TRANSCRIPT'S RESULTS
Q1 2013

Mario Sacedo, Senior IR: Hello, good afternoon. This is Mario Sacedo, senior investor relations of DIA Group. As always, I want to thank all participants for joining us in this first quarter results conference call and webcast presentation. This call will be hosted by Ricardo Currás and Amando Sánchez. We will explain the results in our presentation that today is planning to last around 25 minutes.

Afterwards, we will open the Q&A session. We have it scheduled around 35 minutes for questions made by telephone and another ten minutes for questions on the web.

Ricardo, please, you have the floor.

Ricardo Currás, CEO: Thank you, Mario. Good afternoon. Let me welcome everyone to this first quarter 2013 webcast. Thank you for your presence. Q1 2013 has been a challenging quarter for DIA, but once again, we have been able to continue delivering growth.

Our business was affected by the worst negative calendar effect in many quarters, and the wet weather in Europe, something which did not support the activity helped in proximity stores. This first quarter of the year brought us some changes in the group parameter. The proof of our determination to make best use of our resources. In this sense, it is remarkable how the Schlecker integration has been successfully completed in record time. Back office, IT system, and organization are already fully integrated with DIA and we are now pursuing the plan to reinforce our competitive position and improve sales.

Additionally, we moved fast to find new ownership for our business in Turkey, a corporate transaction which was successfully completed in very short period of time. We want to congratulate the teams involved in this deal for their execution and also thank all the employees of DiaSA for the effort across the years to build the business.

In Spain, in a very challenging and difficult consumer context, we have been able to grow our market share, gaining more than 30 basis points excluding Schlecker.

And finally, I'm especially satisfied with the Q1 2013 performance in emerging markets, both in sales and in profitability, with a remarkable 17.5% like for like growth in local currency. Thus in 2013, despite a challenging scenario existing in Europe, we remain optimistic about our ability to continue to grow the business, concentrating our investment efforts in our key regions.

In the first quarter of the year 2013, sales under banner grew by 5.6% in local currency to 2.73 billion Euros. The growth rate in Euros was negatively affected by the strong operation of the Euro against the Argentinian Peso and Brazilian Real in the quarter and the very negative calendar effect in all the geographies due to leap year and different Easter seasonality.

Adjusted EBITDA for the quarter reached 119.4 million Euros, which implies an increase of 6% at local currency, while adjusted EBIT rose by 16.3% to 56 million Euros. Focus on competitiveness and efficiency in Iberia have also been key to expanding EBIT margins with a double digit growth in Euros at group level.

Finally, the underline at profit reached 28 million Euros, which was 19% higher than in Q1 2012. And now Armando, we go through the group's accounts for the first quarter of 2013.

Amando Sánchez, CCO: Thank you, Ricardo.

Good afternoon to all of you. And let me start congratulating our friend David Pena who is not here with us, maybe because he's been father of a girl this morning. Congratulations to David, if you are listening to us.

First quarter 2013 results present two changes in the parameters of DIA. Let me give you a little bit of color about them before we go into the financials. The first is the consolidation of the Schlecker activities in Spain and Portugal from February 1st, 2013, into our account. As Ricardo mentioned before, the integration of 1,129 stores was successfully completed in record time with all back office, organization, IT systems, fully integrated into DIA.

We still have a lot of room for improvement, but we remain very confident of the opportunity to grow our business in this segment, that has already contributed with 47.5 million Euros of sales in February and March, and with the first synergies already obtained in this period. This acquisition has already contributed to an increase in debt of 70.5 million Euros

The second of the changes in parameter is the consideration of Turkey as asset held for sale after the signature on April 19th, 2013, of an agreement with Yildiz Holding and SOK to sell 100% of the shares of DiaSA, our company in Turkey, for enterprise value of 320 million Turkey Liras, an equivalent of 136.5 million

Euros of which 60% is attributable to our ownership in the company.

Let me comment briefly on some of the effects we estimate from this transaction in our numbers. First, we estimate a net reduction after the final closing and approval by anti-trust authorities of the agreement of around 100 million Euros. A part of it has come from the reduction of the debt held by DiaSA in the consideration of asset held for sale and the remaining will come from the payment for the shares of the company once the transaction is completed. Also, we estimate an effective tax rate improvement from the group, and a relevant EPS accretion from year one.

Let's now turn into the figures in slide number eight. In accordance with IFRS5, this operation has been considered as discontinued and the 2012 numbers have been expressed in the profit and loss account to make this number comparables.

Gross sales under banner for the first quarter of the year amounted to 2.7 billion Euros, an increase of 5.6% in local currency against the previous year. Adjusted EBITDA went up by 4.3% to reach 119.4 million Euros, which implied a 19 basis point improvement in the adjusted EBITDA margin to achieve 5.1% of sales. Adjusted EBITDA in turn rose by 18.1% in local currency to 56.1 million Euros, reflecting a 33 basis point improvement in the adjusted EBITDA margin to 2.4% of net sales.

Nonrecurring items for the period increased 16.2%, driven mainly by nonrecurring cost linked to the Schlecker network integration. Net financial expenses stood at 5.2 million Euros, down more than 44%, but mainly due to the Europe 3.9 million Euros positive contribution from the equity swap in the quarter, versus an impact of

2.2 million Euros in the quarter, in the same quarter of last year. This will be the last quarter in which this equity swap has an impact in our account.

The effective tax rate is 2.435%, favored by the discontinuation of the loss making activities in Turkey. If we exclude the negative tax bases of France and China, the adjusted tax rate would be around 35%.

Finally, underline net profit rose by 19% to reach 28 million Euros in the period.

Let's now take a look at the sales performance by geographic segment in slide number ten. Gross sales under banner increased by 1.18% in the quarter driven by the strong growth in Latin America which posted an outstanding growth of 28.2% in local currencies followed also by an improvement in the sales in Iberia.

In slide number 11, and as we anticipated in previous calls, new openings will contribute more to the top line growth of the company while still showing a positive evolution in like for like in a quarter with a significantly negative calendar effect.

Look into the tale of the segment on slide number 12, we see how the negative like for likes growth in Iberia was more than offset by the positive contribution of newer space opened and this Schlecker contribution.

In Iberia gross sales under banner increased by 2.4%, in the quarter, to reach 1.43 billion Euros. Like for like sales were negative, but most of these negative effect is attributable to the calendar. The business environment was increasingly difficult during the quarter. Although, the gain of more than 30 basis points of market share reflects our ability to compete well in these environment in Spain.

In slide 13, you can see the figure of our emerging market unit now composed by Brazil, Argentina and our activities in Shanghai. In the first quarter of the year, gross sales under banner increased by 12.85% to reach 754 million Euros. Being this growth rate negatively affected by the appreciation of the Euro versus the Latin American currencies.

Brazil and Argentina both maintained very strong sales momentum, while the focus on Shanghai has started to pay off with much better sales figure. We continue to be very optimistic about our growth prospects in Brazil, Argentina and China.

In France, gross sales under banner went down by 11.5% to 551 million Euros. As in the case of Iberia, this quarter was impacted by the worst negative quarterly calendar effect that we estimate for the year 2013. The positive effect in sales from the new Maxi II concept is still not enough to revert the sales strengths as the massive rollout started late in the quarter.

Finally, as of March 31st, net debt was 735 million Euros, up 89 million Euros versus the figure at the end of the first quarter of 2012. These figures includes the change in the accounting treatment of the equity swap, as well as the payment of 80 million Euros or fully provisioned tax liabilities, and the payment of the Schlecker agreement for 70.5 million Euros. The consideration of Turkey as asset held for sale brings a net debt reduction, and at closing net debt will reduce an additional amount estimated around

40 million Euros, which will bring our leverage ratio down to 1.1 times debt to EBITDA.

The company's negative working capital is stable around 1 billion Euros. The increase of the value of the stock and trade tables are namely explained by the integration of Schlecker, while the growth in trade receivables is related to both the Schlecker transaction and the higher overall number of offering inside the store.

Let me now turn the call back to Ricardo for some concluding remarks and the Q&A session.

Ricardo Currás, CEO: Thank you, Armando. Before opening the Q&A session, let me remind you our key priorities for 2013.

Our first priority will be to grow faster in our key regions, in particular, in Brazil and Iberia with more openings. We also will further strengthen our model, becoming even more specialist in price and proximity, thanks to Schlecker and Fresh.

Finally, we will intensify our thoughts to capture farther efficiency gains in Europe in order to improve our competitive position. We are confident that these are the right priorities to achieve our ambitious profitable growth agenda and our midterm target of double digit underlying earnings per share growth for the 2012/2015 period.

Thank you, and I give the floor to Mario for the Q&A session.

Operator: Good afternoon, ladies and gentlemen. The Q&A session starts now. If you wish to ask a question, please press 0, 1 on your telephone keypad. Thank you.

First question comes from Edouard Aubin from Morgan Stanley. Please go ahead, sir.

Edouard Aubin, Morgan Stanley: Yeah, good afternoon, guys. Just two questions for me, one on gross margin and one on Spain. If you look at your gross margin, I think it contracted by around 50 basis points year over year in Q4, but expanded around 90 basis points in Q1.

Now, according to my calculations, Schlecker adds around 50 basis points to that, but can you just walk us through how your gross margin by countries or regions have evolved and how -- you know, the change between Q4 and Q1?

And secondly, your growth vehicles in Spain, DIA Fresh and Schlecker, could you just give us an update on -- you used to target around 100 openings DIA Fresh in fiscal '13, if you can give us an update on your opening plans. And regarding Schlecker, if I'm correct, I think this company used to post an EBIT margin of around 10% prior to your acquisition. It went down to five last year. When could you expect to move back to a double digit EBITDA margin for Schlecker?

Ricardo Currás, CEO: Thank you, Edouard, for your questions. Let me start with the first one, which is -- which is about the gross margin evolution. Most of the gross margin evolution in the -- or increase in the first quarter has -- is due to the integration of Schlecker because it's a company which you will always see higher gross margins and lower -- and higher costs too.

Apart from that, we have had some early synergies in

Schlecker, in the first negotiations, and it is also appearing in this first quarter of the year.

If you take out these effects, we don't see a significant growth in margins in any -- in any geographic difference from what we have been doing in the last -- in the last quarters. Taking into account that we continue to increase our competitive activity in Europe, especially, in Spain where we have seen a big increase, again, of market share, 30 basis points in the period, and even 40 basis points in period three, so in March corresponding to March, which means that we are really investing in -- in prices, and we will continue investing in Europe, due to this -- to the competitive environment.

And we are having very good like for like sales trend in -- in our emerging markets with double digit growth like for like in Argentine, in Brazil and China, which means we are very competitive there too, all passing TLE our peers.

When you look at the second question, which is about Fresh and Schlecker, let me start with Fresh. As I mentioned last time, we are opening -- we continue opening Fresh stores, but at the same time, we want to differentiate Schlecker -- sorry, Fresh more from DIA Marketing in order to be able to deliver an important plan of openings in which we can open without problems of cannibalization DIA Market and DIA Fresh very close.

So this differentiation of effort is -- is, I think, giving already some good results, and we will see very positive trend in Fresh in the -- in the next month in terms of differentiation and in terms of continued expansion.

About Schlecker, what I have to say is that integration -- fast integration has been a success. We have been able to integrate a company in just one month and a half, which is a clear record. So we are now absolutely concentrated in increasing sales with a program which implies having loyalty -- loyalty card launched in April, better assortment that we have -- we are now putting in place. We have reduced prices and we have, of course, improved our promotional activity in the company and we expect good results in terms of sales in the next months in Schlecker. We already seen some -- some good numbers.

That means that we are quite confident that this year will be probably a good year for Schlecker. I cannot guarantee you that it will be 10% EBITDA at the end of the year because this is a very aggressive number, but we expect good progress of our EBITDA margins in Schlecker for this year.

Operator: Next questions from Jaime Vazquez from JPMorgan. Please go ahead, sir.

Jaime Vázquez, JP Morgan: Yeah, good afternoon, everyone. Just a follow-up on Edouard's question on DIA Fresh. Sorry, it wasn't clear to me if we are going to see a number of openings closer to a 100 initially forecast or to a 50 that was mentioned. So it will be helpful or perhaps if you can give a picture for, you know, where you see openings next year, if you feel more comfortable with that.

Then on Spain, can you give us an update on this state of competition. A couple of months ago, you sounded a bit more cautious on the level of pricing competition in the country following the public announcements of Mercadona. Carrefour recently said that they didn't really feel much of a change in the level of competition. Now that we are in May, could you give us an update on what the actual change to that competition has been?

And finally in Spain, can you give us an idea of the sales in the first four months of the year, which would be a good measure to clean up for some calendar effect? Thank you.

Ricardo Currás, CEO: Thank you for the questions, Jaime. I will try to answer all of them.

First of all, about Spain and about DIA Fresh, in particular, that to say -- as I said -- as we said in our intervention, we want to accelerate our opening scene in Iberia and Spain particularly this year. Opening Fresh stores, opening DIA Market stores and opening especially the markets and -- but also the Market and opening if we are able to -- we would be able to -- some Schlecker stores too in a year. That means that we continue our -- our plan to expand Fresh, but at the same time, as I have just mentioned, we are trying to differentiate more the concept, and we are also investing sometime in that task which is key for the next years of openings in Fresh, but I have to repeat again that I am convinced that Fresh format will be a success in the future for DIA.

The other question was about competition -- competitive environment in Spain. Yes, the competitive environment in Spain is tough, and we continue to be tough because the market is difficult. As you -- as we see the environment, which is clearly not the best environment.

But in terms of price competition, I would have to say today is that situation is quite stabilized, and we are not seeing, I would say, any type of price -- extra price pressure apart from the fact, as I said, that we are in a very competitive market and we will continue to be in a very competitive market throughout the year, and that's why I want to stress again the fact that we are in this competitive market. We are gaining market share, at the same speed that we were gaining last year, with very good third period and now very good first quarter in terms of -- of market share gain.

And we will continue investing in -- in -- in being as competitive as we have been in the last quarters to maintain these market share gains in the next quarters.

And I have to say that when you look at the numbers of April, they are reflecting exactly what I am saying, and we are recovering most -- most of the sales that were coming from a negative calendar effect in the -- in March, not the extra -- the extra day we had last year in February, but most of the calendar effect that -- that we have seen so negative in the first quarter has been recovered in April.

Operator: Next question comes from Frederic Lecasble from Raymond James. Please go ahead, sir.

Cédric Lecables, Raymond James: Yes, good afternoon. This is Frederic Lecasble from Raymond James. I have two questions, actually. First one on France. Regarding the possibility of evolution in the quarter, is there anything special, any one off in this quarter? You used to, despite tough top line trend; defend the margin a little more efficiently in the previous quarters. Was there any kind of one off or something we should have in mind for this quarter?

And the second question is on your Fresh differentiation in Spain. Could you explain to us -- we saw the first Fresh stores. How do you differentiate further the stores to avoid this cannibalization. Could you explain what you are doing precisely in the store? Thank you.

Amando Sánchez, CCO: Frederic, I will take your first question on France. In principle, there's no specific one off effect in the first quarter. Obviously, it is always a weaker quarter in terms of sales and in terms of profitability in our case, but clearly, as well the negative trend in sales continued and obviously that is not a -- we assume that is not a good sign for the profitability of future quarters. However, and as Ricardo explained during the presentation, we are committed to keep and to intensify our efforts in cost cutting measures to regain part of that loss of profitability that we have seen in the first quarter.

Ricardo Currás, CEO: The second question was about the Fresh again. And I -- I am very happy to share with you quarterly changes we are implementing today, which you will see if you visit our Fresh stores in the next months in order to differentiate more this concept.

The first thing is that we will be -- we are doing a big effort to have a better assortment in fruits and vegetables. We are also doing an important effort in bakery. The bakery will be one of the key categories of these new or more differentiated Fresh store. And in order to make it short, we are also concentrating more and more space in the store to healthy food, which will be also one of our key differentiation points of -- of these Fresh concepts.

That at the same time will give us some synergies with Schlecker, because as you know, healthy food is also part of the categories that we want to develop in Schlecker.

I think with these changes, when you see them together -- I have to say also that we are doing, for instance, new things in cold cuts, cheeses and improvements in most of the categories. When you look at now at our -- at our new Fresh model, and you are close to a DIA Market, you see a big difference, while at the same time, continued to have a very strong Fresh concept.

Operator: Next question comes from Filipe Rosa from Espirito Santo. Please go ahead, sir.

Filipe Rosa, Espirito Santo: Hi. Good morning, everyone. First of all, on the synergies as far as from the acquisition of Schlecker, I don't know if you could try to quantify what could be the reasonable target now that you have already integrated the chain. What do you think could be the reasonable target for the full synergies from this deal?

And my second question comes associated to France, where I believe that you already started operating the stores. I would like to have -- if you could provide us an update on what has been the performance of those stores of DIA Maxi II stores following the upgrade and to whether you still believe that this is the solution for France and what could be some areas being analyzed as an alternative given the weak performance so far in the year. Thank you very much.

Amando Sánchez, CCO : Thank you, Filipe. First on the synergies on Schlecker, we have indicated we have already realized some synergies, especially on the commercial side and we think there is room for additional progress. However, it is too early to anticipate, even though we can confirm that we are slightly more optimistic about the prospect in general and about the profitability profile of the -- or the effect on the profitability of the -- of the Schlecker integration into DIA, but that is something that will have to be confirmed across, and as we move forward in the year.

Regarding your question on France and the effect of Maxi II, the new concept. As we said, there is -- there is already positive sign in the fewer stores that have been converted, and we initiated the rollout on a massive scale. Also the tests were developed by DIA at the end of the year, and we initiated that massive rollout at the beginning of February. So it is too early to give a definitive indication.

Also we see a clear uplift on sales. This is, we think, an integral part of the plan to improve our operations in France, but as I said, it's too early probably to quantify and to give a specific target of what sales uplift that will have to bring. And it is likely that that specific effect per se is not enough to bring sales to our positive -- to our positive theory. However, we do believe the Maxi II store, which is a project with very reduced CapEx and with improvement in quite a few number of categories is a step clearly in the right direction and the first numbers confirm that.

Filipe Rosa, Espirito Santo: From whether you have already made the price investments that you talked about in the investor day that you will invest at various points, have you already done this with the launch of the first stores, or are you going to do this gradually? Thank you.

Amando Sánchez, CCO: Sorry. I'm not sure I understood very clearly. The quality of the line was not very good. Can you repeat the question, please?

Filipe Rosa, Espirito Santo: I was asking whether you could confirm if you made already the 100 basis point price investment that you said you would make at the time of your investors day in France associated to the revamping of the stores to the Maxi II.

Amando Sánchez, CCO: Yes, we have included that effect or that investment in price. It is true also that when you consider the change in the categories, it is notice to compare, we have improved through the -- through the change in the assortment in those specific stores in the Maxi II concept, an improvement in our price positioning. But as there is a significant change in the assortment, there are also positive effects from the mix, and we have not seen a direct effect in material generation coming from that price investment that we anticipated in November.

Operator: Next question comes from Jose Rito from BPI. Please go ahead, sir.

José Rito, BPI: Yes, good afternoon. Just a follow-up question on like for like evolution in Iberia. I think that you mentioned that the negative like for like was almost compensated the deal the end of April. Just to confirm if in April like for like was positive in Iberia. And also related with these in the release, you mentioned that you can anticipate the market share, just to know if this excludes Schlecker. And also final question on margins. Margins in Iberia increased by 60 basis points in this first quarter. Could you give some color what has been the main drivers for this evolution, if it's just franchising or if there's other items to consider. Thank you.

Ricardo Currás, CEO: So thank you. Thank you for your questions. The best question -- the first question is about like for liking in Iberia and I imagine specifically in Spain because the most important calendar effect, negative calendar effect was due in Spain between March and April. Yes, as I said before, we have recovered most of the negative part of the calendar in April in Spain, and that means that we are -- we are now on -- we have confirmed throughout our presentation on slight negative like for like trend, zero negative like for like trend in Spain, which means that the market is tougher because at the same time, we are gaining market share with the same speed that we gained last year, excluding Schlecker, because the data that we have provided are excluding Schlecker. If you include Schlecker, you have to add additional 0.20% something market share, which is the market share added by Schlecker.

Just to confirm you the numbers, we are speaking of 7.6% market share excluding Schlecker in the first quarter against our 7.3% market share last year for the same period. If you add Schlecker, you have to add another 0.2 2013 to 7.8, and that would mean we would have again, including Schlecker of 0.5% of market share in Spain.

So clearly we are maintaining our path of gain of market share in Spain, and really when we look at the data price indexes -- the price image and the competitive environment in Spain, we are quite reassured that the -- we are doing the best to continue gaining market share in the next quarters.

Amando Sánchez, CCO: Regarding your question on margins, gross profits, and evolution of operating costs, there's definitely some effects in the quarter that distort a little bit of the picture. The first is the consolidation of Schlecker, which on average explains a significant portion of the improvement in the gross profit.

It is also true that on the other hand, it explains a significant amount of the duration or the improvement or the increase in operating costs, which is also heavily affected when you look at -- and you compare it especially with the previous quarter by the fact that there is a -- not one -- one day less for the leap year, but a significant negative calendar effect in our -- in all the markets and especially in the Spanish market. So that implies most of our costs are fixed, our salaries, rent and head office costs that implies the duration, if you wish, in terms of the percentage points of sales.

Other than that, the trend of cost improvement, favored also by the progress of franchise and the cost cutting initiatives that we are committed to continue and to reinforce during the rest of the year are still there, or they are the underlying trend, and, of course, we can say this is still positive and we are committed to improve it throughout the year.

José Rito, BPI: Do you think the 60 basis point increase of EBITDA margin in Iberia is recurrence throughout the year?

Amando Sánchez, CCO: Well, as we said before, first quarter is not always the best to derive our tendency, and some of the improvements that we have seen in the margin might be led by a specific one off synergies due to the integration of Schlecker.

All in all, I think we maintain a positive stand for the rest of the year as we have seen that in the first consolidation, the cost of Schlecker is really what we expected, but it is probably too early to express clearly the improvement -- the rate of improvement in the margin is going to be maintained throughout the year. It's certainly positive, but it is probably still too early to confirm that tendency or to extend the same gain throughout the year.

Operator: Next question comes from Xavier Lemone from Credit Swiss. Please go ahead sir.

Xavier Le Mene, Crédit Suisse: Yes, two questions if I may. The first one, can you talk about the moods with your franchisees. How does it feel in France? How do they feel in Spain, especially? Have you seen any increase in the turnaround of the franchisee or not? So what they are feeling there.

The second one is the tax rate, you gave us, you know, an underlying 35% tax rate. Is it something we should use for the full year or can you give it more precise regarding the tax year for 2013?

Ricardo Currás, CEO: Let me answer. Thank you for the question. First, let me answer to the first question, and I will make you repeat if you don't mind, to the second question, because it -- the line has not been very clear and we have missed it.

But answering to the first question about the franchisees, we don't have seen any special churn rate or increase in this period in any country, neither in France. We are -- I think we have proved for many -- for many years now that we are -- we are very special -- very specialist in franchise, and we are always supporting our franchisees when they have problems, and that means that we are -- one of our key criteria is, of course, trying to reduce the churn rate the most, and we think we have taken a lot of initiatives in the last quarter in order to do that, and that's why even if we have expanded very fast our franchise basis, and you see that we continue expanding our franchise basis, and we will continue expanding our franchise basis in the next quarters, we don't see any -- any difference from -- in turnover from what we have seen before.

So please, can you repeat the second question?

Xavier Le Mene, Crédit Suisse: The second question was about the tax rates. You were reporting about 40% tax rate in Q1, but an underlying tax rate of 35%. The question is: What can we expect for the full year tax rate, reported tax rate, the underlying tax rate?

Amando Sánchez, CCO: You could, as we anticipated last year and -- and in the full year release to see the tax rate for 2013 and forward declining gradually. However, the final impact and the final degree will depend on the negative tax basis that we generate in France and in China. But it will be an improvement, and we will continue to go towards the mid-30s tax rate that we can consider normalized for the next few years.

Operator: Next question comes from John Kershaw from Exane BNP Paribas. Please go ahead, sir.

John Kershaw, Exane - BNP: Hi, good afternoon, guys. Most of my questions have been answered, but just perhaps help us on two things. One, in France, hopefully the Maxi II conversions helped, but realistically, profitability is going to come under further pressure. So perhaps give us your best assessment of how you think profit will progress over 2013 and maybe into '14.

And then in emerging markets, what is your strategy from here? It looks like ex-Turkey and Beijing, you had a stable margin in the first quarter. Should we be expecting sort of aggressive expansion and managing to stable margin, or can we expect the margin to expand in the coming quarters?

Amando Sánchez, CCO: John, good afternoon. On the first question on France, as I said before, the Maxi II is definitely a bit early to extract many consequences, although there is some -- some of the stores already -- where the mold is already implemented. We only started the massive rollout as of the end of January, beginning of February. So it is definitely a bit early to draw final conclusions.

On the profitability, the decline in sales have not been -- or we have not been agile enough to recover that ground on cost reductions. So it is a task and a challenge for all of us to deliver on that during the rest of the year. And however, as if sales continue to perform negatively, this will become, as we anticipated in previous quarters tougher and tougher to maintain.

And Ricardo will answer this.

Ricardo Currás, CEO: Emerging markets, as we said before, our priority in emerging markets is to grow faster, and that's why we are investing more in openings. I would say a lot more than in previous -- from the previous year, the same quarter, and we are investing more also by opening the regions, as you know, it has been the case in Brazil. It will be the case again this year in Brazil with another -- another region. That means, of course, some extra cost to starting in these regions. We have been explaining before.

And that to say that, once again, our priority in the emerging markets is growing faster, having more openings and being able to increase our profitability of the same path.

So that will be already a very good result taking into account these new investments in the regions that need some time to pay.

Said that, we are very, very enthusiastic today by our results in the three -- in the three emerging markets in Argentina, in Brazil, and in China in Shanghai. We are clearly accelerating our plan. We have very good like for likes and we still expect to have this growth in results and profitability as we come with very strong growth in sales.

John Kershaw, Exane - BNP: That's right. Thank you.

Operator: Next question comes from Sreedhar Mahamkali from Macquarie. Please go ahead, sir.

Sreedhar Mahamkali, Macquaire : Yes, hi. Good afternoon. Just to quickly follow up on France, sorry to keep talking about France, from what John was asking. You clearly have been very decisive in Turkey and China, but continued to show a great deal of patience in France. And I also understand your point about it being too early to -- to determine the impact of Maxi II. But would you believe in a couple of quarters you would have enough information to reassess the situation in France? First question, please.

And the second one is on Schlecker, again. You have said 10% EBITDA margin sounds very aggressive, but based on what I have seen in Q1, you have already achieved probably around 9%, and you seem more optimistic on further synergies to come. Should we assume some of this margin and synergies to be passed on to the consumer, perhaps in terms of your pricing that you referred to and that you end one more like 7 to 8% margin for the year in Schlecker?

And finally, just in terms of guidance on Capex, 250 million Euros is that still a valid guidance you think, especially you have come a bit low in Q1 it looks like? Those three questions. Thank you.

Amando Sánchez, CCO: Thank you, Sreedhar. On the first question on France, definitely we do believe that the first -- that 2013, as we stated in November, when we met here in Madrid for our analyst day is going to be a decisive year, and we still believe it will. And certainly Maxi II is a very important milestone, and we will definitely continue to take actions on cost front, and we will take actions in the future if we continue to see that the sales does not improve. So definitely, as we anticipated 2013 would be a decisive year for our persons in France.

Regarding Schlecker, it is difficult, again, to draw conclusions from only two months of activity and from an operation which was, as we have shared before, weak in terms of internal controls, in terms of IT systems, and that we have precisely to avoid any problems on that front, integrated very fast from day one, all the 1,129 stores have now our POS machine, our systems. All the warehouses are using our -- all of our IT infrastructure. But -- and the positive results are definitely encouraging for the quarter. But, again, that is a positive sign, and we would like to see -- or we would like to give you an extra optimist view on what the final margins.

As you very well mentioned, one of the things we need to achieve is a much better competitive position because we want to drive farther sales in the business, and that will have to be done as well sharing part of whatever commercial condition we obtain with -- with our customers.

On that front, I think we are now seeing the first positive signs of the introduction or the change in the assortment of the introduction of the loyalty card, but, again, those are all first positive signs and something which is -- which is difficult to -- to guide or to confirm a long-term trend. Definitely, if anything, I think we are more positive now than we were before the integration, because of the uncertainties that we have left behind in this process of integration.

Finally, on the CapEx side, 350 is still a good figure, although that included, of course, some CapEx from Turkey that is no longer going to be put in place. As Ricardo mentioned before, it is our decision or it is our -- our intention to accelerate expansion in Iberia and accelerate expansion in Brazil. So we are certain that we will find opportunities to complete that guidance of 350 million Euros.

Sreedhar Mahamkali, Macquaire: Since EBITDA was 650 million, I think based on fact, do you have any view at the moment based on what you have seen so far this year?

Amando Sánchez, CCO: On what we have seen, I think we are completely on line to meet our targets, and the 650 million that we can see today seems a figure which with the trend of the first quarter might well be achievable for the company.

Operator: Next question comes from Juan Ross from BBVA. Please go ahead, sir.

Juan Ros, BBVA: Hello. Good afternoon. I have a question in France, I'm afraid, and then I have a couple of quick questions. First of all, sorry to be bothered from France, but you were mentioning before, regarding the margin contraction, you were mentioning the introduction of the new Maxi II format. You were also mentioned the price investment in France. Is it possible that you are in a way losing some critical mass in France, and as a result of a lower footprint you cannot match your fixed costs in France?

And also regarding France, we have seen that the operators of smaller boxes in France have been significantly gaining market share. Are you thinking about maybe opening more centrally located smaller boxes in France?

And then regarding Spain, you've got an awful lot of Schlecker stores. Have you ever thought about transforming some Schlecker stores into DIA Maxi stores, DIA Fresh? I think that's pretty much it. Thank you.

Ricardo Currás, CEO: Thank you for your questions. I will answer all the three. Let's speak again about France. We are now, as Armando explained, very well in a process to remodel our stores, our traction stores into the Maxi II model. Still in -- in a narrow period to say whether these will be enough to revert the negative sales trend we have seen in the last quarter, but -- but we can say today that it is -- it is positive impact that we are seeing with this Maxi II change, with low level of CapEx.

When you see the question of critical mass of France, of course, we are not going to say anything that you do not know. We are small in France, but as you know, we are negotiating everything in France, with Spain and with Portugal, which gives us extra results from these addition of volumes with the three countries in terms of buying synergies. But at the same time, France is a very competitive environment, and all these buying aids we will obtain must be -- must be concentrated to price competition because of the tough competitive environment in which we are living in in France, as you know.

We are trying to open -- we are opening some stores, especially in the regions in which we are stronger, in the southeast, in price also. The small boxes or the proximity stores are very kind for us, and, for instance, we will open in the next month's one DIA Fresh store in order to see how this type of model is doing or can do in France. So, yes, we are clearly very interested in increasing our volume of proximal stores in France.

Schlecker will not be converted into any other model of the existing models of DIA, nor DIA Market or DIA Maxi. We want to have a new type of -- we want to have a new model which is and a specialist in HBC and healthy food. We are now trying to work on the modernization process of these -- of this model now to have a new brand -- a brand new brand and model, commercial model at the end of the year, but at the -- there will be no change into DIA Market or to DIA Maxi because we are very confident that this model will give us very good results. It is already giving us very good results, and then it will give us very good results in the future. And, of course, we will start spending the -- this new model in the rest of Spain, starting from these -- from this year.

Mario Sacedo, Senior IR: And now we move to the Internet Q&A session with an Internet question received from Chester Sale of Armandi who asks about the price positioning at DIA France versus leader Aldi.

Ricardo Currás, CEO: Question. I will answer to the question. It has not changed in 2013 compared to 2012. We are roving line in prices with leader Aldi and with private label. We have better prices when you look at our price indexes against leader price. Clearly, when you look at our price index, our prices are over 10% better than those of leader pricing private label, and we are still a little bit behind -- behind Leclerc in national brands prices in our price index here, but it is not very different than what we had last year.

Mario Sacedo, Senior IR: Next question is from Iñigo Egusquiza of Kepler Chevreaux, who is asking for an update of the potential sale of our Beijing operations.

Amando Sánchez, CCO: Thank you for your question, Iñigo. We are still working in the process, and we do expect to move forward and complete it during this year. Is it definitely not a significant operation, and as you well know, this type of processes in China are not always easy for fast track, but whatever the outcome is, we don't expect our significant impact in our account.

Mario Sacedo, Senior IR : At this point in time, we end with internet Q&A sessions as we think we have already covered the different topics of the questions collected by mail. I give back the floor to Mr. CURRÁS for the final comments and closing remarks.

Ricardo Currás, CEO: I think we have already explained very well what our priorities and all the questions have been answered. So just want to thank you for your presence today and all of your questions. Thank you very much.