

# FY/2016

## Highlights

- / Gross sales amounted to EUR10.55bn in 2016, implying 10.2% growth ex-currency.
- / 8.7% LFL growth in 2016, positive in Iberia (+1.0%) and Emerging Markets (+19.1%).
- / Adjusted EBITDA was EUR625.1m in 2016, 8.6% up ex-currency (+13.9% in Q4 2016).
- / Underlying EPS grew by 3.9% in 2016 to EURO.422 (+6.1% ex-currency).
- / In 2016, DIA generated EUR206.8m of cash from operations <sup>(1)</sup>, and reduced its net debt by EUR254.1m to EUR878.3m, which implies a 1.4x net debt to adjusted EBITDA ratio.
- / The Board of Directors will propose a EURO.21 dividend per share at the AGM. Since its listing in July 2011, DIA has devoted around EUR1bn to shareholder remuneration.
- / The level of satisfaction of customers and franchisees significantly improved in 2016.

## Comments by CEO Ricardo Currás

*"Our priorities for 2016 were clear: top-line growth, cash flow generation and focus on customers; and we have delivered. DIA accelerated LFL sales growth in 2016 to a record 8.7%, the highest annual rate reported since listing, with positive figures in all the DIA countries. Sustained price investment combined with improved customer service is paying off all over the DIA universe. We also made great progress in the development of our business with local partners. More than 3,300 entrepreneurs work with us every day to serve our customers, and their level of satisfaction improved significantly in 2016, something we are especially proud of. We also generated EUR207m Cash from Operations and reduced our net debt by EUR254m. In 2017, we are confident about our growth potential and business performance. We therefore reiterate our commitment to sustainable profitable growth, keeping our 2016-18 goals unchanged."*

## Financial Summary

(€m)	FY 2016	Change	Change (ex-FX)	(€m)	FY 2016	Change	Change (ex-FX)
<b>Gross sales u/banner</b>	<b>10,550</b>	<b>0.0%</b>	<b>10.2%</b>	<b>Net sales</b>	<b>8,868</b>	<b>-0.6%</b>	<b>9.0%</b>
Iberia	6,815	1.1%	1.1%	<b>Adjusted EBITDA <sup>(3)</sup></b>	<b>625.1</b>	<b>2.4%</b>	<b>8.6%</b>
Emerging Markets	3,736	-1.9%	26.3%	Adj. EBITDA margin	7.1%	21 bps	-2 bps
<b>Like-for-like <sup>(2)</sup></b>			<b>8.7%</b>	<b>Adjusted EBIT <sup>(3)</sup></b>	<b>392.7</b>	<b>-0.9%</b>	<b>5.8%</b>
Iberia			1.0%	Adj. EBIT margin	4.4%	-1 bps	-13 bps
Emerging Markets			19.1%	<b>Underlying net profit</b>	<b>258.6</b>	<b>1.8%</b>	<b>3.9%</b>

(1) Defined as adjusted EBITDA less non-recurring cash items less capex on an organic basis

(2) Excluding calendar effect (3) Adjusted by non-recurring items

## Sales Performance

### Group

- / In 2016, gross sales under banner increased by 10.2% (ex-currency) to EUR10.55bn. Comparable sales growth amounted to 8.7%, the highest annual rate reported by DIA since its listing in 2011.
- / The group's total gross sales under banner amounted to EUR2.75bn in Q4 2016, with 7.9% LFL sales growth (excluding a 0.2% negative calendar effect in the period).
- / In local currency, gross sales under banner and comparable sales grew in every DIA country in the full-year 2016.

### Iberia

- / 2016 gross sales under banner grew by 1.1% to EUR6.81bn, with 1.0% comparable sales growth and a very limited contribution from new openings and acquisitions.
- / In Q4 2016, gross sales amounted to EUR1.71bn, down 1.4%. This decline was due to the 2.9% space reduction, as "ex-calendar" LFL increased by 1.1% in the quarter (excluding a negative calendar effect of 0.5%).
- / During 2016, DIA continued to make progress in its network with the upgrade of 307 stores. This upgrade plan, apart from improving the customer experience, reinforces DIA's product offering with new categories.
- / In 2016, 143 El Arbol stores were converted into La Plaza de DIA stores, well ahead of the 95 stores initially planned for the year.
- / By the end of 2016, close to 1,000 stores had dedicated meat, cold cuts, and fish counters, totaling over 2,000 counters.

- / In Q4 2016, gross sales in Portugal grew by 5.8%, outperforming Spain.
- / Clarel's gross sales under banner in Iberia increased by 6.5% to EUR349m in 2016.
- / Gross sales under banner of La Plaza de DIA stores amounted to EUR866m in 2016.

### Emerging Markets

- / In 2016, gross sales under banner declined by 1.9% in Euros to EUR3.74bn. In local currency, they rose by 26.3%.
- / Gross sales under banner amounted to EUR1.04bn in Q4 2016, implying 7.4% growth in Euros and 23.8% in local currency.
- / Comparable sales growth was 19.1% in 2016 (excluding a +0.3% calendar effect). In Q4 2016, the like-for-like growth rate was 18.1% (excluding a 0.3% calendar effect).
- / Thanks to the appreciation of the Brazilian Real against the Euro at the end of 2016, the negative currency effect on sales declined significantly in the fourth quarter (a 28.3% negative effect in full-year and only 16.5% in Q4 2016). In 2016, the negative FX effect of the Brazilian Real over gross sales was - 5.1%.
- / LFL growth in Argentina and Brazil slowed down in Q4 2016 in line with inflation, although both countries recorded comparable sales figures above their markets.
- / DIA China remained in positive growth territory in the last quarter of 2016, delivering a healthy 3.4% comparable sales growth rate in the year (excluding a positive 0.3% calendar effect).

## Gross Sales under Banner

(€m)	FY 2016	%	Change	FX effect	Change (ex-FX)
Spain	5,966.6	56.6%	0.9%	0.0%	0.9%
Portugal	848.0	8.0%	3.0%	0.0%	3.0%
<b>IBERIA</b>	<b>6,814.6</b>	<b>64.6%</b>	<b>1.1%</b>	<b>0.0%</b>	<b>1.1%</b>
Argentina	1,642.6	15.6%	-14.5%	-51.0%	36.4%
Brazil	1,856.5	17.6%	12.8%	-5.1%	17.9%
China	236.5	2.2%	-1.8%	-5.3%	3.6%
<b>EMERGING MARKETS</b>	<b>3,735.6</b>	<b>35.4%</b>	<b>-1.9%</b>	<b>-28.3%</b>	<b>26.3%</b>
<b>TOTAL DIA</b>	<b>10,550.1</b>	<b>100.0%</b>	<b>0.0%</b>	<b>-10.2%</b>	<b>10.2%</b>

## Net sales

(€m)	FY 2016	%	Change	FX effect	Change (ex-FX)
Spain	5,064.0	57.1%	-0.2%	0.0%	-0.2%
Portugal	681.9	7.7%	0.6%	0.0%	0.6%
<b>IBERIA</b>	<b>5,745.9</b>	<b>64.8%</b>	<b>-0.2%</b>	<b>0.0%</b>	<b>-0.2%</b>
Argentina	1,310.9	14.8%	-14.4%	-50.9%	36.5%
Brazil	1,611.9	18.2%	12.3%	-5.0%	17.3%
China	198.9	2.2%	-2.0%	-5.3%	3.4%
<b>EMERGING MARKETS</b>	<b>3,121.7</b>	<b>35.2%</b>	<b>-1.5%</b>	<b>-27.2%</b>	<b>25.7%</b>
<b>TOTAL DIA</b>	<b>8,867.6</b>	<b>100.0%</b>	<b>-0.6%</b>	<b>-9.7%</b>	<b>9.0%</b>

## Q4 2016 Results

### Net sales

- / In Q4 2016, net sales amounted to EUR2.30bn, up 6.1% in local currency. Currency depreciation had a negative impact of 5.1% on net sales growth in the standalone quarter.

### Operating Results

- / In Q4 2016, adjusted EBITDA increased by 7.2% in Euros to EUR196.0m, which corresponds to 13.9% growth ex-currency.
- / Adjusted EBITDA margin expanded by 49bps in the quarter, reaching 8.5%, with sound progress both in Iberia and Emerging Markets.
- / During the fourth quarter, depreciation and amortisation continued to slow down, although year-on-year it rose by 3.9% ex-currency (a 2.5% increase in Euros to EUR57.7m in Q4 2016).
- / Adjusted EBIT increased by 9.2% to EUR138.3m (+18.3% growth ex-currency).
- / Non-recurring items fell by 24.2% in the quarter to EUR31.5m. Non-recurring cash items declined significantly, from EUR30.0m to EUR25.2m in the period (-16%), while other non-recurring (non-cash) items plunged by 87.9% to EUR1.6m thanks to the capital gains generated in the disposal of a group of assets.
- / EBIT increased by 25.6% in the last quarter of 2016 to EUR106.8m (37.7% ex-currency).

### Profits

- / Net profit amounted to EUR66.6m in the last quarter of 2016.
- / Underlying net profit in Q4 2016 increased by 14.0% to EUR101.4m, 19.9% up at constant currency.

## Q4 2016 Results Summary

(€m)	Q4 2016	%	Change	FX effect	Change (ex-FX)
<b>Net sales</b>	<b>2,304.0</b>	<b>100.0%</b>	<b>1.0%</b>	<b>-5.1%</b>	<b>6.1%</b>
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>196.0</b>	<b>8.5%</b>	<b>7.2%</b>	<b>-6.7%</b>	<b>13.9%</b>
D&A	-57.7	-2.5%	2.5%	-1.4%	3.9%
<b>Adjusted EBIT <sup>(1)</sup></b>	<b>138.3</b>	<b>6.0%</b>	<b>9.2%</b>	<b>-9.0%</b>	<b>18.3%</b>
Non-Recurring items	-31.5	-1.4%	-24.2%	-2.7%	-21.5%
<i>Non-Recurring cash items</i>	-25.2	-1.1%	-16.0%		
<i>Long-Term Incentive Plans</i>	-4.7	-0.2%	-438.3%		
<i>Other Non-Recurring items</i>	-1.6	-0.1%	-87.9%		
<b>EBIT</b>	<b>106.8</b>	<b>4.6%</b>	<b>25.6%</b>	<b>-12.1%</b>	<b>37.7%</b>
Net attributable profit	66.6	2.9%	-65.9%	-2.3%	-63.6%
<b>Underlying net profit</b>	<b>101.4</b>	<b>4.4%</b>	<b>14.0%</b>	<b>-5.9%</b>	<b>19.9%</b>

---

(1) Adjusted by non-recurring items

## Full-Year 2016 Results

### Sales

- / In local currency, all the DIA countries posted positive growth in gross sales under banner in 2016.
- / Net sales decreased by 0.6% in Euros to EUR8.87bn (fully explained by the detrimental effect on net sales figures of the steady expansion of the franchised activities), and grew by 9.0% in local currency in 2016.
- / Currency depreciation was reflected in a FX effect of 9.7% on 2016 net sales growth, although they reflected a much more stable performance at the end of the year, especially in the case of the Brazilian Real.

### Operating Results

- / Excluding the currency effect, adjusted EBITDA climbed by 8.6% in 2016, with increases of 1.4% and 41.9% in Iberia and Emerging Markets, respectively.
- / In Euros, adjusted EBITDA grew by 2.4% to EUR625.1m, supported by positive growth both in Iberia (+1.4%) and Emerging Markets (+7.3%).
- / Adjusted EBITDA margin expanded by 21bps to 7.0%, as a result of the solid execution of costs driven by purchasing synergies and the positive effect of scale in our business in Emerging Markets.
- / Depreciation and amortization increased by 8.6% to EUR232.4m, above sales growth primarily due to the recent acquisitions and, to a lesser extent, the remodeling process carried out in recent years.
- / Adjusted EBIT slid by 0.9% in Euros to EUR392.7m, with 5.8% growth at constant currency. This operating result translates into a stable margin over net sales of 4.4%.
- / Non-recurring items declined by 19.9% to EUR97.7m. Accrued expenses related to the Long-Term Incentive Plans amounted to EUR15.2m in 2016. With regard to non-recurring cash items, they decreased by 22.6% to EUR73.0m.
- / EBIT rose by 7.6% to EUR295.1m (+15.5% ex-currency).
- / Despite the increase in interest rates in Argentina and Brazil, consolidated net financial expenses decreased by 7.1% in 2016 to EUR52m. Total financial costs related to the factoring activity of the company amounted to EUR0.14m.

### Profits

- / Income taxes in the period amounted to EUR69.1m, reflecting an effective tax rate of 28.4% in 2016.
- / Net attributable profit declined by 41.8% to EUR174.0m, due to the activation of EUR140.4m in deferred tax assets in 2015 mainly related to losses carried forward from El Arbol.
- / Adjusted by these exceptional effects, DIA's underlying net profit amounted to EUR258.6m in 2016, 1.8% higher than last year (+3.9% ex-currency).

## FY 2016 Results

(€m)	FY 2016	%	Change	FX effect	Change (ex-FX)
<b>Net sales</b>	<b>8,867.6</b>	<b>100.0%</b>	<b>-0.6%</b>	<b>-9.7%</b>	<b>9.0%</b>
Cost of sales & other income	-6,834.7	-77.1%	-1.3%	-10.2%	8.9%
<b>Gross profit</b>	<b>2,032.9</b>	<b>22.9%</b>	<b>1.8%</b>	<b>-7.8%</b>	<b>9.5%</b>
Labour costs	-769.1	-8.7%	-0.2%	-7.8%	7.6%
Other operating expenses	-331.5	-3.7%	1.6%	-13.9%	15.6%
Real estate rents	-307.3	-3.5%	5.7%	-4.1%	9.9%
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>625.1</b>	<b>7.0%</b>	<b>2.4%</b>	<b>-6.2%</b>	<b>8.6%</b>
D&A	-232.4	-2.6%	8.6%	-5.3%	13.9%
<b>Adjusted EBIT <sup>(1)</sup></b>	<b>392.7</b>	<b>4.4%</b>	<b>-0.9%</b>	<b>-6.7%</b>	<b>5.8%</b>
Non-Recurring items	-97.7	-1.1%	-19.9%	-3.9%	-16.1%
<i>Non-Recurring cash items</i>	-73.0	-0.8%	-22.6%		
<i>Long-Term Incentive Plans</i>	-15.2	-0.2%	246.8%		
<i>Other Non-Recurring items</i>	-9.5	-0.1%	-59.3%		
<b>EBIT</b>	<b>295.1</b>	<b>3.3%</b>	<b>7.6%</b>	<b>-7.9%</b>	<b>15.5%</b>
Net financial income/expenses	-52.0	-0.6%	-7.1%	-33.4%	26.2%
<b>EBT</b>	<b>243.1</b>	<b>2.7%</b>	<b>11.5%</b>	<b>-1.4%</b>	<b>12.8%</b>
Income taxes	-69.1	-0.8%	-183.7%	1.9%	-185.6%
<b>Consolidated profit</b>	<b>174.0</b>	<b>2.0%</b>	<b>-42.1%</b>	<b>-0.5%</b>	<b>-41.7%</b>
Minorities & discontinuing operations	0.0	0.0%			
<b>Net attributable profit</b>	<b>174.0</b>	<b>2.0%</b>	<b>-41.8%</b>	<b>-0.5%</b>	<b>-41.4%</b>
<b>Underlying net profit</b>	<b>258.6</b>	<b>2.9%</b>	<b>1.8%</b>	<b>-2.1%</b>	<b>3.9%</b>

(1) Adjusted by non-recurring items

## FY 2016 Underlying Net Profit

(€m)	FY 2015	FY 2016	Change	FX effect	Change (ex-FX)
Net attributable profit	299.2	174.0	-41.8%	-0.5%	-41.4%
Non-recurring items	122.0	97.7	-19.9%	-3.9%	-16.1%
Other financials	3.9	2.1	-46.3%		
Taxes	-171.0	-15.2	-91.1%		
<b>Underlying Net Profit</b>	<b>254.1</b>	<b>258.6</b>	<b>1.8%</b>	<b>-2.1%</b>	<b>3.9%</b>

## Treasury Stock & EPS

(€)	2015	2016	Change	Change (Ex-FX)
Number of shares outstanding	622,456,513	622,456,513	0.0%	-
Average number of treasury shares	18,069,243	9,276,954	-48.7%	-
End of period number of treasury shares	8,183,782	11,105,774	35.7%	-
Weighted average number of shares	625,945,797	613,179,559	-2.0%	-
<b>EPS</b>	<b>€0.478</b>	<b>€0.284</b>	<b>-40.6%</b>	<b>-40.2%</b>
<b>Underlying EPS</b>	<b>€0.406</b>	<b>€0.422</b>	<b>3.9%</b>	<b>6.1%</b>



## Review by segment

### Iberia

- / Net sales slid by 0.2% in 2016 to EUR5.75bn, while in Q4 2016 they declined by 2.8% to EUR1.44bn. This negative performance is due to the closure of some underperforming El Arbol and Dia stores in Spain (reflected in a 2.9% decline in store selling area), the store upgrading activity conducted throughout the year (in El Arbol and Dia Maxi, namely) and the ongoing process of transferring COCO stores to the franchised network (a total of 243 transfers were completed during 2016).
- / Adjusted EBITDA grew by 1.4% in 2016 to EUR508m, with EUR147.1m generated in Q4 2016, 2.8% higher than in the same period last year. The sound progress in adjusted EBITDA in the last quarter was due to the good performance of the business at the end of the year, improved buying terms, and excellent delivery of the different efficiency programs. The adjusted EBITDA margin remained almost flat in 2016, accumulating a limited expansion of 13bps to 8.8%.
- / As stated by DIA at the beginning of 2016, D&A decreased by 3.5% in Q4 2016 to EUR42.5m. In the full-year 2016, D&A in Iberia increased by 8.3% to EUR178.4m, namely due to the recently completed acquisitions.
- / Adjusted EBIT slid by 2.0% in 2016 to EUR329.6m, reflecting an 11bps decrease in margin over net sales to 5.7%. However, in the last quarter of 2016, adjusted EBIT rose by 5.7% to EUR104.6m, reflecting a 58bps margin improvement to 7.3%. The decline in operating margins is mainly due to Portugal's performance, although the increased weight of supermarket sales has also impacted profitability.

(€m)	Q4 2016	Change
<b>Net sales</b>	<b>1,439.2</b>	<b>-2.8%</b>
<b>Adjusted EBITDA</b>	<b>147.1</b>	<b>2.8%</b>
Adjusted EBITDA margin	10.2%	56 bps
D&A	-42.5	-3.5%
<b>Adjusted EBIT</b>	<b>104.6</b>	<b>5.7%</b>
Adjusted EBIT margin	7.3%	58 bps
<b>(€m)</b>	<b>FY 2016</b>	<b>Change</b>
<b>Net sales</b>	<b>5,745.9</b>	<b>-0.2%</b>
<b>Adjusted EBITDA</b>	<b>508.0</b>	<b>1.4%</b>
Adjusted EBITDA margin	8.8%	13 bps
D&A	-178.4	8.3%
<b>Adjusted EBIT</b>	<b>329.6</b>	<b>-2.0%</b>
Adjusted EBIT margin	5.7%	-11 bps

(1) Adjusted by non-recurring items

## Emerging Markets

- / In 2016, net sales in Emerging Markets climbed by 25.7% in local currency, but declined by 1.5% in Euros to EUR3.12bn due to the average depreciation of currencies (-4.8% Brazilian Real, -37.4% Argentinean Peso and -5.2% Chinese Yuan). In Q4 2016, net sales grew by 22.5% in local currency, and thanks to the recovery of the Brazilian Real in Q4 2016, net sales were 8.0% up in Euros to EUR865m.
- / Adjusted EBITDA (ex-currency) climbed by 53.4% in Q4 2016, while in Euros, adjusted EBITDA increased by 22.7% to EUR48.9m. In 2016, adjusted EBITDA rose by 41.9% (ex-currency) and by 7.3% in Euros to EUR117.1m. Adjusted EBITDA margin improved by 31bps in 2016 to 3.8%.
- / D&A increased by 24.4% in Q4 2016 to EUR15.2m and by 9.4% in 2016 to EUR54.0m due to the higher level of investment activity carried out in recent years.
- / In Q4 2016, adjusted EBIT grew by 63.4% (ex-currency) and by 22.0% in Euros to EUR33.7m. This operating profit performance was reflected in a 5.6% increase in Euros in 2016 to EUR63.1m (49.7% up ex-currency). The adjusted EBIT margin improved by 45bps and 14bps in Q4 2016 and 2016, respectively, reaching a ratio over full-year net sales of 2.0%.
- / In spite of the challenging market backdrops in all of DiA's emerging markets, the company managed to close another outstanding year of business. Market share figures continued their solid upward trend in Argentina and Brazil, the commercial offer has been improved across the board, private label keeps improving its offer, penetration rates, and number of SKUs continues growing, and the DiA Club loyalty programme is fully implemented in the state of Sao Paulo.

(€m)	Q4 2016	Change	Change (ex-FX)
Net sales	864.8	8.0%	22.5%
Adjusted EBITDA <sup>(1)</sup>	48.9	22.7%	53.4%
Adjusted EBITDA margin	5.7%	68 bps	125 bps
D&A	-15.2	24.4%	30.8%
Adjusted EBIT <sup>(1)</sup>	33.7	22.0%	63.4%
Adjusted EBIT margin	3.9%	45 bps	115 bps
(€m)	FY 2016	Change	Change (ex-FX)
Net sales	3,121.7	-1.5%	25.7%
Adjusted EBITDA <sup>(1)</sup>	117.1	7.3%	41.9%
Adjusted EBITDA margin	3.8%	31 bps	44 bps
D&A	-54.0	9.4%	32.5%
Adjusted EBIT <sup>(1)</sup>	63.1	5.6%	49.7%
Adjusted EBIT margin	2.0%	14 bps	36 bps

(1) Adjusted by non-recurring items

## Working Capital, Investment and Debt

### Trade Working Capital

- / DIA's negative trade working capital increased by 39.1% in Euros to EUR1.02bn, 38.7% ex-currency.
- / Inventories were 19.0% higher than last year (17.3% higher ex-currency). The value of stock was higher due to the expansion of the assortment, the company's effort to reduce its out-of-stock ratio and the impact of new regions opened in Brazil.
- / Trade and other receivables increased by 17.9% in 2016, or 16.4% at constant currency. This growth in debtors is partly explained by the expansion of the franchised activity.
- / In 2016, almost three-quarters of the increase in inventories and debtors' values came from DIA's activities in Emerging Markets.
- / In 2016, DIA confirmed that it would provide more financial support to its franchise network. The company's total net exposure to franchises amounted to EUR106m at the end of 2016, taking into account the portion of the risk that is covered with guarantees. In addition, this credit risk is extremely diversified, as DIA's 3,969 franchised stores are operated by a total of 3,363 franchisees, and during 2016 the non-performing loans ratio improved significantly.
- / The value of trade and other payables increased by 28.6% to EUR1.95bn, 27.5% up at constant currency.
- / Non-recourse factoring from receivables from our suppliers amounted to EUR88.4m by the end of December 2016.
- / The equivalent number of days of negative trade working capital (over COGS) increased by 15.5 to 53.8 days in 2016. This change would have been reduced to 10.9 (to 49.1 days) in the absence of any factoring facility to better manage the company's working capital.

(€m)	31 Dec 2016	Change	Change (ex-FX)
Inventories (A)	669.6	19.0%	17.3%
Trade & other receivables (B)	260.9	17.9%	16.4%
<i>Trade receivables with franchisees</i>	121.7	17.3%	
<i>Trade receivables with suppliers &amp; other</i>	139.2	18.5%	
Trade & other payables (C)	1,952.8	28.6%	27.5%
<b>Trade Working Capital <sup>(1)</sup></b>	<b>-1,022.4</b>	<b>39.1%</b>	<b>38.7%</b>

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

## Capex

- / DIA invested EUR345.4m in 2016, 5.7% lower than in the same period last year after excluding the investment related to the Eroski asset deal.
- / In Iberia, capital expenditure increased by 22.0% to EUR225.8m. Remodeling efforts in the Maxi and La Plaza banners continued during the year, although openings represented a significant portion of the total investment in the region (almost 25%). During 2016 in Iberia, DIA also capitalized EUR25m of store and logistics equipment that was previously operated under operating leasing agreements.
- / In Emerging Markets, investment declined by 34.0% in Euros (15.8% in local currency). Investments fell in all of the emerging countries in which DIA operates, but particularly in Argentina, namely due to the demanding 2015 comparison base, a period in which the company displayed an exceptional investment effort.
- / New openings represented half of the total investment in Argentina and Brazil. Over the last three years, DIA has invested a total of EUR445m in its emerging markets unit.

(€m)	2016	%	Change	Change (ex-FX)
Iberia	225.8	65.4%	22.0%	22.0%
Emerging markets	119.6	34.6%	-34.0%	-15.8%
<b>TOTAL Capex</b>	<b>345.4</b>	<b>100.0%</b>	<b>-5.7%</b>	<b>3.3%</b>

## Net Debt

- / Net debt at the end of December 2016 amounted to EUR878m.
- / In 2016, the company invested EUR19.9m in the acquisition of treasury shares to hedge the liabilities related to the 2016-18 LTIP. Additionally, last July DIA paid EUR122.2m in dividends to shareholders.
- / As of December 2016, the ratio of net debt over the last twelve months' adjusted EBITDA was 1.4x, while DIA's estimate for the leased adjusted leverage ratio calculated under the S&P methodology stands at 2.1-2.2x versus 2.5x in 2015. Both ratios imply significant scope for potential additional leverage without threatening the company's corporate investment grade rating.
- / In 2016, DIA obtained proceeds of EUR38.5m from asset disposals, namely related to a group of stores divested in the last quarter of 2016.

(€m)	31 Dec 2014	31 Dec 2015	31 Dec 2016
Net debt	533.4	1,132.4	878.3
Net debt / Adjusted EBITDA	0.9x	1.9x	1.4x

## Balance Sheet

(€m)	31 December 2015	31 December 2016
Non-current assets	2,355.1	2,507.3
Inventories	562.5	669.6
Trade & Other receivables	221.2	260.9
Other current assets	141.0	113.9
Cash & Cash equivalents	162.8	364.7
<b>TOTAL ASSETS</b>	<b>3,442.6</b>	<b>3,916.3</b>
Total equity	313.2	392.1
Long-term debt	921.0	1,062.3
Short-term debt	374.3	180.7
Trade & Other payables	1,518.8	1,952.8
Provisions & Other current liabilities	315.3	328.4
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>3,442.6</b>	<b>3,916.3</b>

## Cash Flow Statement

(€m)	FY 2015	FY 2016
Adjusted EBITDA	610.1	625.1
Taxes paid	-57.2	-6.1
Net change in trade working capital	-160.2	287.2
Other payables & receivables	-141.4	-87.9
<b>(A) CASH-FLOW FROM CONTINUOUS OPERATIONS</b>	<b>251.3</b>	<b>818.4</b>
Financial investments/divestments	10.4	-24.4
<i>Acquisition and disposal of shares</i>	0.0	0.0
<i>Other financial investments/divestments</i>	10.4	-24.4
Divestment of assets	2.9	38.5
Capital expenditure	-563.3	-345.4
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-550.0</b>	<b>-331.3</b>
<b>(A+B) OPERATING FREE CASH FLOW</b>	<b>-298.7</b>	<b>487.1</b>
Equity issued	0.0	0.0
Financial results	-56.0	-52.0
Dividends	-112.6	-122.2
Shares buy-back	-200.1	-19.9
Change in FX and other	68.4	-38.9
<b>(C) CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>-300.3</b>	<b>-233.0</b>
Net debt at the beginning of the period	-533.4	-1,132.4
<b>(A+B+C) CHANGE IN NET DEBT</b>	<b>-599.0</b>	<b>254.1</b>
<b>Net debt at the end of the period</b>	<b>-1,132.4</b>	<b>-878.3</b>

(1) Adjusted by non-recurring items

## Store Count

- / At the end of December 2016, DIA operated a total of 7,799 stores, 81 more than in the same period last year.
- / In Iberia, the number of stores fell by 64 in 2016 to 5,498. This decline is due to the closure of 46 El Arbol stores at the start of the year, and 34 very low sales Cada DIA stores at the end of 2016.
- / In Iberia (Spain), the number of supermarkets fell from 520 to 355 during 2016. This decrease of 165 stores is due to the closure of 46 stores (almost all of them at the start of the year), the transformation of 125 stores into DIA format stores, and the opening of six new La Plaza stores in 2016.
- / DIA converted 9 stores into the new versions in Iberia in Q4 2016, reaching a total of 307 transformations in 2016. This process had a temporary impact on sales volumes, as the stores were closed for several weeks while they were being converted into the new commercial models.
- / Clarel increased its network by 38 stores in 2016, reaching a total of 1,233 at the end of the year. This format continues to add new franchisees, reaching a total of 107 stores operated under this model by the end of 2016, 76 more than a year ago. Franchised Clarel stores already represent 8.7% of the total.
- / In Emerging Markets, DIA operated 2,301 stores at the end of December 2016, 145 more than in the same period last year. Brazil continued with its rapid expansion, with the net addition of 121 stores during the year. Argentina also maintained a dynamic rate of expansion with 96 gross openings, although net openings in 2016 amounted to 26 due to the discontinuation of 70 small sales Cada DIA stores.
- / Over the last twelve months, the number of Dia banner stores operated under franchised models in Iberia increased by 113, totaling 2,296, which represents 58.7% of the banner. In the Emerging Markets, the number of stores franchised increased by 83 in this period, to a total of 1,566 stores, representing 68.1% of the total.

## Number of Stores

31 December 2015

31 December 2016

IBERIA	COCO	Franchise	Total	%	COCO	Franchise	Total	%	Change
Dia Market	991	1,805	2,796	50.3%	938	1,935	2,873	52.3%	77
Cada Dia / Mais Perto	0	288	288	5.2%	0	260	260	4.7%	-28
Dia Market	991	2,093	3,084	55.4%	938	2,195	3,133	57.0%	49
Dia Maxi	673	90	763	13.7%	676	101	777	14.1%	14
<b>Dia banner stores</b>	<b>1,664</b>	<b>2,183</b>	<b>3,847</b>	<b>69.2%</b>	<b>1,614</b>	<b>2,296</b>	<b>3,910</b>	<b>71.1%</b>	<b>63</b>
% of Dia banner	43.3%	56.7%	100%		41.3%	58.7%	100%		
El Arbol / La Plaza	520	0	520	9.3%	355	0	355	6.5%	-165
Clarel	1,164	31	1,195	21.5%	1,126	107	1,233	22.4%	38
<b>Total IBERIA stores</b>	<b>3,348</b>	<b>2,214</b>	<b>5,562</b>	<b>100%</b>	<b>3,095</b>	<b>2,403</b>	<b>5,498</b>	<b>100%</b>	<b>-64</b>
% of stores	60.2%	39.8%	100%		56.3%	43.7%	100%		

E. MARKETS	COCO	Franchise	Total	%	COCO	Franchise	Total	%	Change
Dia Market	524	1,160	1,684	78.1%	447	1,257	1,704	74.0%	20
Cada Dia / Mais Perto	0	231	231	10.7%	0	259	259	11.3%	28
Dia Market	524	1,391	1,915	88.8%	447	1,516	1,963	85.3%	48
Dia Maxi	149	92	241	11.2%	288	50	338	14.7%	97
<b>Total EM stores</b>	<b>673</b>	<b>1,483</b>	<b>2,156</b>	<b>100%</b>	<b>735</b>	<b>1,566</b>	<b>2,301</b>	<b>100%</b>	<b>145</b>
% of stores	31.2%	68.8%	100%		31.9%	68.1%	100%		

TOTAL DIA	COCO	Franchise	Total	%	COCO	Franchise	Total	%	Change
Dia Market	1,515	2,965	4,480	58.0%	1,385	3,192	4,577	58.7%	97
Cada Dia / Mais Perto	0	519	519	6.7%	0	519	519	6.7%	0
Dia Market	1,515	3,484	4,999	64.8%	1,385	3,711	5,096	65.3%	97
Dia Maxi	822	182	1,004	13.0%	964	151	1,115	14.3%	111
<b>Dia banner stores</b>	<b>2,337</b>	<b>3,666</b>	<b>6,003</b>	<b>77.8%</b>	<b>2,349</b>	<b>3,862</b>	<b>6,211</b>	<b>79.6%</b>	<b>208</b>
% of Dia banner	38.9%	61.1%	100%		37.8%	62.2%	100%		
El Arbol / La Plaza	520	0	520	6.7%	355	0	355	4.6%	-165
Clarel	1,164	31	1,195	15.5%	1,126	107	1,233	15.8%	38
<b>TOTAL DIA stores</b>	<b>4,021</b>	<b>3,697</b>	<b>7,718</b>	<b>100%</b>	<b>3,830</b>	<b>3,969</b>	<b>7,799</b>	<b>100%</b>	<b>81</b>
% stores	52.1%	47.9%	100%		49.1%	50.9%	100%		



## Stores by country and operational model as of 31 December 2016

(# stores)	<b>COCO</b>	<b>Franchise</b>	<b>Total DIA</b>	<b>Change</b>
Spain	2,728	2,147	4,875	-66
Portugal	367	256	623	2
<b>IBERIA</b>	<b>3,095</b>	<b>2,403</b>	<b>5,498</b>	<b>-64</b>
<i>Dia</i>	1,614	2,296	3,910	63
<i>Clarel</i>	1,126	107	1,233	38
<i>El Arbol / La Plaza</i>	355	0	355	-165
Argentina	296	576	872	26
Brazil	379	671	1,050	121
China	60	319	379	-2
<b>EMERGING MARKETS</b>	<b>735</b>	<b>1,566</b>	<b>2,301</b>	<b>145</b>
<b>TOTAL DIA</b>	<b>3,830</b>	<b>3,969</b>	<b>7,799</b>	<b>81</b>

## Store selling area by country as of 31 December 2016

(Million square meters)	<b>2015</b>	<b>2016</b>	<b>Change</b>
Spain	1.9399	1.8764	-3.3%
Portugal	0.2193	0.2204	0.5%
<b>IBERIA</b>	<b>2.1592</b>	<b>2.0968</b>	<b>-2.9%</b>
<i>Dia</i>	1.5833	1.6199	2.3%
<i>Clarel</i>	0.1928	0.1997	3.6%
<i>El Arbol / La Plaza</i>	0.3831	0.2772	-27.6%
Argentina	0.2308	0.2387	3.4%
Brazil	0.4204	0.4808	14.4%
China (Shanghai)	0.0788	0.0786	-0.3%
<b>EMERGING MARKETS</b>	<b>0.7300</b>	<b>0.7981</b>	<b>9.3%</b>
<b>TOTAL DIA</b>	<b>2.8892</b>	<b>2,8948</b>	<b>0.2%</b>

## Outlook

- / DIA forecasts falling store selling area in Spain and lower inflation in Emerging Markets in 2017. Based on these scenarios, the company expects to deliver mid-single-digit growth in gross sales under banner (in local currency) in 2017.
- / The company expects adjusted EBITDA growth and margin stability for the full-year 2017 figures.
- / DIA budgets Capex to continue declining in 2017.
- / The company reiterates its targets for the 2016-18 period:
  1. EUR750m of cumulated Cash From Operations (adjusted EBITDA less non-recurring cash items less capex on an organic basis).
  2. A 7% organic gross sales under banner CAGR (ex-currency).
- / DIA's third Capital Markets Day will be held on 21 June in London and 22 June in Madrid.

## Events Following the Close of the Period

/ As of the publication date of this document, there are no events following the close of the period.

## Corporate Calendar

<b>Event</b>	<b>Date</b>	<b>Status</b>
AGM 2016	Friday 28 April 2017	Tentative
Q1 2017 earnings release	Thursday 11 May 2017	Confirmed
III Capital Markets Day	21 & 22 June 2017	Confirmed
Dividend distribution	Friday 14 July 2017	Tentative
H1 2017 earnings release	Thursday 27 July 2017	Tentative
9M 2017 earnings release	Thursday 26 October 2017	Tentative

## 2016 corporate milestones

<b>Date</b>	<b>Event</b>
15 February	Appointment of Ms Angela Spindler as independent director
19 April	EUR300m bond issue under EMTM programme (1.0% coupon, five-year maturity)
22 April	2015 Annual General Meeting
14 July	EUR0.20 per share dividend distribution
6 September	Appointment of Mr Borja de la Cierva as independent director and member of the ACC <sup>1</sup>
28 September	La Plaza de DIA opens its online shop on Amazon Prime Now in Madrid
14 December	Appointment of Ms Maria Luisa Garaña as independent director and member of the ACC
22 December	DIA opens its first stores in Paraguay with a local partner
22 December	DIA expands operations in Brazil with the opening in Rio de Janeiro

(1) Audit & Compliance Committee

## Change in Currency Rates

Period	€ / Argentinean Peso	€ / Brazilian Real	€ / Chinese Yuan
Q1 2015 average	0.1023	0.3109	0.1425
Q1 2016 average	0.0629	0.2329	0.1387
<b>Q1 2016 change <sup>(1)</sup></b>	<b>-38.5%</b>	<b>-25.1%</b>	<b>-2.7%</b>
Q2 2015 average	0.1010	0.2945	0.1457
Q2 2016 average	0.0626	0.2431	0.1371
<b>Q2 2016 change <sup>(1)</sup></b>	<b>-38.1%</b>	<b>-17.4%</b>	<b>-5.9%</b>
Q3 2015 average	0.0973	0.2557	0.1427
Q3 2016 average	0.0599	0.2760	0.1344
<b>Q3 2016 change <sup>(1)</sup></b>	<b>-38.4%</b>	<b>8.0%</b>	<b>-5.9%</b>
Q4 2015 average	0.0911	0.2377	0.1429
Q4 2016 average	0.0600	0.2820	0.1358
<b>Q4 2016 change <sup>(1)</sup></b>	<b>-34.1%</b>	<b>18.6%</b>	<b>-5.0%</b>
FY 2015 average	0.0979	0.2743	0.1435
FY 2016 average	0.0613	0.2611	0.1361
<b>FY 2016 change <sup>(1)</sup></b>	<b>-37.4%</b>	<b>-4.8%</b>	<b>-5.2%</b>

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

## Glossary

- / **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:** sum of the net sales generated in our integrated stores and sales to franchises.
- / **LFL sales growth under banner:** growth rate of gross sales under banner at constant currency of the stores that have been operating for more than thirteen months under the same business conditions.
- / **Adjusted EBITDA:** operating profit after adding back non-recurring costs, impairments, re-estimation of useful life and gains/losses arisen on the disposal of assets and depreciation and amortization of fixed assets.
- / **Adjusted EBIT:** operating profit after adding back non-recurring costs, impairment and re-estimation of useful life and gains/losses arisen on the disposal of assets.
- / **Underlying net profit:** net income calculated on net profit attributable to the parent company, excluding non-recurring items (restructuring costs, impairment and re-estimation of useful life, gain/losses on disposal of assets, tax litigations, exceptional financial expenses and equity derivatives), discontinued operations and the corresponding tax impact.
- / **Reported EPS:** fraction of the company's profit calculated as net attributable profit divided by the weighted average number of shares.
- / **Underlying EPS:** fraction of the company's profit calculated as underlying net profit divided by the weighted average number of shares.
- / **Cash from operations:** adjusted EBITDA less non-recurring cash items less recurrent capex.

## Investor Relations

- / David Peña Delgado
- / Mario Sacedo Arriola
- / Tomás Peinado Alcaraz

Tel: +34 91 398 54 00, ext: 33890

Email: [investor.relations@diagroup.com](mailto:investor.relations@diagroup.com)

<http://www.diacorporate.com/en/shareholders-investors/>

- / Parque Empresarial Las Rozas
- / Jacinto Benavente, 2 A
- / 28232 - Las Rozas (Madrid)
- / SPAIN

## Disclaimer

*This document does not constitute a purchase, sales or exchange offer, nor is it an invitation to draw up a purchase sales or exchange offer, or advice on any stock issued by DIA.*

*DIA cautions that this document contains forward-looking statements found in various places throughout the presentation and include, without limitation, estimates, projections or forecasts relating to possible future trends and the performance of DIA. These forward-looking statements speak only as of the date on which they are made and the information, knowledge and views available on the date on which they are made; such knowledge, information and views may change at any time. Forward-looking statements may be identified by words such as "expects", "anticipates", "forecasts", "estimates" and similar expressions. 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 these estimates, projections and forecasts do not imply any guarantee of DIA's future performance and results, price, margins, exchange rates, or other events, which are subject to risks, uncertainties and other factors beyond DIA's control, such that the future results and the real performance could differ substantially from these forecasts, projections and estimates.*

*The risks and uncertainties that could affect the information provided are very difficult to anticipate and predict. DIA does not assume the obligation of publicly reviewing or updating these statements in case unforeseen changes or events occur which could affect these 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.*

*Accordingly, these estimates, projections and forecasts must not be taken as a guarantee of future results, 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 company. Neither the company, 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.*

*This interim Report is published in Spanish and English. In the event of any difference between the English version and the Spanish original, the Spanish version shall prevail.*

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