

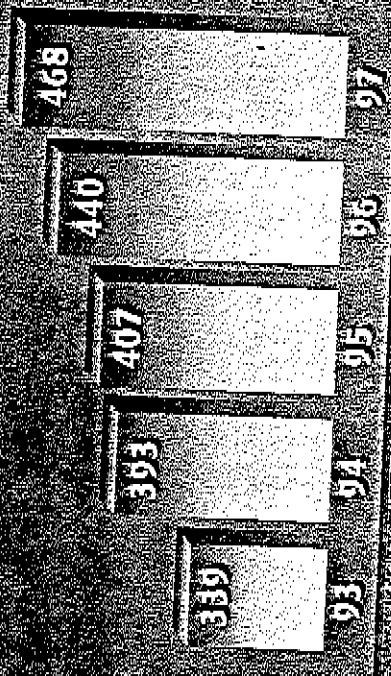
CONTINENTE

MAY 1998

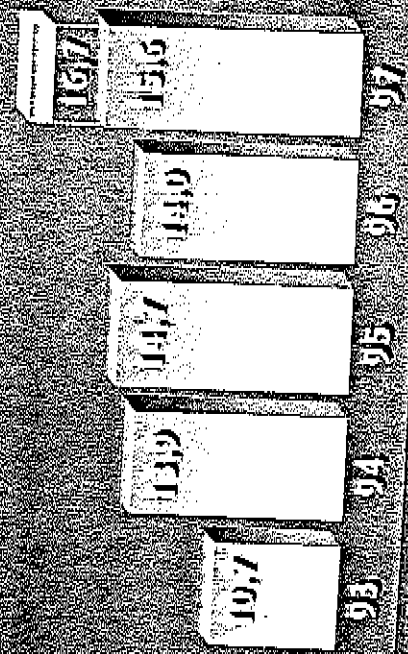
KEY FIGURES

(Esp. Billion)

NET SALES

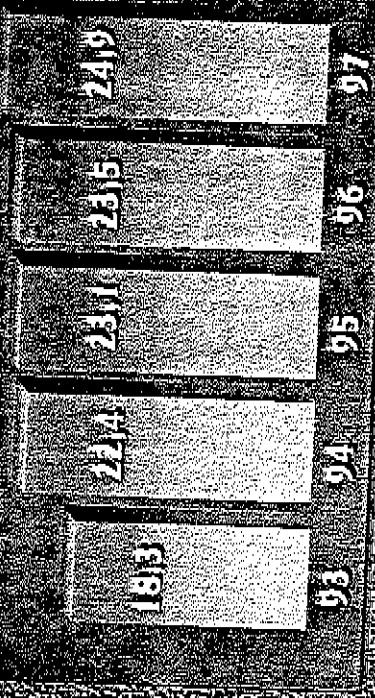


P.B.I.T.

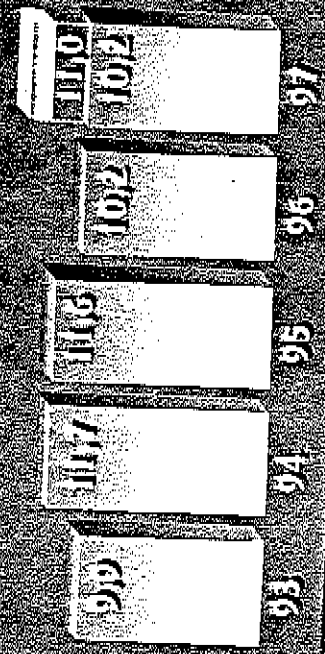


Without Impact of Asset Revaluation

EBITDA



NET PROFIT



1997 RESULTS

(Esp. Billion)

	97	%	96	%	97/96	97/96 (%)
NET SALES	467.7		440.5		+6%	+6%
EBITDA	24.9	5.3	23.5	5.3	+6%	+6%
EBIT	12.5	2.7	12.3	2.8	+2%	+11%
PUBLT	15.6	3.3	14.0	3.2	+11%	+19%
NET PROFIT	10.2	2.2	10.2	2.3	+1%	+8%

(-) WITHOUT IMPACT OF ASSET REVALUATION

1997: A MORE FAVOURABLE ENVIRONMENT

Macro

Recovery in consumption

Sector

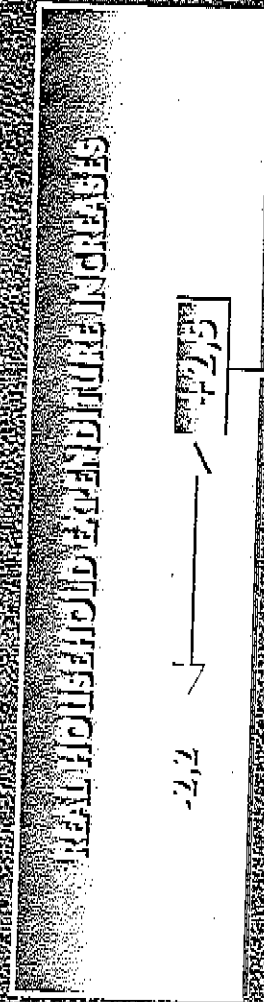
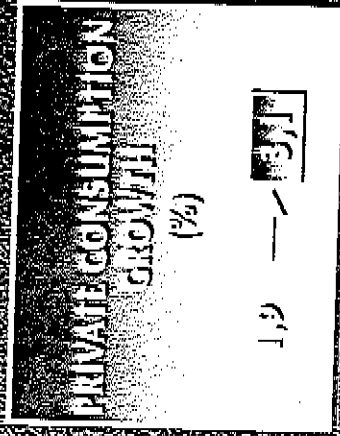
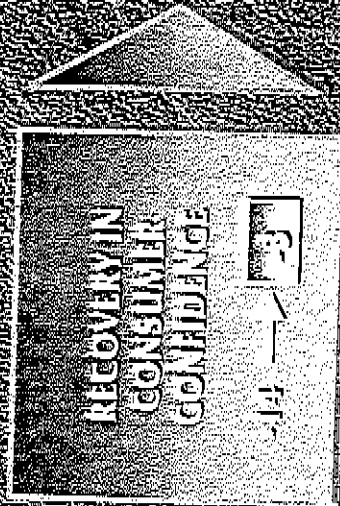
No increase in the degree of intervention

The market structure

Between different formats tends to stabilise

RECOVERY IN CONSUMPTION

96 → 197

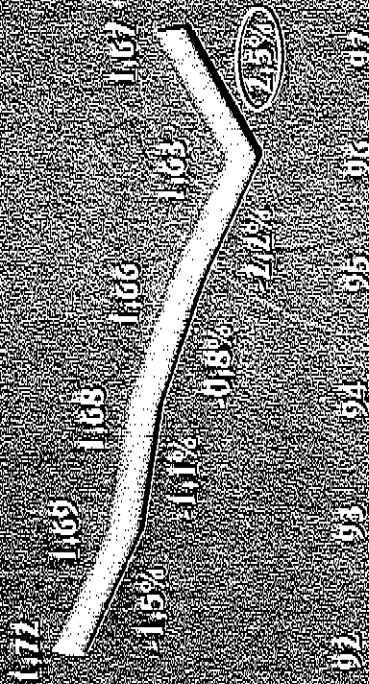


→ AVERAGE FIRST SEMESTRE

RECOVERY IN CONSUMPTION

... POSITIVE VARIATION IN REAL HOUSEHOLD EXPENDITURE

ESP. MILLION AND YOY CHANGE

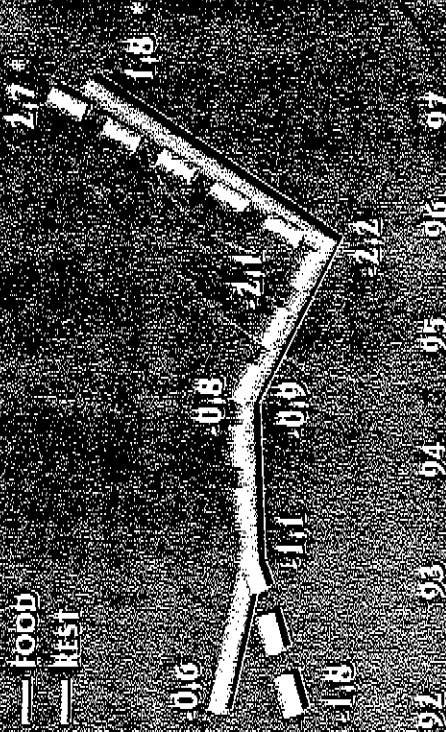


(FIRST SEMESTER '97)

SOURCE: IRI

RECOVERY IN FOOD HAS BEEN SMALLER THAN IN OTHER GOODS

AVERAGE HOUSEHOLD EXPENDITURE YOY CHANGE (%)

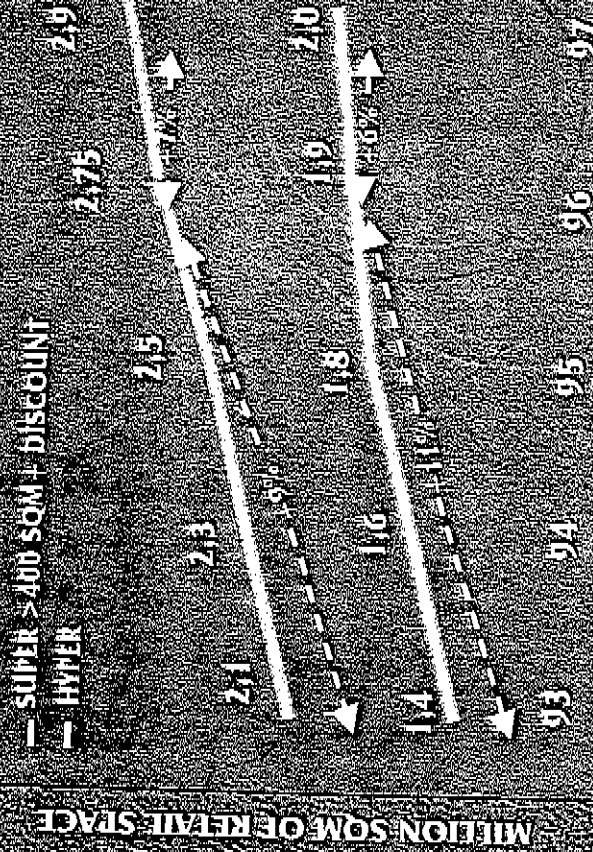


(FIRST SEMESTER '97)

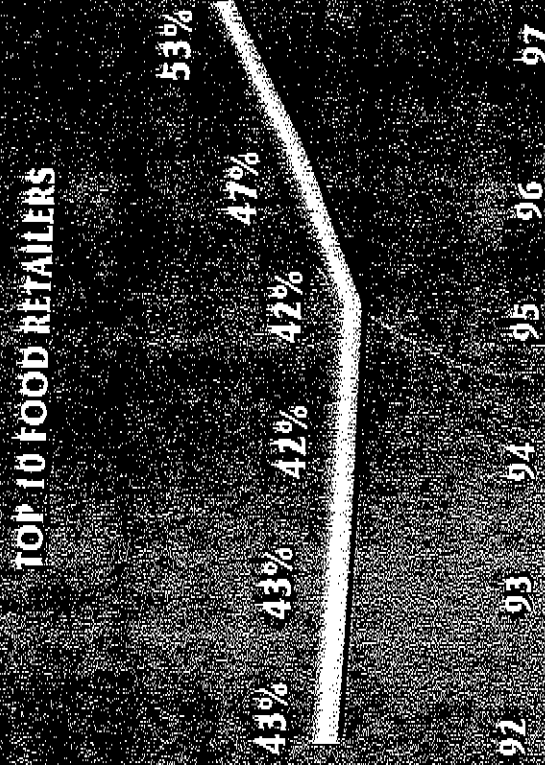
SOURCE: IRI

RETAIL SPACE SLOWS ITS GROWTH BUT CONTINUES TO INCREASE OVER DEMAND

HIGHER RELATIVE GROWTH IN SUPERMARKETS

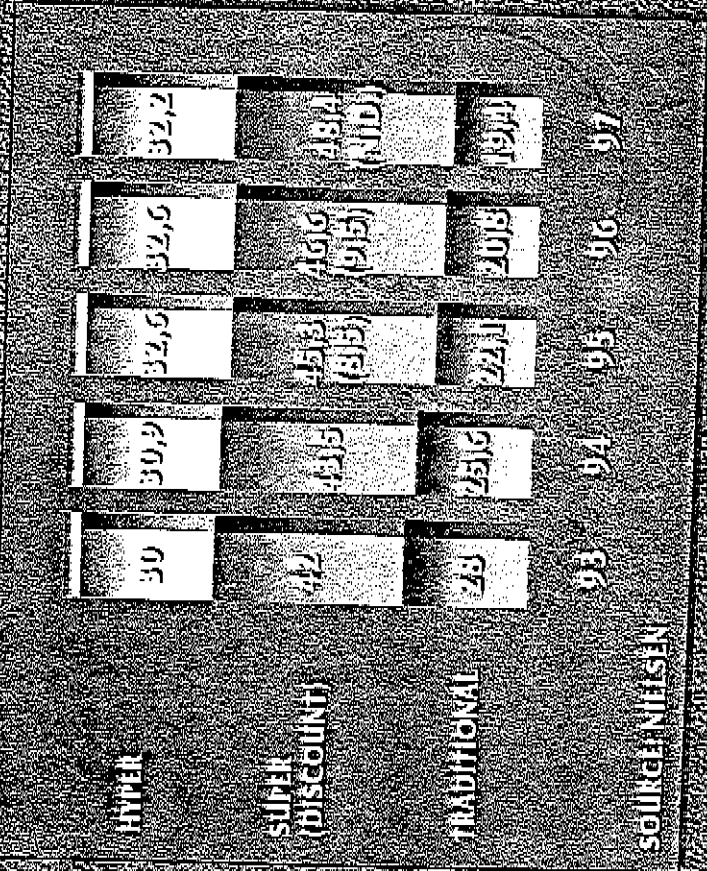


AND A GROWING MARKET CONCENTRATION

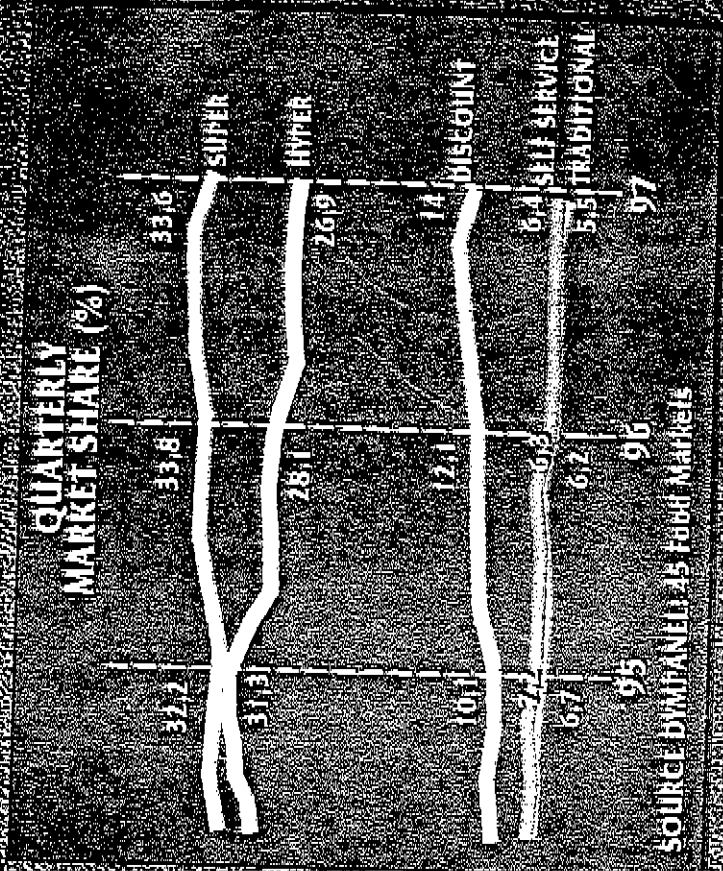


... AND THE SECTOR'S STRUCTURE TENDS TO STABILISE

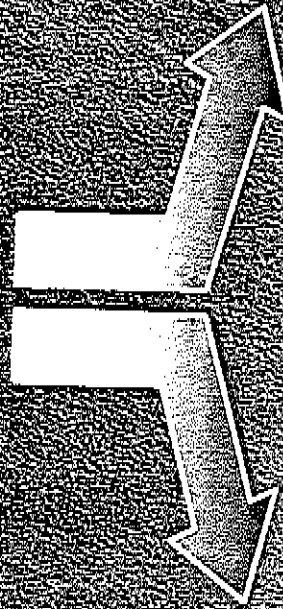
MARKET SHARE EVOLUTION BY FORMATS



... BUT THESE TEND TO STABILISE



THE HYPERMARKET IS STILL A WINNING FORMAT



SCALE ADVANTAGES

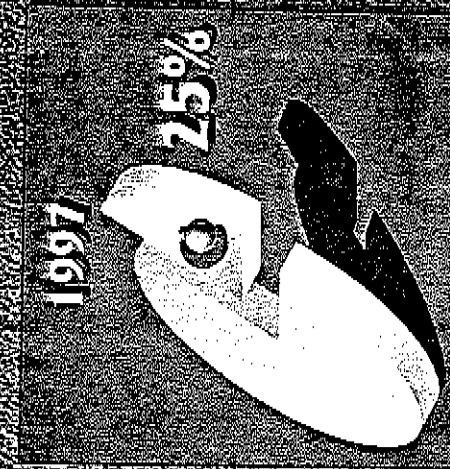
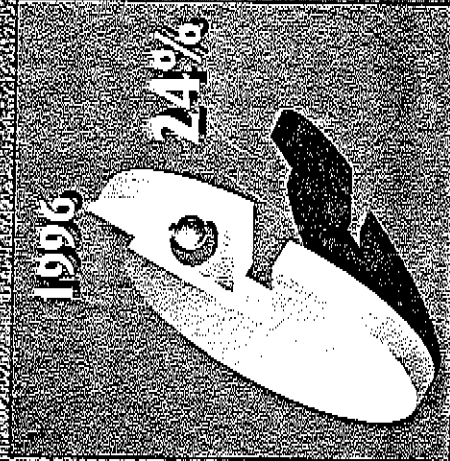
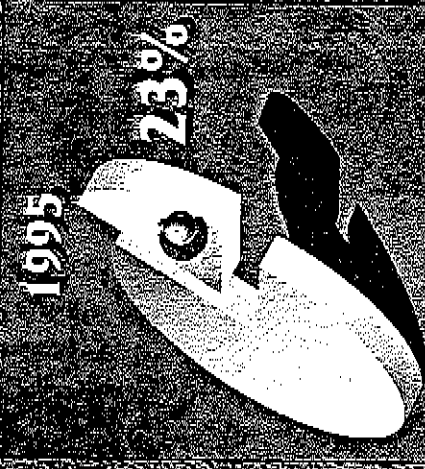
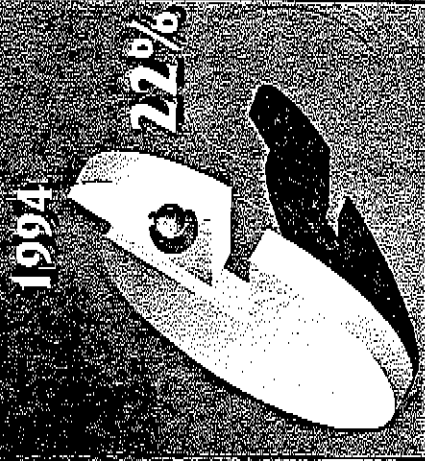
- Lower costs
- Higher productivity
- Large assortment
- Traffic generator
- Consolidated brand

SCOPE ADVANTAGES

- One-stop shopping
- Cross-selling in food and non food
- Shopping experience
- Specialisation in growing markets

CONTINENTE CONTINUES TO INCREASE ITS FORMAT SHARE

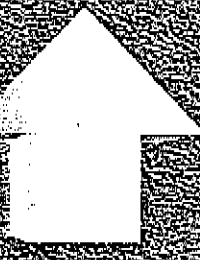
TOTAL HYPERMARKET SECTOR



Sources: Bymarket

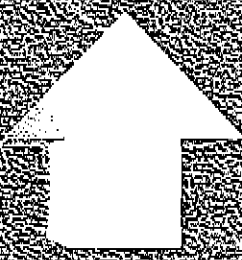
...MAINTAINING COMMERCIAL LEADERSHIP

**EXTERNAL
FACTORS**



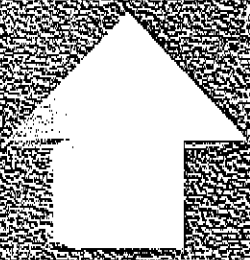
- Recovery in consumption
- Lower impact from new competition

**INTERNAL
FACTORS**




**Maturity of
recent openings**

**STRATEGIC
FACTORS**



- Focus on customer service and top-line growth
- Differentiated commercial offer



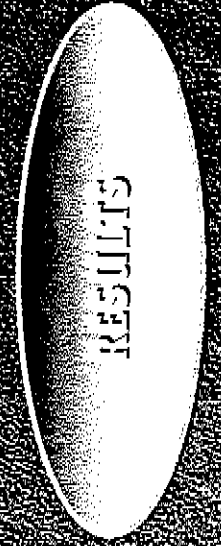
**MAINTENANCE OF COMMERCIAL LEADERSHIP:
FOCUS ON SALES GROWTH**

**Retailing is a business of scale
and market share**

**For Continente sales growth is
more strategic than margin
maximisation or cost minimisation**

FOCUS ON SALES GROWTH (2)

IN THE LAST 5 YEARS CONTINENTE
HAS INVESTED FOR GROWTH



- Teams/organisation
- Systems
- Processes
- Integrated logistics

- Internal growth
23 openings in 5 years
- Franchises
4 hypermarkets in 2 years
- Supermarkets
Leadership ambition

MAINTENANCE OF COMMERCIAL LEADERSHIP: DIFFERENTIATED COMMERCIAL POLICY

OUR STRATEGY IS STILL UP-TO-DATE
AND IS REINFORCED

PRICE COMPETITIVENESS

DIFFERENTIATED OFFER

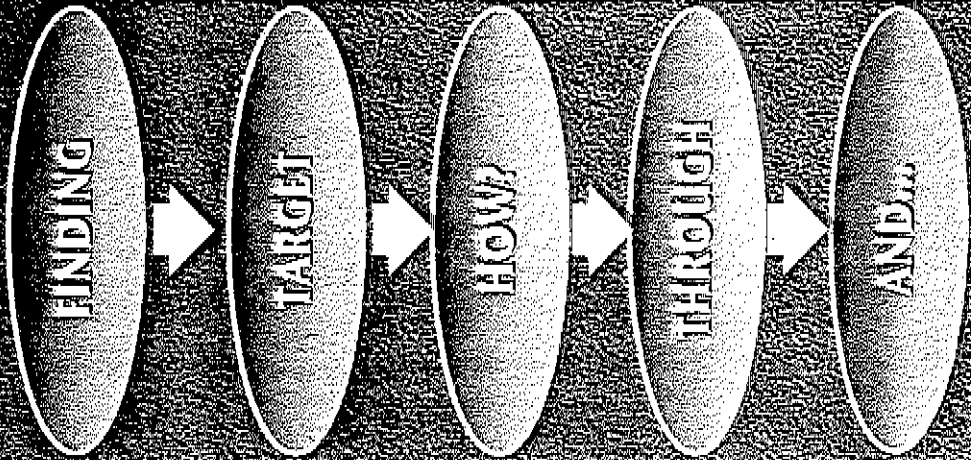
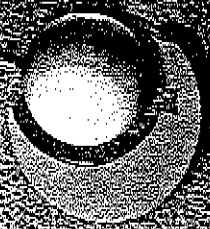
- Assortment
- Fresh products
- Own brands
- New markets
- Services

MERCHANDISING AND POINT OF SALE ANIMATION

CLIENT MARKETING LOYALTY PROGRAMME

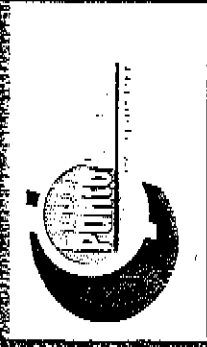
TO BUILD CUSTOMER
LOYALTY TO THE
CONTINENTE BRAND

CUSTOMER MARKETING



- Customers are different
• 30% of our customers generate 70% of sales
- Increase sales and profitability by benefiting our loyal customers
- Improving our value proposal and targeting a differentiated marketing
- Obtaining information to continuously update our understanding of customers needs
- Doing this in an economically viable way

CONTINENTE'S
LOYALTY
PROGRAMME

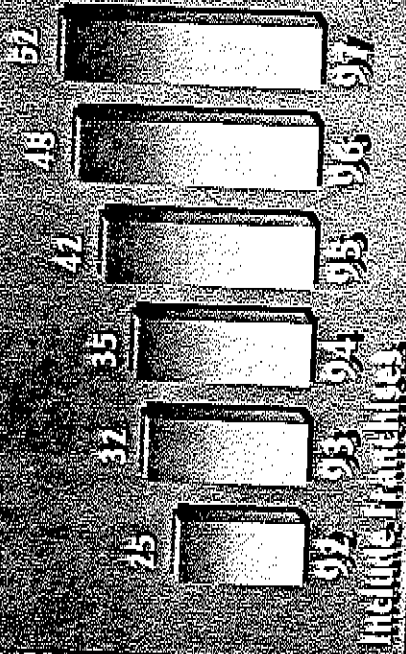


LOYALTY PROGRAMME: CLUB PUNTO AHORRO



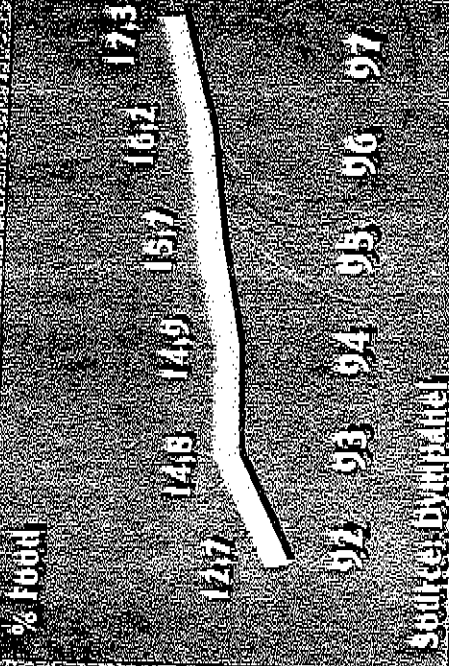
STRATEGIC FACTORS IN FIGURES

Number of stores



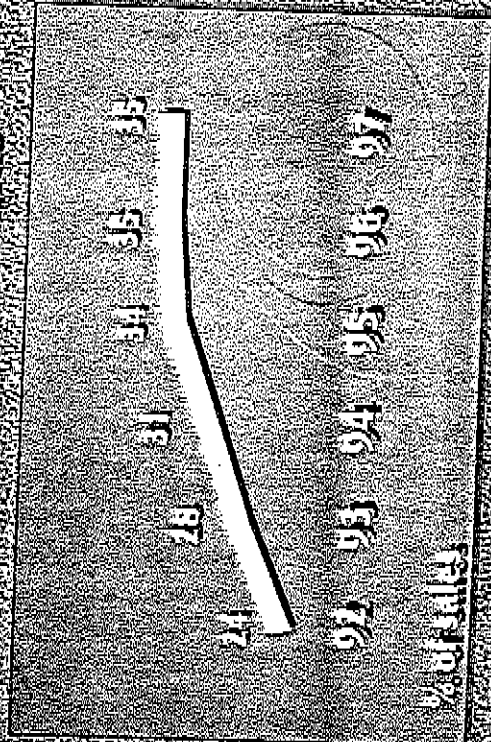
In-house franchises

Food market share (Commissary play)



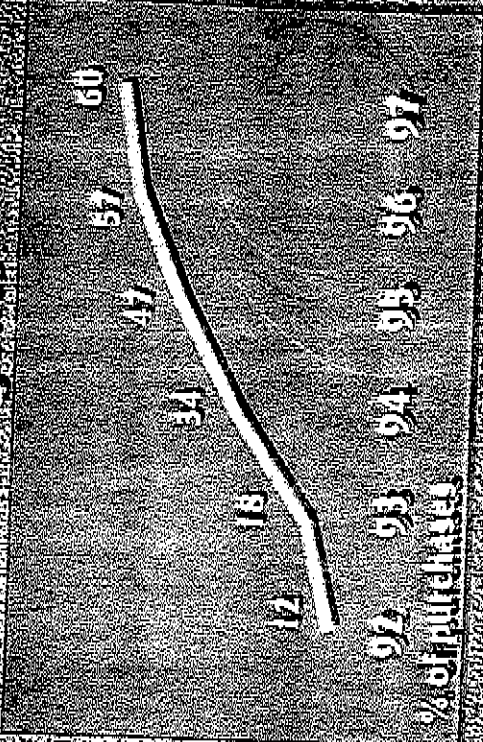
Source: Dunn Patrick

Share of own brands



% of sales

% of purchases through logistics



% of purchases

SUPERMARKETS: A NATURAL COMPLEMENT

WHY SUPERMARKETS?

- Strategic for Promodès
- Fragmented sector under consolidation
- Favourable environment

WHY CONTINENTE?

- Capacity and experience to manage growth
- Operating synergies
 - ↳ Purchases
 - ↳ Logistics
 - ↳ Systems
 - ↳ General services
- Growth complement

WHY SIMAGO?

- National base and Madrid coverage
- Size of stores
- Quality of locations
- Professional team

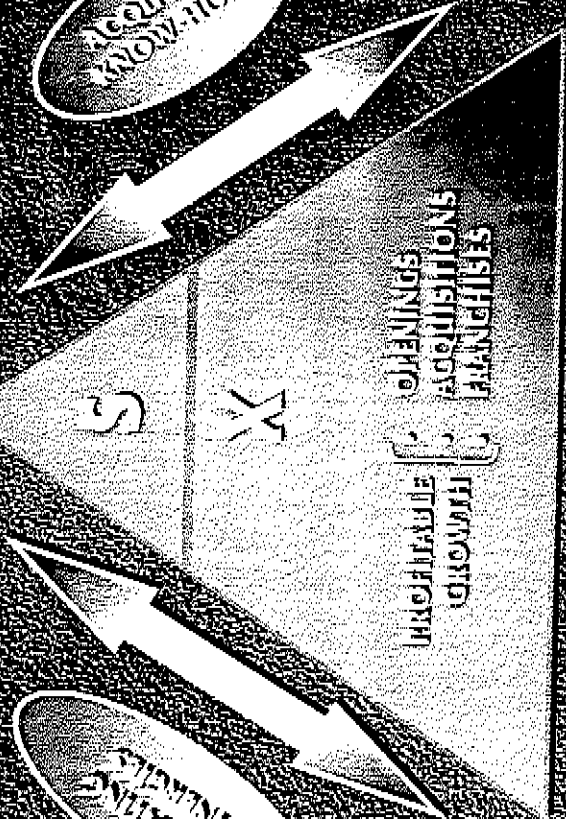
LEADERSHIP
AMBITION

SUPERMARKETS: OUR PROJECT

OBTENTION OF A LEADING POSITION

SIMAGO

ACQUIRED KNOW-HOW



CHAMPION

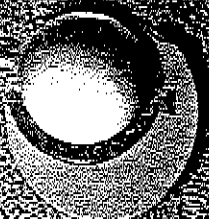
FINANCIAL CAPACITY

STIMULATING SYNERGIES

LEADERSHIP AMBITION

SIMAGO BEFORE

CONTINENTE





Champion

GRUPPO CONTINENTE

SUPERMARKETS: CHAMPION VS SIMAGO

WE NEED TO MANAGE 2 PROCESSES IN PARALLEL:
TRANSFORMATION AND DEVELOPMENT

DEVELOPMENT

Champion
A SIMAGO COMPANY

Quality supermarkets
with competitive prices
and service to customers

TRANSFORMATION

Variety stores not
competitive in prices

Simago

SIMAGO: BACKGROUND INFORMATION

2 FORMATS

NO. OUTLETS: 113

RETAIL SPACE:
(SQM)

AVERAGE SIZE:
(SQM)

- SIMAGO: Proximity urban supermarkets
- SUPERDESCUENTO: convenience stores

- 62 SIMAGO
- 51 SUPERDESCUENTO

- SIMAGO: 120,000
- SUPERDESCUENTO: 15,000
- 135,000

- SIMAGO: 1,900
- SUPERDESCUENTO: 290

SIMAGO: DETAILS OF DEAL

(Esp. Bn)

ECONOMIC MAGNITUDES:

	95	96	97
SALES	5718	6410	6810
EBITDA	015	116	233
EBIT	(022)	021	023
NET PROFIT	(113)	(024)	033

TRANSACTION:

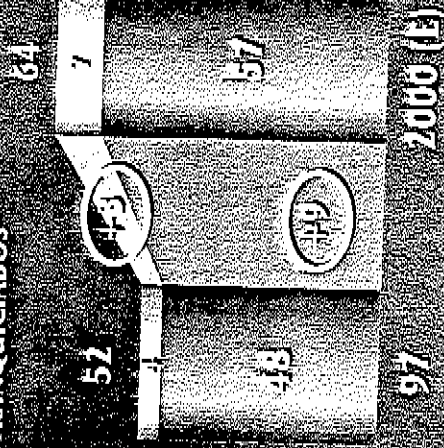
PRICE:	16.5
ENTERPRISE VALUE:	219
GOOD WILL(*)	1918

(*) To be amortised over 10 years

DEVELOPMENT

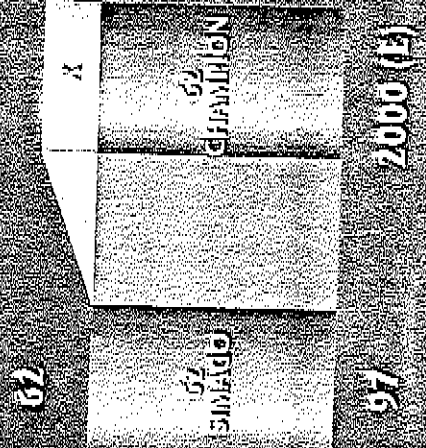
OPENINGS

PROPIOS
FRANQUICIADOS



HYPERMARKETS

62+X



SUPERMARKETS

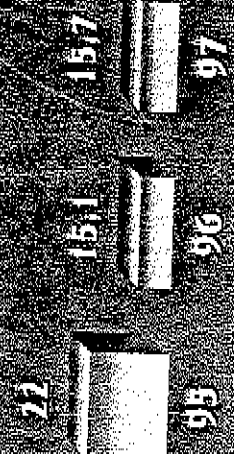
INVESTMENT

80-90

35-40
SUPER

45-50
HIPER

98-2000 (E)



Espr. Bn