



2Q20 & 1H20 Financial Results

Positive topline and adjusted EBITDA performance in 2Q20 on the back of effective response to COVID-19 crisis and initial results of business transformation initiatives, sustained post lockdown

Strengthened financials in 1H20 with improving trade working capital, positive cash flow generation and reduced net debt

Empowered country leadership delivering on strategic roadmap in 1H20 - accelerated rollout of online offer in all markets, launch of new private label products and improved assortment

MADRID, August 6th 2020: DIA Group, (“DIA” or “The Group”) an international food retailer that operates in Spain, Portugal, Brazil and Argentina, today issued its second quarter and first half 2020 financial results.

2Q20 FINANCIAL HIGHLIGHTS (all figures in €)

- **Net Sales:** 1,819m (2Q19: 1,711m), up 6.3% despite smaller store network and Brazilian and Argentinean currency effects, thanks to positive effect of transformation initiatives and COVID-19 lockdown related consumer behaviors.
- **Like-for-Like:** up 14.9% with all markets positive for first time since 4Q16, driven by increased average basket size which more than offset decreased number of tickets.
- **Gross Profit:** 403m (2Q19: 303m) up 4.4% as percentage of net sales on increased volumes and early positive results of the operational excellence program activated in 2H19.
- **Labor Costs:** 191m up marginally as the impact of 2019 workforce rationalization measures were offset by COVID-19 related staffing requirements and bonus payments.
- **Operating Expenses:** down 1.4% as a percentage of net sales on the back of cost reduction measures and lower investment in advertising during COVID-19 lockdown.
- **Adjusted EBITDA:** 60m (2Q19: -67m), driven by increased sales volume and improved gross margin supported by continued cost discipline.
- **Net Profit:** -45m (2Q19: -267m) with improved interest expenses impacted by 16m negative currency effect.
- **Available Liquidity** stable at 435m (1Q20:425m) with enhanced debt maturity profile following 2019 refinancing agreement.
- **Net Financial Debt:** reduced at 1,253 million.

1H20 FINANCIAL HIGHLIGHTS

[€ million]	1H20	1H19	Change (%)
Like-for-like sales growth (%)	8.7%	-7.9%	-
Net Sales	3,515.2	3,444.6	2.1%
Gross Profit	761.1	672.6	13.2%
Adjusted EBITDA	59.7	(55.6)	n/a
EBIT	(52.0)	(321.7)	83.8%
Net attributable profit	(187.7)	(418.7)	55.2%

[€ million]	1H20	FY19	Change (m)
Trade Working Capital (negative)	645.0	608.0	37.0
Net Financial Debt	1,253.3	1,322.2	(68.9)

H1 2020 TRANSFORMATION ROADMAP UPDATE

- **Optimized assortment:** Rolled out to approximately 500 stores in Spain during 1H20 with a priority focus on DIA's fresh fruit and vegetable offer.
- **Private Label:** New product development and rollout initiated in Spain and Brazil as part of new offer combining quality, value-for-money and more attractive packaging.
- **Online & Express Delivery:** Now launched in all four countries after accelerated roll out to meet customer demand during and post COVID-19 lockdown period and as long-term customer purchasing trends.
- **Franchise:** Improved incentive-driven and customer centric franchise model rolled out to 470 locations in Spain ahead of launch of tailored offer in other markets.
- **Operations:** Continued focus on cost efficiencies and reduced complexity in supplier relations, inventory, logistics and procurement management; initiation of new logistics plans in Spain and Brazil and renegotiation of rents across all markets.

Commenting on the results, Stephan DuCharme, Chairman, said:

"Our second quarter financial performance demonstrated the positive impact of both our response to the COVID-19 situation and our ongoing business transformation. Customers are responding to our attractive proximity offer and emerging online capabilities, and the maintenance of positive Like-for-Like performance in June and July post-lockdown is a good indicator of progress.

We have controlled costs in the face of increased industry-wide expenditure in terms of protective measures and staffing thanks to the major efficiency efforts carried out in 2019, while key financial metrics such as improving trade working capital and positive free cash flow are tracking in the right direction.

Looking ahead, we will continue to deliver on transformation roadmap initiatives in the second half, focused on the key pillars of our improved commercial value proposition and franchise model, underpinned by continued operational efficiencies."

INVESTOR PRESENTATION DETAILS FOR PARTICIPANTS

Date: August 6th, 2020 at 10:00 a.m. CEST

Webcast link:

English: <https://edge.media-server.com/mmc/p/mi6ggy6b>

Spanish: <https://edge.media-server.com/mmc/p/mi6ggy6b/lan/es>

English conference ID: 7182356

Spanish conference ID: 4683759

Spain: +34 914146280

UK: +44 (0) 2071 928000

Brazil: 2140421335

USA: 16315107495

CONTACT DETAILS

MEDIA

Lara Vadillo / Rebeca Matilla / Leyla Gallego

Phone: +34 619.22.65.87 / 609.41.57.21 / 616.02.51.89

Email: comunicacion@diagroup.com

INVESTOR RELATIONS

Miren Sotomayor / Natalia Amo

Phone: +34 91 398 54 00, Ext: 33989

Email: investor.relations@diagroup.com

2Q20 - GROUP FINANCIAL RESULTS OVERVIEW

[€ million]	Q2 2020	Q2 2019 (*)	Change (%)
Gross sales under banner	2,223.7	2,263.6	-1.8%
<i>Like-for-like sales growth (%)</i>	14.9%	-11.4%	
Net Sales	1,819.2	1,711.7	6.3%
Cost of goods sold & other income	(1,416.3)	(1,408.7)	0.5%
Gross Profit	402.9	303.0	33.0%
Labour costs	(191.3)	(190.8)	0.3%
Other operating expenses & leases	(87.0)	(106.5)	-18.3%
Restructuring costs and LTIP	(8.4)	(8.9)	-5.8%
EBITDA	116.2	(3.1)	n/a
D&A	(107.9)	(131.4)	-17.9%
Impairment of non-current assets	(1.1)	(5.7)	-80.9%
Write-offs	(4.5)	(54.5)	-91.7%
EBIT	2.7	(194.7)	n/a
Net financial results	(42.7)	(45.3)	-5.8%
EBT	(40.0)	(240.0)	-83.3%
Corporate Taxes	(5.1)	(9.3)	-45.3%
Consolidated Profit	(45.1)	(249.4)	-81.9%
Discontinuing operations	-	(18.1)	-100.0%
Net attributable profit	(45.1)	(267.4)	-83.1%

(*) Q2 2019 restated to present the cost of logistics platforms according to their nature.

1H20 GROUP FINANCIAL RESULTS OVERVIEW

[€ million]	1H 2020	1H 2019 ^(*)	Change (%)
Gross sales under banner	4,293.2	4,622.3	-7.1%
<i>Like-for-like sales growth (%)</i>	8.7%	-7.9%	
Net Sales	3,515.2	3,444.5	2.1%
Cost of goods sold & other income	(2,754.1)	(2,771.9)	-0.6%
Gross Profit	761.1	672.6	13.2%
Labour costs	(381.9)	(383.8)	-0.5%
Other operating expenses & leases	(188.3)	(199.5)	-5.6%
Restructuring costs and LTIP	(13.9)	(75.8)	-81.6%
EBITDA	176.9	13.5	1214.2%
D&A	(223.5)	(265.3)	-15.7%
Impairment of non-current assets	(1.1)	(11.6)	-90.9%
Write-offs	(4.4)	(58.3)	-92.5%
EBIT	(52.0)	(321.7)	-83.8%
Net financial results	(131.7)	(81.7)	61.2%
EBT	(183.7)	(403.4)	-54.5%
Corporate Taxes	(4.0)	5.4	-173.4%
Consolidated Profit	(187.7)	(398.0)	-52.8%
Discontinuing operations	-	(20.7)	-100.0%
Net attributable profit	(187.7)	(418.7)	-55.2%

(*) H1 2019 restated to present the cost of logistics platforms according to their nature.

EBITDA to Adjusted EBITDA Reconciliation	1H 2020	1H 2019	Change (m)
Gross Operating Profit (EBITDA)	176.9	13.5	163.5
Restructuring and LTIP Costs	13.9	75.8	(61.9)
IFRS16 lease effect	(140.6)	(163.0)	22.4
IAS29 hyperinflation effect	9.4	18.1	(8.7)
Adjusted EBITDA	59.7	(55.6)	115.3

- **Group Net Sales** increased by 2.1% during 1H20 on the positive impact of both transformation measures and increased “at-home” food consumption due to lockdown, and despite 6.0% fewer stores and the depreciation of the Argentinean Peso (34.1%) and Brazilian Real (19.1%).
- **Group Comparable Sales (Like-for-Like)** up 8.7% driven by 25.7% increase in average basket which more than offset a 13.5% decrease in number of tickets, with underlying pre-COVID growth in Spain and Portugal, as well as sustained positive figures in June (+10%).
- **Gross Profit (as a percentage of Net Sales)** increased to 21.7% (1H19: 19.5%) despite one-off COVID-19 costs such as bonus payments to logistics employees and Franchisee personnel, as well as logistics costs to support enhanced fresh offer.¹
- **Labor costs** remained stable as workforce rationalization measures made in 2019 were offset by higher staffing requirements, as well as COVID-19 related bonus payments.
- **Other operating expenses (as a percentage of Net Sales)** decreased to 5.4% (1H19: 5.8%) driven by continued cost discipline, lower investment in advertising during lockdown and despite COVID-19 related costs including protective materials.

¹ H1 2019 comparison affected by one-off stock liquidations and accounts receivable write-offs.

- **EBITDA** increased, also thanks to lower Restructuring Costs which were down significantly on the completion of key initiatives during 2019 and despite 26.0m COVID-19 one-off costs.
- **Adjusted EBITDA** improved to 1.7% as a percentage of Net Sales on the back of operational excellence initiatives implemented in 2019 with significant margin improvements in all countries.
- **Depreciation and Amortization** decreased 15.7% on closures of stores and warehouses executed during 2019.
- **Net Profit** negatively affected by 82.5m currency effect mainly related to Brazilian Real.
- **Capex:** down 23% to 31.4m representing 0.9% on Net Sales (1H19: 40.7m) with 75% of Capex relating to ongoing maintenance and IT investment.
- **Trade Working Capital:** inflow of 37.0m since December 2019 thanks to Net Sales increase and improvement in inventories.
- **Net Financial Debt:** improved by 68.9m compared to December 2019 on the back of positive Cash Flow from Operations and improved Trade Working Capital.
- **Available Liquidity:** stable at 434.9m (December 2019: 420.8m), with enhanced debt maturity profile following long-term refinancing agreement and bond repayment in July 2019.

1H20 GROUP OPERATIONAL UPDATE

In line with the roadmap presented at the 1Q20 financial results in May, Phase Two of DIA's business transformation is underway and defined actions are being implemented by country leadership, with strategic guidance, performance oversight and capital allocation provided by the corporate center.

During 1H20, business transformation priorities included the continued development of DIA's commercial value proposition, private label and online offer, as well as improvements to DIA's franchise model and continued operational efficiencies. Key highlights are listed below.

The Group has clear operational priorities to drive post lock-down re-entry including enhanced loyalty card communication, targeted promotions for card users based on data analysis and further digital transformation to support e-commerce and customer experience.

ASSORTMENT & STORE LAYOUT

- **Spain:** Optimized assortment and store layout rolled out to approximately 500 stores in Spain during 1H20 with a priority focus on DIA's fresh fruit and vegetables offer.
- **Portugal:** Refurbishment of 125 stores completed in 1H20 to support roll out of optimized assortment.
- **Brazil:** Introduction of new commercial strategy in 1H20, with store clustering model based on demographics, purchasing power and competitor presence to be rolled out in 2H20.
- **Argentina:** Fresh offer layout improvements now activated in over 20 per cent of stores.

PRIVATE LABEL

- **Spain:** Initial development and roll out of new products launched in Q2, with accelerated roll out in Q3 and Q4.
- **Brazil:** Over 200 new products launched in 1H20.

ONLINE / E-COMMERCE

- **Spain:** Over 1.15m orders delivered in 1H20 following coordinated offer expansion, with six times the monthly online orders for June than March.
- **Portugal:** Successful online trial completed in 1H20 with full Lisbon coverage now available.
- **Brazil:** Pilot project now underway for 30 locations, with partnered delivery App available since April.
- **Argentina:** Last mile delivery offer from store rolled out to 140 stores in 1H20.

FRANCHISE

- **Spain:** New franchise model innovations rolled out to 470 locations during 1H20, with roll out to a further 350 locations targeted in 2H20.
- **Portugal:** Appointment of new franchise director in 2Q and the roll out of new model launched.
- **Brazil:** Reviewing existing franchise contracts to simplify agreements with 112 stores representing 1/3 of total franchisees; implementation well on track, ahead of schedule.
- **Argentina:** 17 stores converted to COFO in 1H20, preliminary testing of new model launched.

OPERATIONS

- **Group:** Cost and liquidity optimization initiatives activated during 1H20 focused on operational excellence and reduction of complexity in areas such as supplier negotiations, inventory management, optimized logistics and energy/procurement savings.
- **Spain:** Cost efficiencies delivered through the reduction of obsolete inventory, more efficient tender process for logistics, as well as rent and energy savings.
- **Portugal:** 6 days per week delivery frequency now implemented in 80% of network to support expanded fresh product offer, with store and warehouse stock optimization on track.
- **Brazil:** New supply chain function created to deliver wider efficiencies, with 2H20 focus on effective supply to meet weekly promotional cycles and improved balancing of stock levels.
- **Argentina:** Improved OOS levels at both stores and warehouses in 1H20.

STORE NETWORK

SUMMARY OF GROUP STORES	Owned	Franchised	Total
Total Stores at 31 December 2019	3,725	2,901	6,626
New openings	1	2	3
Owned to franchised net transfers	103	-103	0
Closings	-103	-126	-229
Total Group Stores	3,726	2,674	6,400
Spain	2,564	1,477	4,041
Portugal	317	251	568
Brazil	537	341	878
Argentina	308	605	913

- **Closings:** 40 DIA stores closed in **Spain** (25 franchised and 15 owned), 9 franchised stores in **Portugal**, 22 in **Argentina** (12 franchised and 10 owned) and 3 in **Brazil** (two franchised and one owned). In addition, as part of the exit strategy announced for this specific type of franchisees, a total of 78 Cada Dia stores were closed during 1H. Additionally, 76 Clarel stores and 1 La Plaza store were closed in Spain.
- **Openings:** One franchised location opened in **Portugal**, one owned store in **Brazil** and one franchised store in **Argentina**.
- **Net changes in format:** 85 stores were transferred from franchised to owned in **Spain** including 18 Clarel stores. **Portugal** transferred 19 and **Brazil** transferred 4 locations from franchised to owned stores, respectively. Net change of format in **Argentina** resulted in 5 additional franchised stores, including 17 transfers of own stores to franchised stores during Q2.

1H20 COUNTRY PERFORMANCE OVERVIEW

SPAIN	1H 2020	%	1H 2019	%	Change
Gross Sales Under Banner	2,707.1		2,534.9		6.8%
Like-for-like sales growth	13.9%		-6.8%		
Net Sales	2,264.2		2,078.7		8.9%
Adjusted EBITDA	52.5	2.3%	18.1	0.9%	193.2%

- **Net Sales** up 8.9% continuing positive trend seen in 1Q20, which continued following easing of lockdown.
- **Adjusted EBITDA** increased 140bps despite COVID-19 costs and 6.8m legal contingency recognition related to penalty procedure initiated by the Agency for Food Information and Control for alleged infringements under the Law on the functioning of the food chain as further explained in the Interim Consolidated Financial Statements.

Portugal	1H 2020	%	1H 2019	%	Change
Gross Sales Under Banner	430.6		407.6		5.7%
Like-for-like sales growth	9.3%		-3.9%		
Net Sales	309.2		290.7		6.4%
Adjusted EBITDA	6.0	2.0%	3.2	1.1%	86.7%

- **Net Sales** increased 6.4% mainly driven by local transformation measures including increased stock delivery frequency to support expanded fresh product offer and continued in-store refurbishment efforts.
- **Adjusted EBITDA** increased 90bps on the back of operational excellence measures implemented.

Brazil	1H 2020	%	1H 2019	%	Change
Gross Sales Under Banner	545.1		700.2		-22.1%
Like-for-like sales growth	2.7%		-9.7%		
Net Sales	483.6		585.7		-17.4%
Adjusted EBITDA	(7.7)	-1.6%	(82.7)	-14.1%	-

- **Net Sales** up 20% in local currency despite 14 per cent fewer stores following strategic closure of underperforming locations, outweighed by the 28% devaluation of the Brazilian Real during the period.
- **Adjusted EBITDA** recovered significantly but remains negative due to negative volume and currency effect, leading to a 12.5% improvement in margin.

Argentina	1H 2020	%	1H 2019	%	Change
Gross Sales Under Banner	610.3		979.7		-37.7%
Like-for-like sales growth	-0.9%		-9.6%		
Net Sales	458.3		489.5		-6.4%
Adjusted EBITDA	8.8	1.8%	5.8	1.2%	50.9%

- **Net Sales** decreased 6.4% highly impacted by 34% devaluation of the Argentinian Peso in the period as well as the country's highest inflation rate for almost 30 years in 2019.
- **Adjusted EBITDA** improved 60bps despite negative volume effect on sales and currency effect.

1H20 FINANCIAL RESULTS

[€ million]	1H 2020	1H 2019	Change
Finance income	3.3	1.6	1.7
Interest expense	(24.0)	(36.8)	12.8
Other financial expenses	(14.9)	(44.4)	29.5
FX differences	(82.5)	(1.8)	(80.7)
IFRS16 related financial costs	(31.3)	(36.2)	4.9
Gains from monetary positions (IAS 29)	17.7	36.1	(18.4)
P&L from companies accounted under the equity method	0.1	(0.2)	0.3
Net Financial Results	(131.7)	(81.7)	(50.0)

- **Interest expense** decreased by 12.8m as a result of the improved financing conditions achieved following the completed refinancing in July 2019.
- **Other financial expenses** decreased to 14.9m on lower refinancing costs.
- **Foreign Exchange differences** include 78.7m of negative currency effect resulting from the devaluation of the Brazilian Real in the period, of which 60.9m (77.4%) came from Euro denominated intra-Group long-term structural financing provided to DIA Brazil primarily by the Group, and the remaining 17.8m (22.6%) from USD and Euro denominated bank loans held by the Brazilian affiliate.
- The drop in the number of stores and lower inflation in Argentina drove the reduction in IFRS16 and IAS29 effects, respectively.

SUMMARY CASH FLOW

[€ million]	1H 2020	1H 2019
Net cash from operations before changes in working capital	207.0	64.7
Changes in trade working capital	37.0	(86.2)
Changes in other receivables and payables	10.2	65.1
CASH FLOW FROM OPERATING ACTIVITIES (A)	254.2	(21.5)
Investment in fixed assets	(43.9)	(118.0)
Disposals of fixed assets & other	18.0	24.2
CASH FLOW FROM INVESTMENT ACTIVITIES (B)	(25.9)	(93.8)
Debt drawdowns & repayments	197.5	239.2
Interest paid and other financial expenses	(24.0)	(73.3)
Payment of financial leases	(145.3)	(162.6)
Other	12.2	6.2
CASH FLOW FROM FINANCING ACTIVITIES (C)	40.4	9.5
CHANGES IN CASH FLOW FOR THE PERIOD (A+B+C)	268.7	(105.8)
Exchange differences	(12.3)	(11.3)
Cash and Cash equivalents as at beginning of period	163.6	239.8
Cash and cash equivalents as at end of period	420.0	122.7

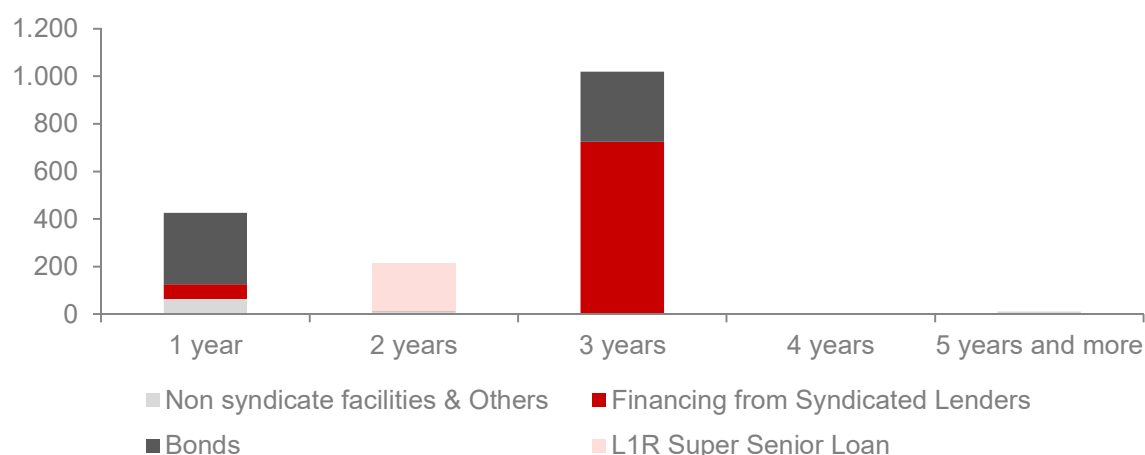
- **Trade Working Capital** improved to 645.0m (FY19: 608.0m) due to a 19.5m decrease in Inventories once initial stocking to meet supply requirements during the COVID-19 pandemic had been absorbed, a 10.7m increase in Trade Payables linked to sales increase together with a 6.7m reduction in Trade Receivables.
- **Non-Recourse Factoring** from Trade Receivables amounted to 22.4m at the end of June 2020, which compares with 14.1m as of December 2019. As of June 2020, **Confirming** remained stable at 247.9m compared to 250.3m as of December 2019.
- **Capital Expenditure** was down 23% as a result of tight investment control following completion of the first phase of DIA's business transformation.
- **Available Liquidity** was stable at 434.9m out of which 420.0m relates to cash & cash equivalents and 14.9m to undrawn banking facilities.
- Decrease in **Total Net Debt** of 144.6m since year end 2019, driven by improved Cash Flow from Operations and Trade Working Capital.

Capex per Country	1H 2020	1H 2019	Change (%)
Spain	22.6	22.3	1.4%
Portugal	1.5	1.6	-8.7%
Argentina	3.5	2.7	29.5%
Brazil	3.8	14.1	-73.1%
Total Group	31.4	40.7	-23.0%

BALANCE SHEET

[€ million]	1H 2020	FY 2019
Non-current assets	2,204.1	2,448.2
Inventories	477.0	496.5
Trade & Other receivables	104.2	111.0
Other current assets	91.7	100.2
Cash & Cash equivalents	420.0	163.6
Total Assets	3,297.0	3,319.4
Total equity	(509.4)	(350.5)
Long-term debt	1,682.3	1,865.7
Short-term debt	620.7	325.5
Trade & Other payables	1,226.2	1,215.4
Provisions & Other liabilities	277.2	262.0
Liabilities associated with assets held for sale	-	1.3
Total Equity & Liabilities	3,297.0	3,319.4

- At 30 June 2020, the shareholders' equity balance in the individual financial statements of the Parent Company (which are those used for the purpose of computing the legal dissolution or capital increase obligation) amount to 194.2m (222.7m as of December 2019).
- Debt maturity profile**
 - Actual Gross Debt Maturity Profile as of 30 June 2020:** 1,673.3m increased as L1R Super Senior facility drawn in full, which remains unused and recognized through an equivalent increase in Cash & Cash Equivalents.
 - Non-Syndicated Facilities & Others:** 64.0m (June 2020-June 2021), 13.4m (June 2021-June 2022) and 14.9m (June 2022 onwards).
 - L1R Super Senior Loan facility:** 197.4m (July 2022).
 - Bonds:** 300.7m (April 2021) reclassified into short-term and 294.6m (April 2023).
 - Financing from Syndicated Lenders:** 61.4m (June 2020-June 2021) and 726.8m (June 2023/March 2024).



(*) Not including lease payments (IFRS 16).

- In light of the unprecedented current market conditions and the Group's current challenges in accessing debt funding markets, alternatives to address the maturity of its medium term notes due in April 2021 are being analysed including a debt-for-debt exchange offer and consent solicitation.

EVENTS FOLLOWING THE CLOSE OF THE PERIOD

- On July 16th 2020 the Company announced the creation of a new Group Corporate Management Department and the appointment of Mr. Santiago Martínez-Lage as **Group Corporate Director** reporting directly to Mr. Stephan DuCharme to reinforce institutional presence and ESG agenda promoting sustainable growth according to the best international standards.
- After 30 June 2020 and before issuing this report, the Company has carried out additional transactions required in the context of the **Hive Down process**, thereby concluding the implementation of the Hive Down actions to be carried out as of such date, in compliance with the obligations assumed with the syndicated lenders.
- Shareholders' General Meeting was held on July 31st 2020 where the following resolutions were approved, among others: (i) approval of FY2019 Financial Statements, Management Reports, allocation of profit/loss and statement of non-financial information; (ii) management by the Board of Directors during the period from May 21 to December 31, 2019; (iii) ratification and reappointment of Ms. Basola Vallés as Independent Director; (iv) establishment of the number of members of the Board of Directors at eight and maintenance of vacancy; (v) severance for the departure of CEO; and (vi) consultative vote on the annual report on Directors' remuneration for FY 2019. The management by the Board of Directors during the period from January 1 to May 20, 2019 has not been approved by the Shareholders.

CHANGE IN CURRENCY RATES

Change in Currency Rates	Argentinean Peso / €	Brazilian Real / €
1H 2019 average	0.0214	0.23034
1H 2020 average	0.0141	0.18642
1H 2020 Change	-34.1%	-19.1%

Bloomberg average currency rates (a negative change in exchange rates implies 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 take 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 was updated in 2019 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 remodeling and closings, long-term incentive programs (LTIP), and write-offs of account receivables related to Franchisees.

On 25 March the Board of Directors, approved an LTIP for the 2020-22 period. The Company has amended the Adjusted EBITDA definition to exclude the accrual of costs related to long-term incentive programs (LTIP) to isolate this effect.

Adjusted EBITDA definition will therefore exclude: effect of IAS 29 and IFRS 16, restructuring costs and LTIP costs.

- **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	1H 2020	1H 2019	Change (%)
Net Sales	3,515.2	3,444.5	2.1%
VAT and Other	778.0	1,177.8	-33.9%
Gross Sales Under Banner	4,293.2	4,622.3	-7.1%

- **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 remodeling activities or severely impacted by external objective reasons. Additionally, the LFL figures corresponding to Argentina have been deflated using internal inflation to reflect volume LFL, avoiding misleading nominal calculations in relation to hyperinflation.
- **Adjusted EBITDA:** Underlying Operating Profit that is calculated after adding back to EBIT Depreciation & Amortization (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, gains and losses on disposals of fixed assets, the effect related to the application of IAS 29 and IFRS 16, and the costs related to LTIP programs.

EBIT to Adjusted EBITDA Reconciliation	1H 2020	1H 2019	Change
Operating Profit (EBIT)	(52.0)	(321.7)	269.7
Depreciation & Amortization	223.5	265.3	(41.7)
Losses on write-off of fixed assets	4.4	58.3	(53.9)
Impairment of fixed assets	1.1	11.6	(10.5)
Gross Operating Profit (EBITDA)	176.9	13.5	163.5
Restructuring costs	8.0	75.8	(67.8)
Long-term incentive program	5.9	-	5.9
IFRS16 lease effect	(140.6)	(163.0)	22.4
IAS29 hyperinflation effect	9.4	18.1	(8.7)
Adjusted EBITDA	59.7	(55.6)	115.3

- **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. All the information necessary to calculate the Company's net debt is included in the balance sheet.

Net Debt Reconciliation	1H 2020	FY 2019	Change
Long-Term debt	1,247.2	1,377.5	(130.3)
Short-Term debt	426.1	108.3	317.8
Cash & Cash equivalents	420.0	163.6	256.4
NET FINANCIAL DEBT	1,253.3	1,322.2	(68.9)
IFRS16 Lease Debt Effect	629.7	705.4	(75.7)
TOTAL NET DEBT	1,883.0	2,027.6	(144.6)

Disclaimer

This presentation contains forward-looking statements and information relating to Distribuidora Internacional de Alimentación, S.A. (DIA) and its subsidiaries that are based on the current beliefs of DIA's management, key expectations and assumptions, as well as information currently available to DIA and projections of future events. These forward-looking statements speak only as of the date they are made based on the information, knowledge and views available on the date on which they are made; such knowledge, information and views may change at any time. These forward-looking statements are often, but not always, made through the use of words or phrases such as "anticipate," "believes," "can," "could," "may," "predicts," "potential," "should," "will," "estimate," "anticipates," "forecasts," "plans," "projects," "continuing," "ongoing," "expects," "intends" and other similar words or phrases. Other forward-looking statements can be identified in the context in which the statements are made or by the forward-looking nature of discussions of strategy, plans or intentions. Such forward-looking statements, as well as those included in any other material discussed at any management presentation, reflect the current views of DIA with respect to future events and are subject to known and unknown risks, uncertainties and key assumptions about DIA and its subsidiaries and investments, including, among other things, the development of their businesses, trends in their operating industry, and future capital expenditures. In light of these risks, uncertainties and assumptions, the events or circumstances referred to in the forward-looking statements may not occur. None of the future projections, expectations, estimates or prospects in this presentation should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the presentation.

Current and future analysts, brokers and investors must operate only on the basis of their own judgment taking into account this disclaimer, and must bear in mind that many factors could cause the actual results, performance or achievements of DIA and its subsidiaries and any information included in this presentation to be materially different from any information, future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others: changes in general economic, political, governmental and business conditions globally and in the countries in which DIA and its subsidiaries do business; changes in interest rates; changes in inflation rates; changes in prices; trends affecting DIA and its subsidiaries businesses, financial condition, results of operations or cash flows; the impact of current, pending or future legislation and regulation in countries in which DIA and its subsidiaries do business; acquisitions, investments or divestments which DIA and its subsidiaries may make in the future; DIA and its subsidiaries capital expenditures plans; their estimated availability of funds; their ability to repay debt with estimated future cash flows; security threats worldwide and losses of customer valuables; failure to maintain safe work environments; effects of catastrophes, natural disasters, adverse weather conditions, unexpected geological or other physical conditions, or criminal or terrorist acts; public perception of DIA and its subsidiaries businesses and reputation; insufficient insurance coverage and increases in insurance cost; loss of senior management and key personnel; unauthorized use of the DIA's intellectual property and claims of infringement by DIA or its subsidiaries of others' intellectual property; changes in business strategy and various other factors. The foregoing risks and uncertainties that could affect the information provided in the presentation are almost impossible to anticipate and predict. Should one or more of these risks or uncertainties materialize, or should any other unknown risk occur, or should any of the underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or targeted.

No one intends, or assumes any obligations, to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise nor to update the reasons why actual results could differ from those reflected in the forward-looking statements. DIA provides information on these and other factors that could affect the business and the results in the documents it presents to the CNMV (Comisión Nacional del Mercado de Valores) in Spain. This information is subject to, and must be read in conjunction with, all other publicly available information. As a result of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements as a prediction of actual results or otherwise, and the directors are not responsible for any possible deviation that could arise in terms of the different factors that influence the future performance of the DIA. Neither DIA, nor its directors, nor its representatives shall have any liability whatsoever for any loss arising from any use of this document or its contents, or otherwise arising in connection with this document.

Not for general release, publication or distribution in any Jurisdiction in which the distribution or release would be unlawful.

These materials do not constitute an offer to sell, or a solicitation of offers to purchase or subscribe for any securities in any jurisdiction. The securities referred to herein have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. There is no intention to register any portion of any offering in the United States or to conduct a public offering of securities in the United States.

This report is published in Spanish and English. In the event of any discrepancy between the English version and the Spanish version, the English version shall always prevail.