balance sheet (mostly in the Non-current Assets, and the Long & Short-term Debt captions).

As a consequence of the net losses reported in H1 2019, at the end of June 2019 the negative shareholders' equity balance in the Parent Company is EUR 250.7m (vs. EUR 99m negative equity by year-end 2018). However, the total EUR 490m funded into the Company until 19 July 2019 by the controlling shareholder in the form of participating loans, increase the Parent Company's shareholder equity for the purpose of computing the legal dissolution obligation. These participating loans will be converted into equity at the time that the new share capital increase of EUR 600m to be proposed to the shareholders in an extraordinary meeting to be held in the Q4 2019 is completed. The capital increase will also add EUR 100m to shareholders' equity.

Under the Syndicated Facility Agreement, Letterone committed to inject at least EUR 490m into the Company via profit participating loans to provide liquidity to the Company prior to the execution of the Share Capital Increase mentioned above. The Company entered into two participating loans from Letterone as lender for EUR 40 million (dated 29 May 2019) and EUR 450 million (dated 26 June 2019), under which the Company received EUR 128.5 million until 30 June 2019, and the remainder until 19 July 2019.

Using EUR 306m from such proceeds, the Company fully repaid the "Euro Medium Term Notes" maturing on 22 July 2019, thereby satisfying all its payment obligations with respect to such notes.

The effectiveness of the refinancing of the existing facilities, the new facilities obtained, the profit participating loans granted by Letterone, and the future proceeds coming from the projected share capital increase, imply the consolidation of the removal of the dissolution cause due to losses, the achievement of a viable long-term capital structure for the Company and a solution to the liquidity needs of the Company, mitigating the existing uncertainty and providing the basis for the successful turnaround of the Company.

Net Debt

(€m)	31 Dec 2018	30 June 2019
Net Financial Debt	1,456.2	1,817.9
Other net debt (IFRS 16)		689.3
Total Net Debt	**1,456.2**	**2,507.2**

Total Net Debt at the end of June 2019 amounted to EUR 2,507.2m, of which EUR 689.3m corresponded to the application of the new accounting standard IFRS 16, and EUR 128.5m to the Profit Participating Loans received from its main shareholder Letterone which shall be converted into Shareholders' Equity once the EUR 600m capital increase takes place. Therefore, Net Financial Debt was EUR 1,817.9m at the end of June 2019, EUR 361.7 m higher than at year-end 2018.

There are three main reasons behind the increase in Net Financial Debt during the period:

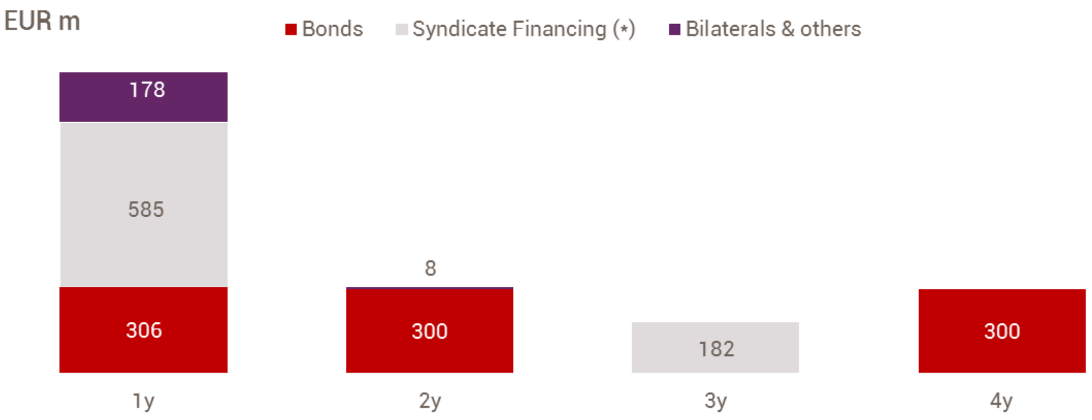
I. The deterioration of Trade Working Capital (EUR 80.5m decrease vs Dec 2018).

II. The decline in operating results.

III. The reduced volume of commercial financing available through factoring lines.

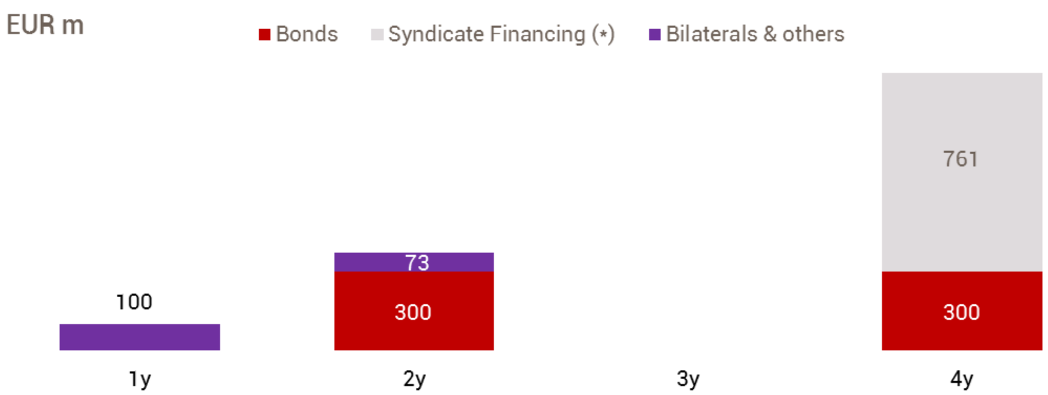
- The **Debt maturity profile has been significantly enhanced** after the long term refinancing agreement signed and the bond repayment in July:

Actual Debt Maturity Profile as of 30 June 2019 (limits)



(*) Not including Reverse Factoring Lines

Proforma Debt Maturity Profile as of June 2019 after Bank Refinancing and Bond Repayment (limits)



(*) Not including Reverse Factoring Lines

Cash Flow Statement

(€m)	H1 2019
Consolidated Net Profit	**(418.7)**
Income Tax	**(5.4)**
Adjustments to Net Profit	**502.0**
D&A	265.3
Impairment and write-offs	99.0
Net financial result	124.5
Other adjustments	13.2
Changes in working capital	**(99.3)**
Inventories	106.4
Trade receivables and other	81.9
Trade payables and other	(268.8)
Other receivables and payables	(18.8)
CASH FLOW FROM OPERATING ACTIVITIES (A)	**(21.5)**
Investment in fixed assets	(123.2)
Disposals of fixed assets	16.7
Other	7.5
CASH FLOW FROM INVESTMENT ACTIVITIES (B)	**(99.0)**
Profit participating loans	128.5
Debt drawdowns	115.8
Payment of financial leases	(162.6)
Interest paid and others	(67.1)
CASH FLOW FROM FINANCING ACTIVITIES (C)	**14.6**
Exchange rate differences (D)	(11.3)
CHANGES IN CASH FLOW FOR THE PERIOD (A+B+C+D)	**(117.2)**
Cash and cash equivalents as of 31 December 2018	**239.8**
Cash and cash equivalents as of 30 June 2019	**122.6**

Trade Working Capital

(€m)	Dec-18	Jun-19	Change
Non-recourse factoring	*126.4*	*44.3*	*-82.1*
Inventories (A)	597.4	491.0	-106.4
Trade & other receivables (B)	193.5	111.6	-81.9
Trade & other payables (C)	1,448.9	1,180.1	-268.8
Trade Working Capital (1)	**-658.1**	**-577.6**	**80.5**

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

From December 2018 to June 2019, DIA's negative Trade Working Capital declined by 12.2% to EUR 577.6m. This EUR 80.5m decrease in the value of negative Trade Working Capital is attributable to:

I. The declining volume of sales in the period, both related to the underlying performance of the business and to seasonality, since the first half of the year is a period with a lower volume of sales than the second half.

II. The shorter payment period to suppliers in recent months, linked to the tight financial situation of the Company.

III. The lower volume of commercial financing (non-recourse factoring).

IV. Continued depreciation of currencies in Argentina in early 2019.

The value of inventories declined by 17.8% versus December 2018, EUR 106.4m down to EUR 491.0m due to a more efficient management of stock in stores and distribution centres and the stock liquidation measures activated by the Company.

Trade and other receivables decreased by 42.3% compared to year-end 2018. This EUR 81.9m decline in the value of debtors is due to the declining volume of activity with franchisees, and the still limited negotiation activity with suppliers in the early part of 2019.

The value of Trade and other payables decreased by 18.6%, from EUR 1,44bn to EUR 1,18bn. This decline of EUR 268.8m relates to the challenging business conditions already mentioned in the last period, which resulted in substantially lower-than-average payment period to suppliers.

Non-recourse factoring from receivables from our suppliers amounted to EUR44.3m by the end of June 2019, having a material impact in the evolution of Trade Working Capital figures, which compares with EUR126.4m at the end of 2018.

With regards to confirming, it stood at EUR 188.6m at June 2019, broadly in line with the level held by the Company at the end of 2018 (EUR 199.9m).

Capex

(€m)	H1 2018	%	H1 2019	%	Change (%)	Change (% ex-FX)
Spain	139.4	72.3%	22.3	54.7%	-84.0%	-84.0%
Portugal	11.2	5.8%	1.6	3.9%	-85.7%	-85.7%
Argentina	18.2	9.4%	2.8	6.9%	-84.8%	-78.3%
Brazil	24.1	12.5%	14.1	34.6%	-41.2%	-43.0%
TOTAL Capex	**192.8**	**100.0%**	**40.8**	**100.0%**	**-78.8%**	**-78.4%**

DIA sharply decreased its investment activity to EUR 40.8m in H1 2019 (of which c. 80% were related to on-going and maintenance investments), EUR 152.0m less than in the same period of last year (a 78.8% decrease), which reflects the Company´s tight control with respect to new investments.

Store Count

At the end of June 2019, DIA operated a total of 6,809 stores, 629 less than at the end of the same period last year, accumulating 34 new openings and 663 closures in the period.

The number of stores declined by 315 in Spain (from 4,684 to 4,369), after the opening of 8 new stores and the closure of 323 stores in the last six months. H1 2019 was also special in terms of franchised activity, as the Company transferred 154 net stores back to owned from franchised operations. This change is due to the new Company policy to seek higher-quality franchise partners to provide customers with a better shopping experience. This policy will continue during 2019 and should be reflected in another material number of transfers from franchised to owned stores in H2 2019.

In Portugal, the total number of stores declined by 11 in the period, from 603 to 592. The net number of stores transferred from owned to franchised was 11, and 12 stores were closed.

Argentina ended June 2019 with 950 stores in operation, 29 less than in December 2018, totalling 2 openings and 31 closures during the period. With regards to franchised activity, a total of 5 net stores were transferred to owned during the period.

In Brazil, the Company closed 297 stores in the period and opened 23 stores. The total number of stores declined by 274 net stores, from 1,172 to 898.

Summary of stores

30 June 2019

DIA GROUP	**Owned**	**Franchised**	**TOTAL**
Total stores 31 December 2018	**3,693**	**3,745**	**7,438**
New openings	**19**	**15**	**34**
Owned to franchised net transfers	**222**	**-222**	**0**
Closings	**-315**	**-348**	**-663**
Total DIA GROUP stores at 30 June 2019	**3,619**	**3,190**	**6,809**

SPAIN	**Owned**	**Franchised**	**TOTAL**
Total stores at 31 December 2018	2,615	2,069	4,684
New openings	3	5	8
Owned to franchised net transfers	154	-154	0
Closings	-266	-57	-323
Total DIA Spain stores at 30 June 2019	**2,506**	**1,863**	**4,369**

PORTUGAL	**Owned**	**Franchised**	**TOTAL**
Total stores at 31 December 2018	294	309	603
New openings	0	1	1
Owned to franchised net transfers	11	-11	0
Closings	-8	-4	-12
Total DIA Portugal stores 30 June 2019	**297**	**295**	**592**

ARGENTINA	**Owned**	**Franchised**	**TOTAL**
Total stores at 31 December 2018	298	681	979
New openings	2	0	2
Owned to franchised net transfers	5	-5	0
Closings	-1	-30	-31
Total DIA Argentina stores at 30 June 2019	**304**	**646**	**950**

BRAZIL	**Owned**	**Franchised**	**TOTAL**
Total stores at 31 December 2018	486	686	1,172
New openings	14	9	23
Owned to franchised net transfers	52	-52	0
Closings	-40	-257	-297
Total DIA Brazil stores at 30 June 2019	**512**	**386**	**898**

Events Following the Close of the Period

- The new syndicated financing agreements became effective on 18 July 2019 after all conditions precedent were fulfilled or waived and the Company confirmed that the Company entered into two participating loans from Letterone as lender for EUR 40m (dated 29 May 2019) and EUR 450m (dated 26 June 2019) under which the Company already received EUR 184m (EUR 128.5m as of 30 June 2019) and would receive the remaining amount of EUR 306m on 19 July 2019.

- Following receipt of the EUR 306m amount, the Company fully repaid the "Euro Medium Term Notes" maturing on 22 July 2019, thereby satisfying all its payment obligations with respect to such notes.

- On 30 August 2019 the Company held an Extraordinary General Shareholders' Meeting at which, among others, the following decisions were adopted: confirmation and reelection of Board Members, approval of the recently signed refinancing agreements and implementation of the hive-down transaction.

- The Board also confirmed its intention to call another Extraordinary General Shareholders Meeting to be held in the fourth quarter of 2019 to submit to its approval the new share capital increase by an effective amount of up to EUR 600m (in substitution of the share capital increase of EUR 500m approved by the Annual Shareholders' Meeting of last 20 March 2019).

- On 3 September the Board of Directors of the Company communicated its decision to voluntarily create a permanent Finance and Capital Structure Committee, as an internal informational and consultative body of the Board without executive duties, with information, advisory and proposal-making powers within its scope of action, reporting to the Board. The Committee will be formed by four non-executive directors that will be Mr. Jaime García-Legaz Ponce (independent director that will act as Chairman of the Committee, with a casting vote in the event of a tie), Mr. Christian Couvreux (independent director), Mr. Michael Casey (proprietary director) and Mr. Sergio Ferreira Dias (proprietary director).

- The company has launched a Collective Dismissal process in the subsidiary Grupo El Árbol Supermercados y Distribución, S.A. mainly related to the expected closing of Max Descuento stores and that could affect a maximum of 210 employees.

Corporate Calendar

Event	Date/s	Status
9M 2019 results	Thursday, 14 November 2019	Tentative

Change in Currency Rates

Period	€ / Argentinean Peso	€ / Brazilian Real
H1 2018 average	0.0388	0.2418
H1 2019 average	0.0214	0.2304
H1 2019 change (1)	**-44.7%**	**-4.7%**

(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) 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

The Adjusted EBITDA definition has been updated in 2019 to:

I. Exclude the effect of IAS 29 and IFRS 16,

II. Include as ordinary operational expenses or revenues –to be more conservative – those related to store remodellings and closings, long-term incentive programs (LTIP), and write-offs of account receivables related to franchisees.

- 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 2018	H1 2019	Change (%)
Net sales	3,701.9	3,444.5	-7.0%
VAT and other	1,498.8	804.9	-46.3%
GROSS SALES UNDER BANNER	**5,200.7**	**4,249.5**	**-18.3%**

- LFL growth of Gross Sales 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 conditions. To be more conservative in applying this definition, LFL figures reported in this document exclude from the comparison base of calculation only those stores that have been closed for significant remodelling activities or severely impacted by external objective reasons. Additionally, the new LFL figures corresponding to Argentina have been deflated using internal inflation to reflect volume LFL, avoiding hyperinflationary misleading nominal calculations.

- Adjusted EBITDA: Operating profit that is calculated after adding back to EBIT depreciation and amortisation (including amortization related to the closing of stores and impairment of fixed assets), losses on the write-down of fixed assets, impairment of fixed assets, restructuring costs, gain and losses on disposal of fixed assets and the effect related to the application of IAS 29 and IFRS 16.

EBIT TO ADJUSTED EBITDA RECONCILIATION

(€m)	H1 2018	H1 2019	Change
Operating profit (EBIT)	15.1	-315.0	-330.1
Depreciation & Amortization	113.7	265.3	151.6
Losses on write-off of fixed assets	5.7	51.6	45.9
Impairment of fixed assets	3.3	11.6	8.3
Gross operating profit (EBITDA)	**137.7**	**13.5**	**-124.2**
Restructuring costs	67.8	75.8	8.0
Gain/Loss on disposal of fixed assets	-14.1	0.0	14.1
IFRS 16 lease effect		-163.0	-163.0
IAS 29 hyperinflation effect	14.5	18.1	3.6
ADJUSTED EBITDA	**205.9**	**-55.6**	**-261.5**

- Net Financial Debt: Is the result of subtracting from the total value of the Company's short-term and long-term debt, the total value of its cash, cash equivalents, and other liquid assets and the debt related effect from the application of IFRS 16. The Company has also included the debt related to Profit Participating Loans from its majority shareholder that will be converted into Shareholders´ Equity in the next capital increase. All the information necessary to calculate the Company's net debt is included in the balance sheet.

NET DEBT RECONCILIATION

(€m)	31 Dec 2018	31 June 2019	Change
Long-term debt	920.4	1,240.4	320.0
Short-term debt	775.6	1,389.5	613.9
Cash & Cash equivalents	239.8	122.7	(117.1)
TOTAL NET DEBT	**1,456.2**	**2,507.2**	**1,051.0**
IFRS 16 related debt effect		(689.3)	(689.3)
NET FINANCIAL DEBT	**1,456.2**	**1,817.9**	**361.7**

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

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