10 May 2018

Unaudited

DIA

Q1/2018

Financial summary

- Gross sales under banner went down by 9.3% in Q1 2018 to EUR2.27bn. This decline was namely due to the strong currency depreciation and lower inflation in Emerging Markets. Excluding the currency effect, gross sales under banner increased by 0.2% in the period.

- The group's LFL grew by 1.9% in Q1 2018 ex-calendar, with a flat performance in Iberia (0.0%) and a 4.2% hike in Emerging markets. The calendar effect was -1.0% in Iberia due to the different seasonality of the Easter period.

- Adjusted EBITDA declined by 10.7% in Q1 2018 to EUR109.8m, down by 6.6% ex-currency. In Iberia, adjusted EBITDA fell by 9.7% to EUR90.9m, while in Emerging Markets it went down by 15.5% to EUR18.9m (a 7.3% rise ex-currency).

- Capex amounted to EUR90.2m, 4.6% higher than in the same period last year, 10.5% up ex-currency. Investment in Emerging Markets increased by 47.4% in local currency.

- Net debt was EUR1.19bn, with a 2.1x net debt over LTM adjusted EBITDA ratio due to the seasonality of the business.

Strategic and operating highlights

- In Q1 2018, DIA upgraded 480 stores in Iberia, of which 457 in Spain. The company is ahead of the plan to convert more than 1,090 stores to the new versions during 2018.

- Online sales amounted to EUR18m in Spain in Q1 2018, 48% higher than in the same period last year. During 2018, the company expects to start online activities in the other countries in which DIA is present.

- At the end Q1 2018, DIA operated 7,385 stores, of which 3,751 franchised. Over the last twelve months, the number of stores declined by 139 in Iberia, namely due to the closing of stores coming from acquisitions in Spain, but rose by 126 in Emerging Markets to 2,054 stores.

Business performance (€m)	Q1 2017	Q1 2018	Change	Change (ex-FX)
Gross sales under banner	2,503	2,270	-9.3%	0.2%
LFL Iberia (1)	0.8%	0.0%	-	-
LFL Emerging Markets (1) (2)	10.1%	4.2%	-	-
Adjusted EBITDA (3)	123.0	109.8	-10.7%	-6.6%
Net debt	1,050.1	1,186.4	13.0%	-
Underlying profit	39.0	28.6	-26.7%	-33.1%

IFRS measures (€m)	Q1 2017	Q1 2018	Change	Change (ex-FX)
Net sales	2,096	1,878	-10.4%	-1.1%
Operating income (EBIT)	52.7	27.6	-47.6%	-45.0%
Consolidated profit	25.8	6.2	-76.0%	-86.7%

(1) Ex-calendar, (2) At local currency, (3) Adjusted by other items excluded from adjusted EBIT.

Comments by CEO Ricardo Currás

"We achieved another quarter of positive LFL sales growth in Spain in Q1 2018, being more price-competitive than in the previous year. At the same time, we implemented an ambitious remodelling plan, upgrading 480 stores in Iberia, with very good results. The adjusted EBITDA margin in Spain was lower than in the previous year but recovered clearly following the sharp decline seen in the last quarter of 2017. Emerging Markets continued growing both in sales and adjusted EBITDA despite the negative impact of food deflation in Brazil.

We expect a positive recovery trend in sales in Iberia for the coming quarters as we progress with our plans to upgrade stores, open new ones, and improve customer satisfaction, while Emerging Markets will contribute with better LFL sales growth and more openings.
Sales growth acceleration is our top priority, representing the best way to achieve our goals for 2018"

Like-for-like summary 2018

	Q1 2018
Like-for-like	
Iberia	-1.0%
Emerging markets	4.0%
TOTAL DIA	**1.2%**
Calendar effect	
Iberia	-1.0%
Emerging markets	-0.2%
TOTAL DIA	**-0.7%**
Like-for-like (ex-calendar)	
Iberia	**0.0%**
Emerging markets	**4.2%**
TOTAL DIA	**1.9%**

Sales Performance

Group

In Q1 2018, gross sales under banner decreased by 9.3% in Euros to EUR2.27bn, impacted by a strong depreciation of both the Argentinean Peso and the Brazilian Real. In local currency, the growth rate was 0.2%, which reflects a 9.5% negative impact from foreign exchange rates.

Ex-calendar comparable sales growth amounted to 1.9% in the first quarter of 2018. The calendar effect was 0.7% negative due to the different seasonality of the Easter period, namely in Spain (in March this year compared to April last year).

Iberia

Q1 2018 gross sales under banner declined by 4.3% to EUR1.50bn, with Spain decreasing by 4.8% and Portugal 1.2% down. The calendar effect had a 1.0% negative impact on sales in the period. This, together with an unusual amount of rain in the quarter (particularly in March when sales at proximity stores were significantly impacted), was reflected in declining sales growth. Ex-calendar comparable sales growth was totally flat (0.0%), with Spain performing better than Portugal. With regards to store selling area in Spain, space was flat versus end-2017, but still posted a 3.4% decline in comparison to the same period last year.

As expected, DIA continued to make progress in the improvement of its network, with the upgrade of 480 stores during Q1 2018, of which 260 full remodellings and 220 modular refurbishings. This figure is slightly ahead of the 1,090 store upgrades planned for the year. These store conversions are having a negative impact on sales during the quarter due to the number of days that stores need to be closed in order to complete the remodelling. That said, these upgrades will then generate significant sales hikes in the future and have a very positive impact on customer experience measured by the NPS (Net Promoter Score) index.

Emerging Markets

In Q1 2018, gross sales under banner decreased by 17.7% in Euros to EUR0.77bn and rose by 7.9% in local currency, reflecting a 25.6% negative effect from FX in the period.

In Q1 2018, comparable sales amounted to 4.2% excluding a 0.2% negative calendar effect. As expected for the year, store selling area growth slightly accelerated in the first quarter, particularly in Argentina. As for food inflation, it remained in unsupportive negative rates in Brazil and continued on a declining trend in Argentina.

In April, sales figures in Brazil were much better, confirming a positive recovery pattern initiated in March.

Gross Sales Under Banner

(€m)	Q1 2017	%	Q1 2018	%	Change	FX effect	Change (ex-FX)
Spain	1,376.5	55.0%	1,310.8	57.8%	-4.8%	0.0%	-4.8%
Portugal	193.6	7.7%	191.3	8.4%	-1.2%	0.0%	-1.2%
IBERIA	**1,570.2**	**62.7%**	**1,502.1**	**66.2%**	**-4.3%**	**0.0%**	**-4.3%**
Argentina	429.5	17.2%	363.7	16.0%	-15.3%	-37.5%	22.2%
Brazil	503.2	20.1%	403.8	17.8%	-19.8%	-15.5%	-4.3%
EMERGING MARKETS	**932.7**	**37.3%**	**767.4**	**33.8%**	**-17.7%**	**-25.6%**	**7.9%**
TOTAL DIA	**2,502.8**	**100.0%**	**2,269.5**	**100.0%**	**-9.3%**	**-9.5%**	**0.2%**

Q1 2018 Results

Net sales

In Q1 2018, net sales amounted to EUR1.88bn, down by 10.4% in Euros, and by 1.1% in local currency. The currency depreciation in the quarter (-30.9% for the Argentinean Peso and -16.1% in the case of the Brazilian Real) had a negative impact of 9.3% on net sales growth.

Operating Results

In Q1 2018, adjusted EBITDA decreased by 10.7% in Euros to EUR109.8m and by 6.6% ex-currency, which corresponds to a 4.1% negative impact from FX. The adjusted EBITDA margin narrowed by only 2bps in the last quarter to 5.8%, with a small decline in Iberia and a stable performance in Emerging Markets.

Depreciation fell by 0.8% in Euros to EUR57.3m (a 5.7% increase ex-currency). Adjusted EBIT decreased by 19.5% to EUR52.5m (-17.4% ex-currency).

Other items excluded from the calculation of the adjusted EBIT doubled in the quarter to EUR24.9m due to the large number of stores upgraded in Iberia during the period. Other cash items were up by 81% in Q1 2018 to EUR17.7m, an increase that was namely due to the upgrading and restructuring projects implemented in Spain. Expenses related to the LTIP amounted to EUR1.0m in the quarter, while other non-cash items increased by 13% to EUR6.2m.

EBIT fell by 47.6% in the first quarter of 2018 to EUR27.6m (-45.0% ex-currency).

Profits

Consolidated profit amounted to EUR6.2m in the first quarter of 2018 due to the exceptional increase in corporate taxes in the period. However, the company expects the effective tax rate for the full-year 2018 to be in the 28-30% range.

Underlying net profit in Q1 2018 fell by 26.7% to EUR28.6m, down by 33.1% ex-currency.

Q1 2018 Results Summary

(€m)	Q1 2017	%	Q1 2018	%	Change	FX effect	Change (ex-FX)
Net sales	**2,096.0**	**100.0%**	**1,877.6**	**100.0%**	**-10.4%**	**-9.3%**	**-1.1%**
Adjusted EBITDA [(1)]	**123.0**	**5.9%**	**109.8**	**5.8%**	**-10.7%**	**-4.1%**	**-6.6%**
D&A	(57.8)	-2.8%	(57.3)	-3.1%	-0.8%	-6.5%	5.7%
Adjusted EBIT [(1)]	**65.2**	**3.1%**	**52.5**	**2.8%**	**-19.5%**	**-2.1%**	**-17.4%**
Other items excluded from adjusted EBIT	(12.5)	-0.6%	(24.9)	-1.3%	98.9%	0.1%	98.9%
Other cash items	(9.8)	-0.5%	(17.7)	-0.9%	80.9%		
Long-Term Incentive Plans	2.7	0.1%	(1.0)	-0.1%	-		
Other non-cash items	(5.4)	-0.3%	(6.2)	-0.3%	13.0%		
EBIT	**52.7**	**2.5%**	**27.6**	**1.5%**	**-47.6%**	**-2.6%**	**-45.0%**
Consolidated profit	25.8	1.2%	6.2	0.3%	-76.0%	10.7%	-86.7%
Underlying net profit	**39.0**	**1.9%**	**28.6**	**1.5%**	**-26.7%**	**6.4%**	**-33.1%**

(1) Adjusted by other items excluded from adjusted EBIT

Review by segment

Iberia

Net sales fell by 5.8% in Q1 2018 to EUR1.24bn. This negative performance is namely due to the closure of some El Arbol and Dia stores in Spain carried out over the last twelve months which was reflected in a 2.8% decline in store selling area in Iberia. In addition, as expected, the store upgrading activity conducted throughout the quarter was very intense in the first quarter of 2018, with a total of 480 stores upgraded during the period (vs. 70 completed in Q1 2017).

Adjusted EBITDA declined by 9.7% in Q1 2018 to EUR90.9m, due to the competitive environment in the Spanish market. The adjusted EBITDA margin fell by 31bps in Q1 2018 to 7.3%.

After two consecutive years of declining depreciation, D&A grew by 1.8% in Q1 2018 to EUR42.9m, which implies a 3.5% ratio over net sales.

Adjusted EBIT fell by 17.9% in Q1 2018 to EUR48.0m, reflecting a 57bps decrease in margin over net sales to 3.9%.

(€m)	Q1 2017	Q1 2018	Change
Net sales	1,319.0	1,242.3	-5.8%
Adjusted EBITDA (1)	100.7	90.9	-9.7%
Adjusted EBITDA margin	7.6%	7.3%	-31 bps
D&A	-42.1	-42.9	1.8%
Adjusted EBIT (1)	58.5	48.0	-17.9%
Adjusted EBIT margin	4.4%	3.9%	-57 bps

(1) Adjusted by other items excluded from adjusted EBIT

Emerging Markets

In Q1 2018, net sales in Emerging Markets fell by 18.2% in Euros to EUR0.64bn, 6.9% up in local currency. This growth gap reflects a 25.1% negative effect from currencies (a 30.9% depreciation of the Argentinean Peso and a 16.1% depreciation of the Brazilian Real).

Adjusted EBITDA decreased in the first quarter by 15.5% to EUR18.9m (7.3% up ex-currency). With these figures, the implicit adjusted EBITDA margin improved by 10bps in Q1 2018 to 3.0%.

D&A declined by 7.9% in Q1 2018, to EUR14.4m, which implied 2.3% of net sales, 30bps higher than in the same period last year. This rising rate is entirely related to the higher level of capital allocated in emerging markets in recent years.

In Q1 2018, adjusted EBIT went down by 33.4% in Euros to EUR4.5m (a 13.2% decline ex-currency). The corresponding adjusted EBIT margin narrowed by 16bps in the period to 0.7%.

The first quarter of 2018 was particularly difficult in Brazil, with negative food inflation and very weak consumer confidence. Since March, the business has improved significantly, allowing us to be relatively optimistic about the quarters to come.

(€m)	Q1 2017	Q1 2018	Change	Change (ex-FX)
Net sales	777.0	635.3	-18.2%	6.9%
Adjusted EBITDA (1)	22.3	18.9	-15.5%	7.3%
Adjusted EBITDA margin	2.9%	3.0%	10 bps	
D&A	-15.6	-14.4	-7.9%	16.1%
Adjusted EBIT (1)	6.7	4.5	-33.4%	-13.2%
Adjusted EBIT margin	0.9%	0.7%	-16 bps	

(1) Adjusted by other items excluded from adjusted EBIT

Trade Working Capital, Capex, and Net Debt

Trade Working Capital

DIA's negative value of trade working capital declined by 3.3% to EUR689m at the end of March 2018, but it was up by 4.2% excluding the currency effect.

The value of inventories declined by 12.3% in Q1 2018, down by EUR80.9m to EUR577.4m. This material reduction of stock was partly attributable to the various initiatives implemented in all the DIA countries to keep a tight control on inventories, but also due to the impact of FX in the period, as the decline would be 1.5% excluding the currency effect.

Trade and other receivables increased by 6.5% in Q1 2018 to EUR178.4m, 19.8% up ex-currency.

The value of trade and other payables decreased by 6.1% to EUR1.44bn, up by 3.5% at constant currency. The decline in Euros is therefore explained both by the weak growth of sales and the strong depreciation of currencies during the period.

Non-recourse factoring from receivables from our suppliers amounted to EUR77.1m by the end of March 2018, EUR22.3m lower than in the same day of last year (EUR99.4m).

(€m)	31 March 2017	31 March 2018	Change	Change (ex-FX)
Inventories (A)	658.3	577.4	-12.3%	-1.5%
Trade & other receivables (B)	167.5	178.4	6.5%	19.8%
Trade & other payables (C)	1,538.0	1,444.5	-6.1%	3.5%
Trade Working Capital [1]	**-712.2**	**-688.7**	**-3.3%**	**4.2%**

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

Capex

DIA invested EUR90.2m in Q1 2018, 4.6% more than in the same period last year. Excluding the effect of currencies, fixed investments would be 10.5% higher than in Q1 2017.

In Iberia, capital expenditure increased by 2.2% to EUR71.8m, as remodelling efforts in the proximity stores are concentrated in the first half of 2018, as expected. Investment amounts increased both in Spain and Portugal during the quarter.

In Emerging Markets, investments were up by 15.5% in Euros (47.4% ex-currency) to EUR18.4m. Investments in fixed assets rose significantly in both countries in this first quarter of the year, driven by new openings and store remodelling.

(€m)	Q1 2017	%	Q1 2018	%	Change	Change (ex-FX)
Iberia	70.3	81.5%	71.8	79.6%	2.2%	2.2%
Emerging markets	15.9	18.5%	18.4	20.4%	15.5%	47.4%
TOTAL Capex	**86.2**	**100.0%**	**90.2**	**100.0%**	**4.6%**	**10.5%**

Net Debt

Net debt at the end of March 2018 amounted to EUR1,186.4m, EUR136.3m higher than in the same period last year. The growth in net debt seen in the period is namely explained by the small growth of sales and the negative effect of currencies over the cash generation of trade working capital. Additionally, the lower amount of non-recourse factoring from receivables at the end of Q1 2018 (EUR77.1m versus EUR99.4m at the end of March 2017) had also a EUR22.3m impact on net debt evolution.

On March 26th, S&P reiterated the BBB- corporate credit rating on DIA and maintained its stable outlook. Moody's is expected to release its annual review on DIA's credit rating in the coming months.

(€m)	31 March 2017	31 Dec 2017	31 March 2018
Net debt / Adjusted EBITDA LTM	1.7x	1.6x	2.1x
Net debt	**1,050.1**	**891.3**	**1,186.4**

Balance Sheet

(€m)	31 March 2017	31 March 2018	Change
Non-current assets	2,515.6	2,348.7	-6.6%
Inventories	658.3	577.4	-12.3%
Trade & Other receivables	307.9	178.4	-42.0%
Other current assets	102.3	106.5	4.2%
Cash & Cash equivalents	159.6	216.3	35.5%
Non-current assets held for sale	44.5	37.9	-14.9%
TOTAL ASSETS	**3,788.2**	**3,465.2**	**-8.5%**
Total equity	461.6	321.0	-30.5%
Long-term debt	958.6	1,057.4	10.3%
Short-term debt	251.2	345.3	37.5%
Trade & Other payables	1,678.4	1,444.6	-13.9%
Provisions & Other current liabilities	336.1	229.2	-31.8%
Liabilities associated with assets for sale	102.4	67.7	-33.9%
TOTAL EQUITY & LIABILITIES	**3,788.2**	**3,465.2**	**-8.5%**

Store Count

At the end of March 2018, DIA operated a total of 7,385 stores, 13 less than in the same period last year. In Iberia, the number of stores fell by 139 in the last twelve months to 5,331 due to the restructuring process implemented at La Plaza and Dia stores in the last few quarters (287 stores were closed during the last twelve months, of which 210 Dia, 45 Clarel, and 32 La Plaza stores). In Q1 2018, the company closed a total of 35 stores in Iberia, of which 23 in Spain, mostly Dia banner stores.

DIA converted 480 stores into the new versions in Iberia in Q1 2018, which compares with the 70 stores upgraded during same period last year. This process had a temporary impact on sales volumes, as the stores were closed for several days/weeks, while they were being converted into the new commercial models.

Clarel increased its network by 5 net stores in Q1 2018, leading to a total of 44 gross openings in the last twelve months (of which 36 in Spain and 8 in Portugal). Following these openings, the banner reached a total of 1,256 stores at the end of March 2018. This format continues to add new franchisees, reaching a total of 147 stores operated under this model by the end of the period, 34 more than a year ago. Franchised stores represent 11.7% of the Clarel banner.

In Emerging Markets, DIA operated 2,054 stores at the end of March 2018, 126 more than in the same period last year. In this first quarter of the year, Argentina expanded faster than Brazil, but we expect Brazil to accelerate its expansion plans in the coming quarters.

The number of franchised stores operated under the Dia Market, Dia Maxi, Cada Dia/Mais Perto and Clarel banners increased by 108 in the last twelve months, totalling 3,751 stores. In Iberia, 58.0% of the Dia banner stores are operated by franchisees, while in Emerging Markets the contribution rate is 60.8%.

Number of Stores

IBERIA	31 March 2017 COCO	Franchise	TOTAL	%	31 March 2018 COCO	Franchise	TOTAL	%	Change LTM
Dia Market	912	1,930	2,842	52.0%	826	1,919	2,745	51.5%	-97
Dia Maxi	666	105	771	14.1%	654	122	776	14.6%	5
Total Dia stores	1,578	2,035	3,613	66.1%	1,480	2,041	3,521	66.0%	-92
% of DIA banner stores	43.7%	56.3%			42.0%	58.0%			
La Plaza	350	0	350	6.4%	304	0	304	5.7%	-46
Clarel	1,144	113	1,257	23.0%	1,109	147	1,256	23.6%	-1
% of Clarel stores	91.0%	9.0%			88.3%	11.7%			
Total stores	**3,072**	**2,148**	**5,220**	**95%**	**2,893**	**2,188**	**5,081**	**95%**	**-139**
Cada Dia / Mais Perto	0	250	250	4.6%	0	250	250	4.7%	0
Total IBERIA stores	**3,072**	**2,398**	**5,470**	**100%**	**2,893**	**2,438**	**5,331**	**100%**	**-139**

EMERGING MARKETS	COCO	Franchise	TOTAL	%	COCO	Franchise	TOTAL	%	Change LTM
Dia Market	401	1,049	1,450	75.2%	391	1,096	1,487	72.4%	37
Dia Maxi	282	52	334	17.3%	350	52	402	19.6%	68
Total Dia stores	**683**	**1,101**	**1,784**	**92.5%**	**741**	**1,148**	**1,889**	**92.0%**	**105**
% of DIA banner stores	38.3%	61.7%			39.2%	60.8%		0.0%	
Cada Dia / Mais Perto	0	144	144	7.5%	0	165	165	8.0%	21
Total EMERGING stores	**683**	**1,245**	**1,928**	**100%**	**741**	**1,313**	**2,054**	**100%**	**126**

DIA GROUP	COCO	Franchise	TOTAL	%	COCO	Franchise	TOTAL	%	Change LTM
Dia Market	1,313	2,979	4,292	58.0%	1,217	3,015	4,232	57.3%	-60
Dia Maxi	948	157	1,105	14.9%	1,004	174	1,178	16.0%	73
Total Dia stores	2,261	3,136	5,397	73.0%	2,221	3,189	5,410	73.3%	13
% of DIA banner stores	41.9%	58.1%			41.1%	58.9%			
La Plaza	350	0	350	4.7%	304	0	304	4.1%	-46
Clarel	1,144	113	1,257	17.0%	1,109	147	1,256	17.0%	-1
Total stores	**3,755**	**3,249**	**7,004**	**95%**	**3,634**	**3,336**	**6,970**	**94%**	**-34**
Cada Dia / Mais Perto	0	394	394	5.3%	0	415	415	5.6%	21
Total DIA GROUP stores	**3,755**	**3,643**	**7,398**	**100%**	**3,634**	**3,751**	**7,385**	**100%**	**-13**

Events Following the Close of the Period

- On 3 April 2018, DIA announced the agreement with Nanjing Suning.Com Supermarket LTD, a company that is part of the Chinese group Suning, in relation to the sale of 100% of the shares of the Chinese entities Shanghai Dia Retail CO, Ltd and DIA (Shanghai) Management Consulting Services CO.

- On 12 April 2018, DIA announced that after its first fiscal year, the procurement agreement with Eroski that led to the creation of Red Libra Trading Services, S.L. had expired. Moreover, effective 22 May 2018, the cooperation agreement that was implemented in 2015 to improve the negotiating conditions with the large suppliers of national and international brands will be finalised.

- On 20 April 2018, the Ordinary General Shareholders' Meeting of DIA, held on second call, approved each proposed resolution under each of the items included in the Agenda notified to the National Securities Market Commission on 17 March 2018. In addition to the appointment of two new directors (as external proprietary directors) approved by the General Shareholders' Meeting (Stephan DuCharme and Karl Heinz Holland), the Board of Directors also adopted the appointment of Stephan DuCharme, external proprietary director, as a member of the Audit and Compliance Committee; and the Appointment of Karl-Heinz Holland, external proprietary director, as a member of the Strategy Committee.

  In addition to that, Ana María Llopis, Chairwoman of the Board of Directors of the Company, announced at the General Shareholders' Meeting that the relevant steps included in the Succession Plan will be put in place shortly with a view to select, in the following months, a new Chairperson of the Board who will take over the position.

Events and Corporate Calendar

Event	Date	Location	Status
Consumer conference	16 May 2018	London	Confirmed
Non-deal roadshow	23-24 May 2018	Barcelona + Andorra	Confirmed
Iberian conference	30 May 2018	Madrid	Confirmed
Non-deal roadshow Q1 2018	10-13 June 2018	USA + Canada	Confirmed
Consumer Conference	14 June 2018	Paris	Confirmed
Beginning of H1 blackout period	Friday, 13 July 2018		Confirmed
Dividend distribution	**Monday, 16 July 2018**		**Confirmed**
H1 2018 earnings release	**Thursday, 26 July 2018**		**Confirmed**
Iberian conference	6-7 September 2018	Cascais	Tentative
Iberian day	11 September 2018	London	Tentative
CEO Conference	12 September 2018	Paris	Tentative
9M 2018 earnings release	**Tuesday, 30 October**		**Tentative**
Consumer conference	Mid November	San Francisco	Tentative
Consumer conference	27-28 November 2018	Paris	Tentative
Consumer Conference	10 December 2018	London	Tentative

Change in Currency Rates

Period	€ / Argentinean Peso	€ / Brazilian Real
Q1 2017 average	0.0599	0.2987
Q1 2018 average	0.0414	0.2507
Q1 2018 change (1)	**-30.9%**	**-16.1%**

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

Definition of APMs

In the preparation of the financial information that is reported internally and externally, the Directors of DIA have adopted a series of Alternative Performance Measures (APMs) in order to gain a better understanding of the business performance. These APMs have been chosen according to the company's activity profile and taking into account the information of business performance commonly published by other international peers. Nevertheless, these APMs may or may not be totally comparable with those of other companies in the same industry. In all cases, APMs should be considered as data that are not intended to replace (or be superior to) IFRS measurements.

PURPOSE

The purpose of these APMs is to assist in the understanding of the business performance by providing additional useful information about the underlying performance of the activity and financial position of the company.

APMs are also used to enhance the comparability of information between reporting periods and geographical units by adjusting for other cost and revenue items or uncontrollable factors that affect IFRS measures. APMs are therefore used by Directors and management for performance analysis, planning, reporting, and incentive-setting purposes.

CHANGES TO APMs

During the period, the company has changed the wording of some APMs to adopt the recommendations of the ESMA (European Securities and Markets Authorities). Accordingly, the former expression "Non-recurring items" has been rephrased to "Other items excluded from adjusted EBIT". In accordance with this change, the old expressions "Non-recurring cash items" and "Non-recurring non-cash items" have been also adapted to the new wording "Other cash items" and "Other non-cash items" respectively.

In 2017, the calculation of "Other cash-items" includes gains on the disposal of non-current assets due to the accounting of this item as "Other income" in the consolidated P&L accounts.
This modification, introduced in full compliance with IFRS, better reflects the cash impact of "Other items excluded from adjusted EBIT".

- Gross sales under banner: Total turnover value obtained in stores, including indirect taxes (sales receipt value) in all the company's stores, both owned and franchised.

NET SALES TO GROSS SALES UNDER BANNER RECONCILIATION

(€m)	Q1 2017	Q1 2018	Change
Net sales	2,096.0	1,877.6	-10.4%
VAT and other	406.8	391.9	-3.7%
GROSS SALES UNDER BANNER	**2,502.8**	**2,269.5**	**-9.3%**

- 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.

- Other items excluded from adjusted EBIT: Volume of costs and revenues the company isolates in the management accounts to gain a better understanding of the underlying performance of the core business during the period. Items usually excluded from adjusted EBIT are classified between "Other cash items" (Expenses relating to acquisitions, expenses for restructuring and efficiency projects, expenses relate to the transfer of own stores to franchises, and gains on disposal of assets), "Expenses related to share-based payments transactions" and "Other non-cash items" (Losses on write-down of fixed assets, impairment of fixed assets and amortization related to the closing of stores).

OTHER ITEMS EXCLUDED FROM ADJUSTED EBIT

(€m)	Q1 2017	Q1 2018	Change
Other cash items	-9.8	-17.7	80.9%
Expenses relating to acquisitions	(2.0)	-	
Expenses for restructuring and efficiency projects	(8.2)	(22.4)	172.3%
Expenses related to the transfer of own stores to franchises	(2.6)	(3.0)	15.9%
Gains on disposal of assets	3.0	7.7	152.1%
Expenses related to share-based payments transactions	2.7	-1.0	-136.2%
Other non-cash items	-5.4	-6.2	13.0%
Losses on write-down of fixed assets	(2.7)	(2.8)	5.0%
Impairment of fixed assets	(2.0)	(3.0)	51.7%
Amortization related to the closing of stores	(0.7)	(0.3)	-63.4%
OTHER ITEMS EXCLUDED FROM ADJUSTED EBIT	**-12.5**	**-24.9**	**98.9%**

- Adjusted EBITDA: Operating profit after adding back depreciation and amortization (including amortization related to the closing of stores and impairment of fixed assets), losses on write down of fixed assets, "Other cash items" and "Expenses related to share-based payments transactions".

OPERATING PROFIT TO ADJUSTED EBITDA RECONCILIATION

(€m)	Q1 2017	Q1 2018	Change
Operating profit (EBIT)	52.7	27.6	-47.6%
Depreciation & Amortization	57.8	57.3	-0.8%
Amortization related to the closing of stores	0.7	0.3	-63.4%
Impairment of fixed assets	2.0	3.0	51.7%
Losses on write-down of fixed assets	2.7	2.8	5.0%
Gross operating profit (EBITDA)	**115.9**	**91.1**	**-21.5%**
Other cash ítems	9.8	17.7	80.9%
Expenses related to share-based payments transactions	-2.7	1.0	-136.2%
ADJUSTED EBITDA	**123.0**	**109.8**	**-10.7%**

- Adjusted EBIT: Operating profit after adding back "Other cash items", "Expenses related to share-based payments transactions" and "Other non-cash items".

OPERATING PROFIT TO ADJUSTED EBIT RECONCILIATION

(€m)	Q1 2017	Q1 2018	Change
Operating profit (EBIT)	52.7	27.6	-47.6%
Other cash items	9.8	17.7	80.9%
Expenses relating to share based payments transactions	-2.7	1.0	-136.2%
Other non-cash items	5.4	6.2	13.0%
ADJUSTED EBIT	**65.2**	**52.5**	**-19.5%**

- **Underlying net profit:** Net income calculated on net profit attributable to the parent company, adjusted by "Other items excluded from adjusted EBIT", "Items excluded from financial income and expenses", "Items excluded from income tax" and "Losses net of taxes of discontinued operations".

NET PROFIT TO UNDERLYING NET PROFIT RECONCILIATION

(€m)	Q1 2017	Q1 2018	Change
Net attributable profit	17.2	4.4	-74.1%
Other items excluded from adjusted EBIT	12.5	24.9	98.9%
Items excluded from financial income and expenses	2.8	2.1	-25.6%
Items excluded from income tax	-2.1	-4.7	123.7%
Losses net of taxes of discontinued operations	8.6	1.9	-78.1%
UNDERLYING NET PROFIT	**39.0**	**28.6**	**-26.7%**

- **Net financial debt:** Overall financial situation of the company that results by subtracting the total value of company's short-term, long-term financial debt, other financial liabilities from the total value of its cash, cash equivalents, and other liquid assets. All the information necessary to calculate the company's net debt is included in the balance sheet.

NET FINANCIAL DEBT RECONCILIATION

(€m)	Q1 2017	Q1 2018	Change
Long-term debt	958.6	1,057.4	10.3%
Short-term debt	251.2	345.3	37.5%
Cash & Cash equivalents	-159.6	-216.3	35.5%
NET FINANCIAL DEBT	**1,050.1**	**1,186.4**	**13.0%**

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