3 Evolution and results of operations

3.1 Main financial indicators

- In 2018, gross sales under banner fell by 14.9% to EUR9.39bn (0.9% down ex-currency).
- According to the Company's new definition of LFL (adjusted by inflation in Argentina, among others), the group's LFL was -3.6% in 2018, versus -4.9% in 2017.
- Excluding IAS29 and the discontinuation of Clarel, the adjusted EBITDA was EUR385m, at the upper end of the range of the EUR350-400m guidance provided on 15 October 2018.
- Net debt amounted to EUR1,452m by end-2018, which compares with EUR945m in the same period last year. This EUR506m increase was namely due to the EUR259m decrease in trade working capital related to the lower payment periods with suppliers.
- The Company's consolidated balance sheet shows negative equity of EUR166m by the end of 2018 (EUR99m negative in the parent company). The BOD has approved refinancing plan that includes a EUR600m capital increase and the divestment of some non-core assets.
- DIA has decided to open Employment Regulation Proceedings in DIA and TWINS companies in Spain. This process is initiated to enhance and strengthen the future sustainability of the DIA Group may affect a total of 2,100 employees.

P&L summary (€m)	2017	2018	Change	Change (ex-FX)
Net sales	8,217.5	7.288.7	-11.3%	7.4%
Operating income (EBIT)	218.0	-94.5	-	-
Net attributable profit	101.2	-352.6	-	-

3.2 Information in this document

- All figures in this document are expressed with "Clarel" and "Max Descuento" classified as discontinued operations.
- Unless otherwise stated, 2018 figures include the effects of the application of IAS29 ("Financial reporting in hyperinflationary economies"), which apply to Argentinean accounts. This implementation had a negative impact of EUR94.3m on net sales and EUR36.3m on adjusted EBITDA.
- As communicated on 28 December 2018, the Company conducted an impairment test of its assets that has resulted in a total goodwill impairment of EUR49.8m and EUR68.2m deterioration in the value of fixed assets. As regards to "Deferred tax assets", the analysis resulted in a total impairment of EUR170m.
- The figures corresponding to 2017 have been re-expressed as anticipated in the Significant Events communicated by the company on 15 October, 22 October, and 31 December 2018. All the details of the re-expression of the 2017 financial reporting are included in the 2018 Annual Accounts.

3.3 Full year 2018 Results

(€m)	2017	%	2018	%	Change	Change (ex-FX)
Net sales	**8,217.5**	**100.0%**	**7,288.7**	**100.0%**	**-11.3%**	**7.4%**
Cost of goods sold & other income	(6,448.9)	-78.5%	(5,724.4)	-78.5%	-11.2%	9.0%
Gross profit	**1,768.6**	**21.5%**	**1,564.4**	**21.5%**	**-11.5%**	**1.5%**
Labour costs	(685.8)	-8.3%	(645.6)	-8.9%	-5.9%	8.9%
Other operating expenses	(283.4)	-3.4%	(296.6)	-4.1%	4.6%	35.1%
Leased property expenses	(280.9)	-3.4%	(284.4)	-3.9%	1.2%	11.9%
Adjusted EBITDA[1]	**518.5**	**6.3%**	**337.9**	**4.6%**	**-34.8%**	**-32.3%**
Other cash items	(47.5)	-0.6%	(91.9)	-1.1%	93.3%	
EBITDA	**470.9**	**5.7%**	**246.0**	**3.4%**	**-47.8%**	**-73.3%**
D&A	(223.7)	-2.7%	(235.2)	-3.2%	5.1%	23.0%
Impairment	(12.1)	-0.1%	(79.9)	-1.1%		
Write-off of fixed assets	(17.2)	-0.2%	(25.4)	-0.3%		
EBIT	**218.0**	**2.7%**	**(94.5)**	**-1.3%**		
Net financial results & associates	(53.3)	-0.6%	(84.9)	-1.2%		
Gain from monetary position (IAS29)	(0.0)		67.5	0.9%		
EBT	**164.7**	**2.0%**	**(111.9)**	**-1.5%**		
Income taxes	(52.0)	-0.6%	(16.4)	-0.2%		
Impairment of DTA's	(0.0)		(170.5)	-2.3%		
Consolidated profit	**112.7**	**1.4%**	**(298.9)**	**-4.1%**		
Discontinuing operations	(11.5)	-0.1%	(15.7)	-0.2%		
Impairment of discontinued op.	(0.0)	-0.0%	(38.0)	-0.5%		
Non-controlling interests	(0.0)	-0.0%	(0.0)			
Net attributable profit	**101.2**	**1.2%**	**(352.6)**	**-4.8%**		
Underlying net profit	**191.3**	**2.3%**	**49.7**	**0.7%**	**-74.0%**	**-70.0%**

(1) Adjusted by "Other cash items"

In 2018, the DIA Group's net sales decreased by 11.3% to EUR7.29bn, but were up by 7.4% in local currency. This sales performance reflected an 18.7% negative effect from currencies in the period, due to the 40.3% depreciation of the Argentinean Peso and 16.2% for the Brazilian Real in 2018.

Gross profit amounted to EUR1.56bn, 11.5% down in the year, reflecting only 10 bps increase due to the slight decline in the weight of franchised stores and sales during the period.

Operating expenses decreased by 1.9% in the year thanks to the tight control of labour costs (5.6% down in the period) while other expenses grew by 5.9% and rents went up by 1.2% due to the continued process of "sale and leaseback" carried out over a small volume of stores in 2018.

After the application of IAS29 related to the hyperinflationary Argentinean accounts, adjusted EBITDA declined by 34.8% in EUR337.9m, down by 32.3% ex-currency. The application of this accounting standard had a negative effect of EUR36.3m on the adjusted EBITDA reported in the full-year 2018.

With regards to Clarel, the recent discontinuation of this business unit in Spain and Portugal had a EUR11.3m negative impact on adjusted EBITDA. Accordingly, the company's adjusted EBITDA in 2018 net of these negative effects would have reached EUR385.4m, in the upper part of the range of the EUR350-400m guidance provided by the company on 15 October 2018. The decline in adjusted EBITDA was reflected in a 140 bps erosion of the adjusted EBITDA margin to 4.6%.

Depreciation and amortisation increased by 5.1% to EUR235.2m, but rose by 23.0% ex-currency due to the revaluation of assets in Argentina in accordance with the application of IAS29 for hyperinflationary economies.

The material decline of adjusted EBITDA together with the strong increase in "Other cash items" (from EUR47.5m to EUR91.9m in 2018) and impairment of fixed assets (from EUR12.1m to EUR79.9 in 2018) is reflected into substantial decline of Company's operating profit (EBIT), that turns into a negative value of EUR94.5m in 2018 in comparison with a positive amount of EUR218m in 2017.

Other cash items

(€m)	2017	2018	Change
Expenses relating to store remodellings	18.0	18.6	0.6
Expenses relating to transfer of own stores to franchises	10.8	10.4	-0.4
Expenses relating to store closings	31.3	25.7	-5.6
Expenses relating to warehouse closings	1.7	1.1	-0.6
Expenses for efficiency projects and severance payments	20.2	34.6	14.4
o/w HQ restructuring	*5.7*	*15.5*	*9.8*
o/w Warehouses restructuring	*2.7*	*4.9*	*2.3*
o/w Stores restructuring	*11.8*	*14.2*	*2.4*
Other special expenses	1.7	28.4	26.7
o/w Impact from transportation strike in Brazil	*0.0*	*7.9*	*7.9*
o/w Advisement fees	*0.0*	*18.2*	*18.2*
o/w Other projects	*1.7*	*2.3*	*0.6*
Gains on disposal of assets	-31.2	-28.1	3.1
Expenses related to share-based payments transactions	-4.9	1.1	5.9
Other cash items	**47.5**	**91.9**	**44.3**

In 2018, the group's net financial expenses, adjusted by IAS29, rose by 59.3% to EUR84.9m. These higher financial charges are mostly due to the bigger average volume of net debt during the year as well as the rise in interest costs, particularly in Argentina, where funding costs increased by more than 26 percentage points versus the same period last year. On the contrary, the application of IAS29 had a positive EUR67.5m impact on the group's net financial results.

Income taxes amounted to EUR16.4m, while the impairment of DTA's carried out translated into EUR170.5m tax asset impairment.

The discontinuation of "Clarel" and "Max Descuento" operations had an impact of EUR15.7m in profits related to the business activities and EUR38.0m due to the impairment of its assets.

With all these numbers, the net attributable loss amounted to EUR352.6m in 2018 (that compares with EUR101.2m in 2017), while underlying net profit decreased by 74% from EUR175.1m to EUR191.3m in 2018.

3.4 Information by segment

DIA GROUP[2] (EURm)	2017	%	2018	%	Change	Change (ex-FX)
Gross sales under banner	**11,040.7**		**9,390.2**		**-14.9%**	**-0.9%**
Like-for-like sales growth	-4.9%		-3.6%			
Net sales	**8.217.5**	**100.0%**	**7,288.7**	**100.0%**	**-11.3%**	**7.4%**
COGS + OPEX	(7,699.0)		(6,950.9)		-9.7%	
Adjusted EBITDA[1]	**518.5**	**6.3%**	**337.9**	**4.6%**	**-34.8%**	**-32.3%**
Other cash items & impairment	(80.1)		(199.8)			
D&A	(220.4)		(232.6)			
Operating profit (EBIT)	**218.0**	**2.7%**	**(94.5)**	**-1.3%**	**-143.4%**	**-163.5%**

SPAIN [2] (EURm)	2017	%	2018	%	Change
Gross sales under banner	**5,275.1**		**5,147.7**		**-2.4%**
Like-for-like sales growth	-2.9%		-2.3%		
Net sales	**4,441.7**	**100.0%**	**4,280.4**	**100.0%**	**-3.6%**
COGS + OPEX	(4,094.8)		(4,029.4)		-1.6%
Adjusted EBITDA[1]	**346.9**	**7.8%**	**251.0**	**5.9%**	**-27.6%**
Other cash items & impairment	(74.5)		(154.9)		
D&A	(136.0)		(146.6)		
Operating profit (EBIT)	**136.4**	**3.1%**	**(50.5)**	**-1.2%**	**-137.0%**

PORTUGAL[2] (EURm)	2017	%	2018	%	Change
Gross sales under banner	**834.4**		**808.4**		**-3.1%**
Like-for-like sales growth	-1.0%		-5.0%		
Net sales	**663.1**	**100.0%**	**628.6**	**100.0%**	**-5.2%**
COGS + OPEX	(620.9)		(598.6)		-3.6%
Adjusted EBITDA[1]	**42.2**	**6.4%**	**30.1**	**4.8%**	**-28.7%**
Other cash items & impairment	(5.7)		(25.6)		
D&A	(23.1)		(21.0)		
Operating profit (EBIT)	**13.4**	**2.0%**	**(16.5)**	**-2.6%**	**-222.7%**

ARGENTINA (EURm)	2017	%	2018	%	Change	Change (ex-FX)
Gross sales under banner	**2,934.1**		**1,794.5**		**-38.8%**	**3.0%**
Like-for-like sales growth	-7.8%		-2.8%			
Net sales	**1,391.6**	**100.0%**	**970.6**	**100.0%**	**-30.3%**	**60.5%**
COGS + OPEX	(1,332.7)		(967.8)		-27.4%	
Adjusted EBITDA[1]	**58.9**	**4.2%**	**2.8**	**0.3%**	**-95.3%**	**-91.2%**
Other cash items & impairment	(7.1)		(13.2)			
D&A	(17.9)		(23.3)			
Operating profit (EBIT)	**34.0**	**2.4%**	**(33.8)**	**-3.5%**	**-199.3%**	**-332.2%**

BRAZIL (EURm)	2017	%	2018	%	Change	Change (ex-FX)
Gross sales under banner	**1,997.1**		**1,639.6**		**-17.9%**	**-1.8%**
Like-for-like sales growth	-8.5%		-8.1%			
Net sales	**1,721.1**	**100.0%**	**1,409.1**	**100.0%**	**-18.1%**	**-2.1%**
COGS + OPEX	(1,650.6)		(1,355.1)		-17.9%	
Adjusted EBITDA[1]	**70.5**	**4.1%**	**54.0**	**3.8%**	**-23.3%**	**-8.3%**
Other cash items & impairment	7.2		(6.0)			
D&A	(43.5)		(41.8)			
Operating profit (EBIT)	**34.2**	**2.0%**	**6.2**	**0.4%**	**-81.9%**	**-78.3%**

(1) Adjusted by "Other cash items", (2) With Clarel and Max Descuento as discontinued activities,

The Company has changed its segment reporting providing relevant information of each of the countries where operates. This new segmentation comes as a result of the changes carried out in the top management teams, and to align the reporting with internal organisation and information.

The reinforced commitment with transparency has yielded in the publication (for the first time in these full-year 2018 figures) of a full disclosure of like-for-like, adjusted EBITDA, operating profit (EBIT) and Capex by country. Finally, information about the new methodology to calculate comparable sales growth rates is included in the "Definition of APM's" section of this document.

Gross sales in Spain declined by 2.4% in 2018 to EUR5.15bn, while net sales went down by 3.6% in the same period to EUR4.28bn. This negative performance was due to the negative 2.3% comparable sales and almost stable performance of average space during the period. By format, La Plaza, and the Dia&Go stores increased sales, but the other stores declined in terms of volumes, particularly those operated in suburban locations. Adjusted EBITDA generated in the country decreased by 27.6% to EUR251m, reflecting a 190 bps erosion in margins to 5.9%. On-line gross sales under banner increased by 37.4% in 2018 to EUR76.7m, which represents 1.5% of total gross sales in Spain.

With regards to Portugal, gross sales went down by 3.1% in 2018 to EUR808m, while net sales decreased by 5.2% during the same period to EUR629m. This negative performance was related to the negative 5.0% comparable sales and the closing of 27 net stores, which contracted average space by 1.5% in 2018. Adjusted EBITDA went down by 28.7% to EUR30.1m, a 140bps loss in margins to 4.8%.

In Argentina, gross sales decreased by 38.8% to EUR1.79bn (3% up ex-currency). Net sales fell by 30.3% to EUR0.97bn after applying IAS29, 23.5% down ex-IAS29. Despite the challenging macroeconomic environment and the strong decline in private consumption related to the spike in inflation and severe currency depreciation, business in local currency performed well in 2018. Volume comparable sales growth declined by 2.8% but clearly outperformed the market as reflected in the continued increase of market share. Additionally store selling area grew by 5.5% thanks to the 49 net openings completed during the year. Adjusted EBITDA in 2018 was EUR2.8m after the EUR36.3m impact from the application of IAS29. Isolating this accounting effect, the comparable figure of adjusted EBITDA would have been EUR39m in 2018, 33.8% down versus 2017 (+13.7% ex-currency), reflecting a 60 bps decline in adjusted EBITDA margin to 3.7%.

In 2018, DIA's operations in Brazil were impacted by several exceptional external and internal factors that are unlikely to be seen in the years ahead. In this scenario, gross sales under banner decreased by 17.9% to EUR1.64bn, 1.8% down ex-currency. Comparable sales during the year were down by 8.1%, a poor figure even after taking into account the deflationary scenario seen in the country at the start of the year, the truck transport strike, and other commercial local issues. Despite this tough business context and weak sales performance, the company managed to minimise the decline in adjusted EBITDA margin during the year, which declined by 30bps, from 4.1% to 3.8%.

3.5 Balance sheet

(€m)	31 Dec 2017[1]	31 Dec 2018	Change
Non-current assets	2,466.7	2,072.4	-16.0%
Inventories	609.0	531.7	-12.7%
Trade & Other receivables	198.8	192.3	-3.3%
Other current assets	79.7	66.9	-16.1%
Cash & Cash equivalents	346.5	239.8	-30.8%
Non-current assets held for sale	39.6	168.7	326.1%
TOTAL ASSETS	**3,740.4**	**3,271.8**	**-12.5%**
Total equity	257.2	-166.1	-164.6%
Long-term debt	961.9	919.1	-4.5%
Short-term debt	330.0	772.4	134.0%
Trade & Other payables	1,785.2	1,442.5	-19.2%
Provisions & Other current liabilities	353.9	280.8	-20.6%
Liabilities associated with assets held for sale	52.1	23.1	-55.7%
TOTAL EQUITY & LIABILITIES	**3,740.4**	**3,271.8**	**-12.5%**

As a consequence of the EUR352.6m net losses reported in 2018, the company's consolidated equity turned into a negative figure of EUR166.1m by the end of 2018, with EUR99m negative equity in the parent company.

In the context of the refinancing agreements recently signed by the Company with its lenders, there is a commitment to recapitalise through a capital increase of at least EUR600m fully underwritten by Morgan Stanley & Co that is subject to certain conditions precedent and the disposal of some non-core assets related to the businesses of Household and Personal Care products and Cash & Carry (Clarel and Max Descuento).

3.6 Working capital, capital expenditure and net debt

3.6.1 Working capital

(€m)	31 Dec 2017 [2]	31 Dec 2018	Change	Change (ex-FX)
Inventories (A)	609.0	531.7	-12.7%	3.0%
Trade & other receivables (B)	198.8	192.3	-3.3%	5.7%
Trade & other payables (C)	1,785.2	1,442.5	-19.2%	-8.0%
Trade Working Capital [1]	**-977.4**	**-718.6**	**-26.5%**	**-17.6%**

(1) Trade working capital defined as (A+B-C). (2) Figures adjusted by the discontinuation of Clarel and Max Descuento.

DIA's negative Trade Working Capital declined by 26.5% to EUR718.6m, down by 17.6% ex-currency. This EUR259m decrease in the value of negative trade working capital is completely exceptional and attributable to: 1) The declining volume of sales, 2) The shorter payment period to suppliers during the last months of the year linked to the tough financial situation of the company; 3) the strong depreciation of currencies in Argentina and Brazil, and 4) The shorter average payment periods to suppliers in Argentina due to the growing inflation.

The value of inventories declined by 12.7% in 2018, EUR77.3m down to EUR531.7m. Currency depreciation had a 15.7% negative impact, as the value of inventories increased by 3% ex-currency. The discontinuation of Clarel and Max Descuento had a EUR76.7m impact over the value of stocks.

Trade and other receivables decreased by 3.3% in 2018 to EUR192.3m, 5.7% up ex-currency. This EUR6,5m decline in the value of debtors is due to the decrease in trade receivables with franchisees and from suppliers.

The value of trade and other payables decreased by 19.2%, from EUR1,785m to EUR1,442bn. This sharp decline of EUR343m relates to challenging business conditions faced by the company in Q4 2018 which resulted in substantially lower than average payment days to suppliers. In constant currency, the decline in trade payables would have been 7.8%%, which implies an 11.2% negative effect from currencies.

Non-recourse factoring from receivables from our suppliers amounted to EUR126.4m by the end of December 2018, compared with EUR99.6m at the end 2017.

By the end of 2018, the company provided confirming operations for a total EUR199.9m, which compares with EUR367.3m in the same period of last year, which implies EUR167.4m reduction in the confirming facilities.

According to the evolution of trade working capital in 2018, the number of days of negative trade working capital (over COGS) declined by 9.4 days in 2018, down to 45.1 days from 54.5 days in 2017 (figure recalculated according to the company's current consolidation perimeter).

3.6.2 Capital expenditure

[€m]	2017	%	2018	%	Change	Change (ex-FX)
Spain	156.9	48.0%	207.0	65.6%	31.9%	31.9%
Portugal	24.4	7.5%	20.3	6.4%	-17.1%	-17.1%
Argentina	53.5	16.4%	29.7	9.4%	-44.6%	27.6%
Brazil	90.9	27.8%	58.5	18.5%	-35.6%	-23.1%
TOTAL Capex	**326.5**	**100.0%**	**315.3**	**100.0%**	**-3.4%**	**11.9%**

DIA invested EUR315.4m in 2018, EUR11.2m less than in the same period last year. Excluding the currency effect, capex would have risen by 11.9% in 2018 (a 3.4% decrease in Euros).

During 2018 the company opened 336 stores and remodelled 1,140 stores. This higher value of investment was namely related to the very dynamic remodelling activity in Spain, where capital expenditure almost doubled in 2018 compared to 2017. On the other hand, investment in openings and on-going maintenance activities declined in all the countries.

3.6.3 Net debt

[€m]	31 Dec 2016	31 Dec 2017	31 Dec 2018
Net debt / Adjusted EBITDA	1.6x	1.8x	3.8x
Adjusted EBITDA	562.2	518.5	385.4 [1]
Net debt	**872.3**	**945.4**	**1,451.6**

[1] Adjusted by IAS29 and the discontinuation of Clarel.

Net debt at the end of December 2018 amounted to EUR1,452m, EUR506m higher than in the same period last year. The important growth in net debt during the period was namely due to the deterioration in trade working capital (EUR259m) and a 35% decline in adjusted EBITDA (down by EUR181m vs 2017). During 2018, DIA obtained proceeds of EUR93.9m from asset disposals related to a group of stores divested during the period, which compares with EUR68.2m collected in 2017. With this net debt amount, and adjusting EBITDA from IAS29 and Clarel discontinuation, the financial leverage ratio was 3.8x.

The tentative new application of IFRS16 in 2019 would increase Company's consolidated net debt by EUR675-700m.

Elsewhere, the Group expects net pretax profit to fall by around EUR6m in 2019 as a result of the adoption of the new regulation. In addition, EBIT is also expected to rise by between EUR265m and EUR280m, with an increase in asset amortisation for right of use and interest on the lease liability.

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3.7 Cash flow statement

(€m)	2018
Adjusted EBITDA [1]	337.9
Other cash items	91.9
Net change in trade working capital	-274.3
Next change in other payables & receivables	42.6
Corporate taxes paid	-18.8
Net change in working capital of discontinued operations	-51.3
(A) CASH-FLOW FROM CONTINOUS OPERATIONS	**-140.8**
Capital expenditure paid	-343.8
Divestment of assets	-93.9
Other investement activities	2.3
Cash flow from discontinued operations	-11.1
(B) CASH-FLOW FROM INVESTING ACTIVITIES	**-258.7**
(A+B) OPERATING FREE CASH-FLOW	**-399.4**
Financial results	-86.3
Dividend paid	-110.3
Change in FX and other	89.9
(C) CASH-FLOW FROM FINANCIAL ACTIVITIES	**-106.7**
Net debt beginning of the period	945.4
(A+B+C) CHANGE IN NET DEBT	**-506.1**
Net debt at the end of the period	**1,451.6**

(1) Adjusted by "Other items'

3.8 Store count

At the end of December 2018, DIA operated a total of 6,157 stores, 56 more than during the same period last year, with 336 openings and 280 closures. This final number excludes the 35 stores of "Max Descuento" and 1,271 Clarel in Spain and Portugal, as they have recently been categorised as discontinued operations.

In 2018, the number of stores declined by 23 in Spain (from 3,497 to 3,474), after the opening of 62 new stores and the closure of 85 stores. 2018 was particularly busy in terms of store upgrading, totalling 976 remodellings during the year, of which 75 corresponded to the new convenience format Dia&Go. 2018 was also special in terms of franchised activity, as the company transferred 109 net stores back to owned from franchised operations. This change is due to the new company policy to seek higher-quality franchise partners to provide customers with a better shopping experience. This policy will continue during 2019 and should be reflected in another material number of transfers from franchised to owned stores. With regards to store selling area, by the end of 2018, total space increased by 0.5% compared with same period last year.

In Portugal, the number of stores declined by 27 in 2018, versus 559 to 532. This fall was due to the closure of 15 Dia stores and 12 Mais Perto stores. In terms of remodelling activity, DIA upgraded 44 stores, ending 2018 with 40 new convenience stores operated under the banner Minipreço Express. The number of franchised stores increased from 297 to 309, which represents 53.1% of the store network in the country. By the end of 2018, the total store selling area decreased by 1.5% versus the same period last year.

Argentina ended 2018 with 979 stores in operation, 49 more than in the same period last year, totalling 94 openings and 45 closures during 2018. With regards to franchised activity, a total of 24 net stores were transferred during the period, to a total of 681 franchised stores at the end of 2018, which represents 69.6% of the store network in the country. By the end of 2018, the total store selling area increased by 5.5% versus the same period last year.

In Brazil, the company opened 157 stores during the year, but closed 100, almost all of them franchised. The total number of stores rose by 57 from 1,115 to 1,172, of which 58.5% franchised. By the end of 2018, the total store selling area went up by 3.9% versus the same period last year.

[1] SUMMARY OF STORES

	2017			2018		
DIA GROUP[1]	**Own**	**Franchise**	**TOTAL**	**Own**	**Franchise**	**TOTAL**
Total stores at the beginning of the period	**2,608**	**3,543**	**6,151**	**2,462**	**3,639**	**6,101**
New openings	**150**	**271**	**421**	**163**	**173**	**336**
Owned to franchised net transfers	**-105**	**105**	**0**	**20**	**-20**	**0**
Closings	**-191**	**-280**	**-471**	**-35**	**-245**	**-280**
Total DIA GROUP stores at the end of the period	**2,462**	**3,639**	**6,101**	**2,610**	**3,547**	**6,157**
SPAIN [1]	**Own**	**Franchise**	**TOTAL**	**Own**	**Franchise**	**TOTAL**
Total stores at the beginning of the period	1,630	2,040	3,670	1,473	2,024	3,497
New openings	20	53	73	34	28	62
Owned to franchised net transfers	-13	13	0	109	-109	0
Closings	-164	-82	-246	-13	-72	-85
Total SPAIN stores at the end of the period	**1,473**	**2,024**	**3,497**	**1,603**	**1,871**	**3,474**
PORTUGAL[1]	**Own**	**Franchise**	**TOTAL**	**Own**	**Franchise**	**TOTAL**
Total stores at the beginning of the period	303	256	559	262	297	559
New openings	12	10	22	6	17	23
Owned to franchised net transfers	-38	38	0	-35	35	0
Closings	-15	-7	-22	-10	-40	-50
Total PORTUGAL stores at the end of the period	**262**	**297**	**559**	**223**	**309**	**532**
ARGENTINA	**Own**	**Franchise**	**TOTAL**	**Own**	**Franchise**	**TOTAL**
Total stores at the beginning of the period	296	576	872	303	627	930
New openings	32	78	110	30	64	94
Owned to franchised net transfers	-16	16	0	-24	24	0
Closings	-9	-43	-52	-11	-34	-45
Total ARGENTINA stores at the end of the period	**303**	**627**	**930**	**298**	**681**	**979**
BRAZIL	**Own**	**Franchise**	**TOTAL**	**Own**	**Franchise**	**TOTAL**
Total stores at the beginning of the period	379	671	1,050	424	691	1,115
New openings	86	130	216	93	64	157
Owned to franchised net transfers	-38	38	0	-30	30	0
Closings	-3	-148	-151	-1	-99	-100
Total BRAZIL stores at the end of the period	**424**	**691**	**1,115**	**486**	**686**	**1,172**

[1] By 2018 year-end the company also operated 1,200 Clarel and 35 Max Descuento stores in Spain and 71 Clarel in Portugal

3.9 Store selling area by country

	31 December 2017	31 December 2018	
(Million square meters)	Total	Total	Change
Spain	1.5737	1.5820	0.5%
Dia stores	1.3642	1.3648	0.0%
La Plaza stores	0.2095	0.2172	3.7%
Portugal	0.2139	0.2107	-1.5%
Argentina	0.2513	0.2652	5.5%
Brazil	0.4896	0.5088	3.9%
TOTAL DIA	**2,5285**	**2,5667**	**1.5%**

3.10 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

Since the communication of full-year 2017 results, the company 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". 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.

As from 2017 full-year reporting, 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".

- **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)	2017	2018	Change
Net sales	8,234.9	7,288.7	-11.5%
VAT and other	2,805.9	2,101.5	-25.1%
GROSS SALES UNDER BANNER	**11,040.7**	**9,390.2**	**-14.9%**

- **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 conditions.

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

According to all these changes, the group's LFL would have been +3.7% instead of -3.6% in the full year 2018 (0.3% vs -2.3% new in Spain, -3.9% vs -5.0% new in Portugal, 24.8% vs -2.8% new in Argentina and -5.2% vs -8.1% new in Brazil).

- **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".

OPERATING PROFIT TO ADJUSTED EBITDA RECONCILIATION			
(€m)	2017	2018	Change
Operating profit (EBIT)	218.0	-94.5	-143.4%
Depreciation & Amortization	220.4	232.6	5.5%
Losses on write-off of fixed assets	17.2	25.4	47.6%
Impairment of fixed assets	12.1	79.9	563.1%
Amortization related to the closing of stores	3.3	2.6	-22.2%
Gross operating profit (EBITDA)	**470.9**	**246.0**	**-47.8%**
Other cash items	47.5	91.9	93.3%
ADJUSTED EBITDA	**518.5**	**337.9**	**-34.8%**

- **Underlying net profit:** Net income calculated on net profit attributable to the parent company, adjusted by "Other items", "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)	2017	2018	Change
Net attributable profit	101.2	-352.6	
Other cash items	47.5	91.9	93.3%
Impairment and write offs	32.6	107.9	231.4%
Items excluded from financial income and expenses	9.1	12.9	42.0%
Items excluded from income tax	-10.5	135.9	
Losses net of taxes of discontinued operations	11.5	53.7	367.5%
UNDERLYING NET PROFIT	**191.3**	**49.7**	**-74.0%**

- **Basic EPS:** Fraction of the company's profit calculated as net attributable profit divided by the weighted average number of shares

BASIC EARNINGS PER SHARE RECONCILIATION			
(€m)	2017	2018	Change
Net attributable profit (EURm)	101.2	-352.6	
Weighted average number of shares (million)	611.89	612.18	0.0%
Average number of treasury shares (million)	10.57	10.28	-2.8%
BASIC EARNINGS PER SHARE (Euro)	**0.17**	**-0.58**	

- **Underlying EPS:** Fraction of the company's profit calculated as underlying net profit divided by the weighted average number of shares.

UNDERLYING EARNINGS PER SHARE RECONCILIATION			
(€m)	2017	2018	Change
	191.3	49.7	-74.0%
Weighted average number of shares (million)	611.89	612.18	0.0%
Average number of treasury shares (million)	10.57	10.28	-2.8%
UNDERLYING EARNINGS PER SHARE (Euro)	**0.31**	**0.08**	**-74.0%**

- **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)	2017	2018	Change
Long-term debt	961.9	919.1	-4.5%
Short-term debt	330.0	772.4	134.0%
Cash & Cash equivalents	-346.5	-239.8	-30.8%
NET FINANCIAL DEBT	**945.4**	**1,451.6**	**53.5%**

3.11. The impact of the reestatement of the quarterly information

The following displays the main magnitudes of the consolidated income for the quarters 2017 and 2018 as restated:

2017 RESTATED FIGURES				
(€m)	Q1 2017	H1 2017	9M 2017	2017
Net sales	2,005.3	4,089.4	6,157.6	8,217.5
Adjusted EBITDA	98.1	228.4	370.6	518.5
EBIT	31.1	72.4	136.3	218.0

2018 RESTATED FIGURES				
(€m)	Q1 2018	H1 2018	9M 2018	2018
Net sales	1,794.7	3,661.2	5,274.9	7,288.7
Adjusted EBITDA	86.4	199.6	254.9	337.9
EBIT	8.2	34.8	-12.1	-94.5

3.12 Subsequent events

1. Financing Agreement

On 2 January 2019, relating to the financing agreement.

i) Facility B was increased by Euro 4,533 thousand in order to settle an equity swap.
ii) On 21 January 2019, a bank exercised its right to adhere to the Facilities Agreement, increasing Facility A by Euro 4,400 thousand, Facility B by Euro 8,500 thousand and the available amount of the confirming by Euro 15,600 thousand.

With respect to the foreign subsidiaries, DIA Argentina, DIA Brazil and DIA Portugal, as part of the Financing Contract agreement, a commitment was agreed with the banks party to the agreement to maintain certain bilateral and reverse factors agreements in effect. For those maturities taking place in the first half 2019, it was agreed to establish maturity on 31 May 2019. These agreements were formalised during the month of January 2019. The maturities of certain bilateral loans in Brazil amounting to Euro 67,527 thousand were extended and changed from January 2019 to: 31 May 2019 (Euro 22,277 thousand), 2 July 2019 (Euro 22,748 thousand) and 24 July 2019 (Euro 22,502 thousand).

On 6 February 2019 the Company informs that its syndicated facility lenders have notified the Company, subject to certain conditions including the completion of a share capital increase in the form of a right issue and for an amount of Euro 600 million, of their indicative support for an extension of the final maturity date in relation to the existing syndicated facilities which will remain post rights issue in the amount of Euro 765 million until March 2023.

2. Tax inspections activities in Brazil

On 29 January 2019, DIA Brazil received the results of the inspection activities for 2014, and the assessment amounted to Euro 97,012 thousand (431,121 thousand Reals). The company will appeal against this assessment, first through administrative proceedings and subsequently through legal proceedings on the understanding that there are sufficient grounds to achieve a favourable outcome, see note 17.3.

3. Aprovved the new Business Plan for the period 2019-2023

On 30 January 2019, the Board of Directors formally approved the new Business Plan for the period 2019-2023, see note 1.1.

4. Horizon Agreement

On 1 February 2019 the Group joined the international trading platform Horizon International Services and acquired a 25% interest in exchange for Euro 263 thousand. On 30 August 2018, the Company entered into the agreement, whereby it has become a member of such trading platform to enhance its competitiveness in relations with large suppliers of manufacturer's brands and improve the consumer offering in terms of range and price.

5. Takeover bid

On 5 February 2019, the shareholder LetterOne Investment Holdings, S.A. ("LetterOne"or the "Bidder"), holding a 29.001% stake in the share capital (note 14.1), announced through the controlled Company L1R Invest1 Holdings S.à.r.l. its decision to prepare a voluntary takeover bid, aimed at all shares making up the Company's share capital, i.e. 622,456,513 shares at a price of Euro 0.67 per share.

The shareholder communicated that it will present to the Spanish National Securities Market Commission (CNMV) the request for authorisation of its takeover bid, along with the relevant explanatory brochure, within one month of the publication date of the announcement and that it expects the presentation to take place in the first half of that period.

The bid is contingent on compliance with certain conditions relating to minimum acceptance by 50% of the shares effectively covered by the bid (excluding shares owned by the bidder), the obtaining of certain authorisations from the competition authorities and, its effectiveness is conditional upon the Company not issuing any share or other instruments convertible into shares before the CNMV communicates the outcome of the bid. Likewise, the Offeror has stated that, at the date of the announcement, it does not intend to vote in favor of any decision of the Company that has as its object the issue of shares or other instruments convertible into shares or other instruments convertible into shares whose execution takes place before the CNMV communicates the bid. The Offerer also declared that at the date of the announcement, it has no intention of voting on any decision of the Company concerning the issue of shares or other instruments convertible into shares whose execution may take place before the National Securities Market Commission communicates the outcome of that bid.

LetterOne also communicated its intention to carry out a forced sale procedure. The execution of the forced sale resulting from the exercising of that right would trigger the delisting of DIA shares listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

The Bidder also announced its intention to sponsor a capital increase of Euro 500 million in the Company at a subscription price of not less than Euro 0.10 per share, respecting pre-emptive rights The Offerer would commit to subscribing its proportional part and underwriting the rest of the capital increase (or having a bank underwrite it). The execution and underwriting of the capital increase will be contingent on and will only take place after the settlement of the bid, once its outcome is declared positive and an agreement is reached with banks concerning a feasible long-term capital structure for DIA which is satisfactory for LetterOne.

The Board of Directors, in its meeting held on 6 February 2019, has conducted a preliminary review, with the assistance of its advisors, of the announcement .The Board of Directors believes that the announcement of the Tender Offer underscores the attractiveness of the Company's business. In addition, the Board of Directors acknowledges the alignment between the Bidder's six-pillars transformation plan for the Company and DIA's strategic plan, which reflects the joint effort of the Group's management and the Board over 2018.

Having said that, the Board will provide its views on the Tender Offer (including, among others, over the proposed consideration and conditions) once the Tender Offer is approved and the prospectus is released to the market, as required by the Spanish takeover regulations. In the current circumstances DIA needs to restore in a timely manner its net equity position, and the EUR 500 million share capital increase of the Company proposed by the Bidder following the Tender Offer, as currently structured, does not provide certainty on its actual implementation or timing, nor does it take into account the obligations of the Company vis-à-vis its lenders and its short term debt maturities. Moreover, the Bidder acknowledges that such share capital increase is subject to reaching an agreement with the lenders of the Company satisfactory to the Bidder, which creates further uncertainty. The Board is willing to explore with the Bidder the feasibility to adapt the terms of the Tender Offer to address these concerns.

6. Employment Regulation Proceedings in Spain

The Board of Directors has announced on 7 February 2019 to initiate negotiations with unions and labour representatives to open Employment Regulation Proceedings in Spain which may affect a total of 2,600 employees. This process is part of a rationalisation process that will include the closing or disposal of up to 300 stores, a new Regional Centers structure, and simplified organisation at the group's headquarters.

3.13 Information about the foreseeable evolution of the Entity

New Business Plan

The DIA Group has been working over the past months in the elaboration of a new Business Plan that covers the periods 2019-2023 with the help of a prestigious consulting firm, BCG (Boston Consulting Group).

This business plan is not consistent with previous business plans elaborated over the past years but it is true plan to transform the Company, baptized as "Nuevo DIA", that affects mainly Spain, the main market of the Group, and that is based in the following pillars:




- **Improve the supply of fresh food:** the Group bets on improving both the variety and the quality of their fresh. This improvement, which is related to the entity's proximity factor, is expected to allow the sales heavily grow and to improve the global perception the consumer has about DIA.
- **Build an innovative and differentiated own brand:** The Group wants to improve the quality of the products under their own brand in order to change the perception of the clients. The intention is to have the best own brand of the market with a high perception both in price and in quality.
- **Rationalize and improve the assortment of product:** reduce part of the assortment will allow to improve the visibility of the global offer in the shops as well as securing that the client truly finds the products he needs.
- **Improve price perception:** focusing on reducing the price of the products in the shelf, the client will have a better perception of the prices offered by DIA. The intention is to use in the most efficient way the promotions and the loyalty discount card which will be progressively more and more personalized.

These pillars will be implemented throughout the first two years of the plan and will be stake through a new store model which, first; it will be approved along 2019 to replicate massively to the entire park of stores from the year 2020. Therefore, although opening new stores is also within the plan, the strategy is based fundamentally on renewing the park of stores already open.

Likewise, towards ensuring the correct implementation of all the initiatives and to improve the profitability of the entity, a series of measures will be carried out to adjust the cost base as the closing of more than 600 unprofitable stores in Spain (of which 300 will close in 2019), a restructure of the structures, a review of the logistic end-to-end process, all of which directed so that DIA ends up being a simpler, more efficient entity.

Finally, and not less important, the Group wants to relaunch their franchise model, key for their geographic presence and the profitability of the Company. The Entity wants to improve the quality and profitability of its franchisees to turn it into a winning model for both parties.

3.14 Research, development and innovation activities

Since its creation, DIA has placed a strong emphasis on developing knowledge, management methods and business models that have allowed the Company to generate sustainable competitive advantages. Through franchising, DIA transfers all of its expertise to franchisees so that they can run a profitable and efficient business.

As established in the IAS 38, DIA includes the development costs generated internally in the assets, once the project has reached a development phase, as long as they are clearly identifiable and linked to new commercial model projects and IT developments, to the extent that it can be justified that they will result in an increase in future profit for the Company.

The costs associated with R&D+i incurred by DIA during 2018 are, as a percentage, smaller compared to the rest of the costs arising from the development of activities aligned with its social objectives.

EUR14.96m was activated during 2018, corresponding to the capitalization of IT developments (EUR 11.2m in 2017).

3.15 Treasury stock and earnings per share

3.15.1 Treasury shares

Changes in treasury shares in 2018 and 2017 are as follows:

	Number of shares	Average price	Total
At 31 December 2016	**11,105,774**	**5.9943**	**66,571,465.29**
Equity swap settlement	(2,100,000)		(12,588,053.49)
Equity swap additions	2,100,000		11,130,000.00
Delivery of shares to Directors	(73,227)		(428,672.64)
Delivery of shares as part of the incentive plan 2014-2016 (note 18)	(721,914)		(4,326,043.04)
At 31 December 2017	**10,310,633**	**5.8540**	**60,358,696.12**
Delivery of shares as part of the incentive plan 2014-2016 (note 18)	(768,277)		(4,497,512.23)
At 31 December 2018	**9,542,356**	**5.8540**	**55,861,183.89**

The Parent's treasury shares are held to deliver shares to the executives under the share plans.

The Facilities Agreement entered into on 31 December 2018 between the Group and the lending bank includes a prohibition on the repurchase of treasury shares until the debt is settled

3.15.2 Earnings/losses per share

Basic earnings/losses per share are calculated by dividing net profit for the period attributable to the Parent by the weighted average number of ordinary shares outstanding throughout the period, excluding treasury shares.

Details of the calculation of basic earnings/(losses) per share are as follows:

	2018	2017
Average number of shares	**612,177,367**	**611,885,181**
Profit/(loss) for the period in thousands of Euros	(345,052)	84,959
(Loss)/Profit per share in Euros	(0.54)	0.14

There are no equity instruments that could have a dilutive effect on earnings per share. Diluted earnings per share are therefore equal to basic earnings per share.

3.16. Average payment period to suppliers

The information required from Spanish DIA Group companies under the reporting requirement established in Spanish Law 15/2010 of 5 July 2010, which amended Spanish Law 3/2004 of 29 December 2004 and introduced measures to combat late payments in commercial transactions, is as follows::

	2018 Days	2017 Days
Average payment period to suppliers	48	46
Paid operations ratio	49	46
Pending payment transactions ratio	37	42
	Amount (euros)	**Amount (euros)**
Total payments made	4,568,147,789	4,134,004,583
* Total payment pending	335,376,575	542,911,981

*Receptions unbilled and invoices included in the confirming lines at the year end previously mencioned, are not included in this amount.

3.17 Liquidity and capital resources

3.17.1 Liquidity

The Group applies a prudent policy to cover its liquidity risks, based on having sufficient cash and marketable securities as well as sufficient financing through credit facilities to settle market positions. Given the dynamic nature of its underlying business, the Group's Finance Department aims to be flexible with regard to financing through drawdowns on contracted credit facilities.

During 2018 and after publishing a Significant Event in October on the review of estimated results for the year and the restatement of the 2017 consolidated annual accounts, there were a total of six downgrades of the Group's credit rating by rating agencies, consisting of three levels in the case of Moody's and Standard & Poor's, to finally reach Caa1 (under review) and CCC+ (negative outlook), respectively, in December.

In order to mitigate the risk that reactions to the information and downgrades by the financial institutions with which the Group operates could have a potential relevant adverse impact on its liquidity profile, in October the Group initiated a process of dialogue and negotiation with its main banks (the "Group of Banks"), with a dual purpose: (I) assure that they maintained their support for the Group by signing a formal agreement to maintain and restore the financing ceilings granted by the Group of Banks; and (ii) negotiate a new financing package that would allow the Group to assure coverage of its future working capital needs under the Business Plan.

As a result, the main financial institutions signed an agreement on 18 November 2018 to maintain and restore financing lines, initially maturing on 30 November 2018 and subsequently extended to 31 December 2018.

At that date, the previously mentioned financial institutions granted a Financing Agreement and, during the month of January 2019, certain foreign subsidiaries of the Group entered into bilateral financing agreements. As a result of such agreements, amongts others, the Group obtained additional short term financing for an amount of up to Euro 201.4 million and of up to Euro 867.8 million to be drawn through working capital financing facilities, such as revolving credit facilities, confirming facilities, factoring and bilateral loans.

On 21 January 2019, another financial institution signed up to the financing agreement, increasing new money by Euro 4.4 million and working capital facilities by Euro 24.1 million.

The main terms of the Facilities Agreement are explained in note 2.4 of the consolidated annual accounts.

The combination of this new financing package, the divestments, the capital increase and the agreements currently under negotiation in relation to the first maturity of the Facilities Agreement must allow the Group to assure coverage of working capital needs under the Business Plan, considerably strengthening its liquidity profile.

The Group's exposure to liquidity risk at 31 December 2018 and 2017 is shown below. These tables reflect the analysis of financial liabilities by residual contractual maturity dates:

Thousands of Euro	Maturity	At 31 December 2018
Debentures and bonds long term	2020-2023	590,410
Syndicated credits (Revolving credit facilities)	2020-2022	254,222
Other bank loans	2020	15,000
Finance lease payables	2020-2025	19,801
Credit facilities drawn down	2020-2022	27,150
Guarantees and deposits received	per contract	12,102
Other non-current financial debt	2020-2021	385
Other non-current financial liabilities	2020	2,291
Total non-current financial liabilities		**921,361**
Debentures and bonds long term	2019	311,371
Other bank loans	2019	119,092
Other financial liabilities (note 15.1 c))	2019	4,532
Finance lease payables	2019	9,125
Syndicated credits (Revolving credit facilities)	2019	124,350
Credit facilities drawn down	2019	184,001
Expired interest	2019	7,241
Guarantees and deposits received	2019	3,489
Derivatives	2019	5,776
Other debt with group companies	2019	513
Other financial debts	2019	2,864
Trade and other payables	2019	1,442,496
Suppliers of fixed assets	2019	105,139
Personnel	2019	51,423
Other current liabilities	2019	1,085
Total current financial liabilities		**2,372,497**

Thousands of Euro	Maturity	At 31 December 2017
Debentures and bonds long term	2019-2023	892,570
Mortgage loan	2019-2020	814
Other bank loans	2019-2020	30,842
Finance lease payables	2019-2027	26,229
Guarantees and deposits received	per contract	11,148
Other non-current financial debt	2019-2021	342
Other non-current financial liabilities	2019	2,491
Total non-current financial liabilities		**964,436**
Debentures and bonds long term	2018	6,021
Mortgage loan	2018	633
Other bank loans	2018	209,283
Other financial liabilities (note 15.1 c)	2018	25,704
Finance lease payables	2018	10,547
Credit facilities drawn down	2018	65,809
Expired interest	2018	132
Guarantees and deposits received	2018	2,813
Derivatives	2018	4,339
Other financial debts	2018	4,732
Trade and other payables	2018	1,785,186
Suppliers of fixed assets	2018	139,284
Personnel	2018	64,698
Other current liabilities	2018	3,675
Total current financial liabilities		**2,322,856**

The amounts reflected in the following tables relate to maturities of non-current financial debt in 2018 and 2017. The amounts are the undiscounted cash flows stipulated in the agreement. As these amounts are not discounted and include future interest, they cannot be analysed against the amounts recognised in the accompanying consolidated statement of financial position for the headings in question.

Financial expenses accrued on these financial liabilities totalled Euro 50,259 thousand and Euro 41,075 thousand in 2018 and 2017, respectively.

Thousands of Euro				
At 31 December 2018	**Total**	**2020**	**2021-2023**	**>2024**
Debentures and bonds long term	616,500	5,625	610,875	-
Syndicated credits (Revolving credit facilities)	254,222	135,556	118,666	-
Bank Loans	15,063	15,063	-	-
Finance lease payables	21,141	6,918	12,979	1,244
Credit facilities drawn down	27,151	17,065	10,085	-
Guarantees and deposits received	12,102	-	-	12,102
Other non-current financial debt	385	333	52	-
Total non-current financial debt	**946,564**	**180,560**	**752,657**	**13,346**

Thousands of Euro				
At 31 December 2017	**Total**	**2019**	**2020-2022**	**>2024**
Debentures and bonds long term	932,411	315,911	313,875	302,625
Mortgage loan	828	432	396	-
Bank Loans	32,658	17,595	15,063	-
Finance lease payables	28,240	9,912	15,974	2,354
Guarantees and deposits received	11,148	-	-	11,148
Other non-current financial debt	342	126	216	-
Total non-current financial debt	**1,005,627**	**343,976**	**345,524**	**316,127**

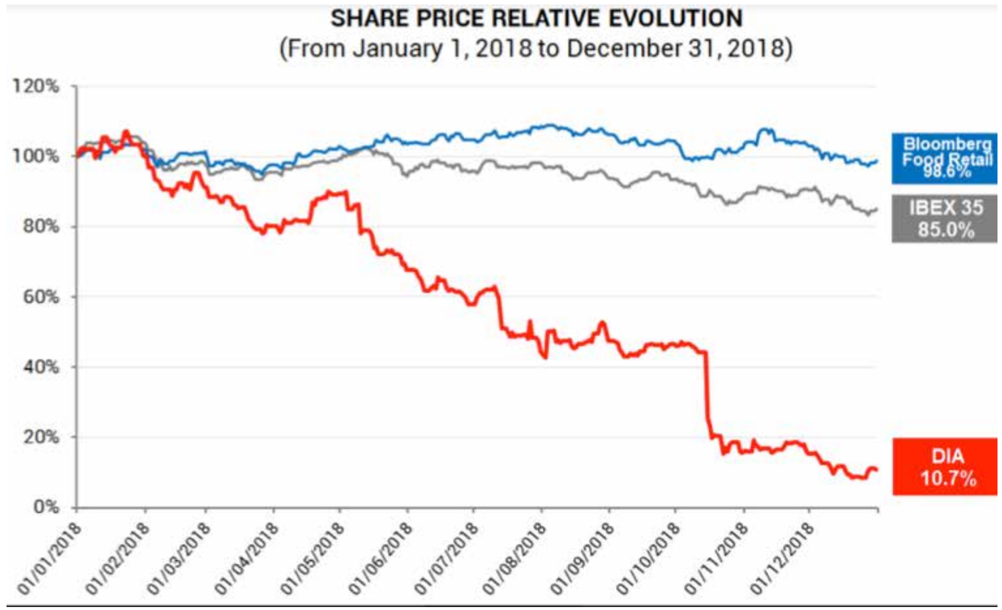
3.17.2 Capital resources

In the past few years the DIA Group has been investing between €300 million and €350 million, excluding acquisitions of shares in companies and packages of stores from competitors. The Group's strategy focuses on investing primarily in markets with the highest returns and opening and refurbishing stores. Approximately 60% of investment is thus devoted to opening or refurbishing stores and warehouses. In 2018 €312 million was invested. At Group level the aim for the next few years is to continue investing at the same level, except in 2019, when investment will be cut by half as the company wishes to focus on its new business proposal with a pilot project of 100 stores to be refurbished in Spain.

Each business unit prepares an annual investment plan which is presented to Group management through an Investment Committee. In turn, senior management submits it to the Board of Directors for approval.

Investment Return targets are set in financial terms.

3.18. Stock Exchange information



In 2018 DIA's share price declined by 89.3% while Ibex 35 Index dropped by 15.0% and Bloomberg Food Retail Index dipped by 1.4%. In 2018 the lowest closing price was December 24th up to 0.360 euros and the highest closing price was January 23rd at 4.612 euros per share. Closing share price at 2018 year-end was 0.4615. The liquidity during 2018 remained high with 2,382 million shares traded, implying a total value negotiated of 4,585 million euros.

3.19 Credit rating

Due to the negative evolution of the results in 2018, and specially to the financing problems that the Company has experienced towards the end of the year with the following uncertainty about the capacity of the entity to renegotiate its debt with the credit facilities and the success of the capital increase planned for 2019 of Euro 600 million, the credit agencies Standard and Poor's (S&P) and Moody's have been lowering the long term notes attributed to the DIA Group, losing the investment grade.

So, in the case of S&P, the grade has dropped from BBB- to CCC+ while in the case of Moody's the has dropped from Baa3 to Caa1.

3.20 Dividend policy

As communicated in the Relevant Fact of October 15, 2018, DIA's Board of Directors resolved to put on hold the dividend distribution policy for 2019. Since listed in 2011 DIA has remmunerated to its shareholder with 1,045 million euros, of which 733 million euros were dividend payments and 312 million euros through share buyback programs (which shares were finally redeemed)

3.21 Other information

DIA's Corporate Governance Report is part of the Director's Report and is available at www.diacorporate.com and published as price-sensitive information on the CNMV (Spanish National Securities Market Commission) website.

3.22 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%**
Q2 2017 average	0.0578	0.2828
Q2 2018 average	0.0361	0.2329
Q2 2018 change (1)	**-37.5%**	**-17.6%**
Q3 2017 average	0.0493	0.2691
Q3 2018 average	0.0276	0.2181
Q3 2018 change (1)	**-44.0%**	**-19.0%**
Q4 2017 average	0.0484	0.2613
Q4 2018 average	0.0236	0.2301
Q4 2018 change (1)	**-51.2%**	**-12.0%**
FY 2017 average	0.0538	0.2780
FY 2018 average	0.0322	0.2329
FY 2018 change (1)	**-40.3%**	**-16.2%**

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