

Dia Group Results 2022 Presentation

February 23rd, 2023



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Disclaimer regarding results presented in this presentation

The strategic asset sales of large store formats to Alcampo and the sale of Clarel, require, for statutory reporting purposes, that these activities are classified as “discontinued” (both for year 2022 and for year 2021). This means that all its financial metrics (revenue, expenses, EBITDA...) will not appear in the consolidated equivalent P&L lines, but combined into a separate line labelled “Results from Discontinued Activities”.

To help explain the performance of 2022, unless otherwise stated, this presentation shows results without reclassification to “Results from Discontinued Activities”. In the information uploaded to Dia’s Corporate Site we have listed all the equivalences between the results with and without reclassification to help bridge between this note and statutory reporting.

AGENDA

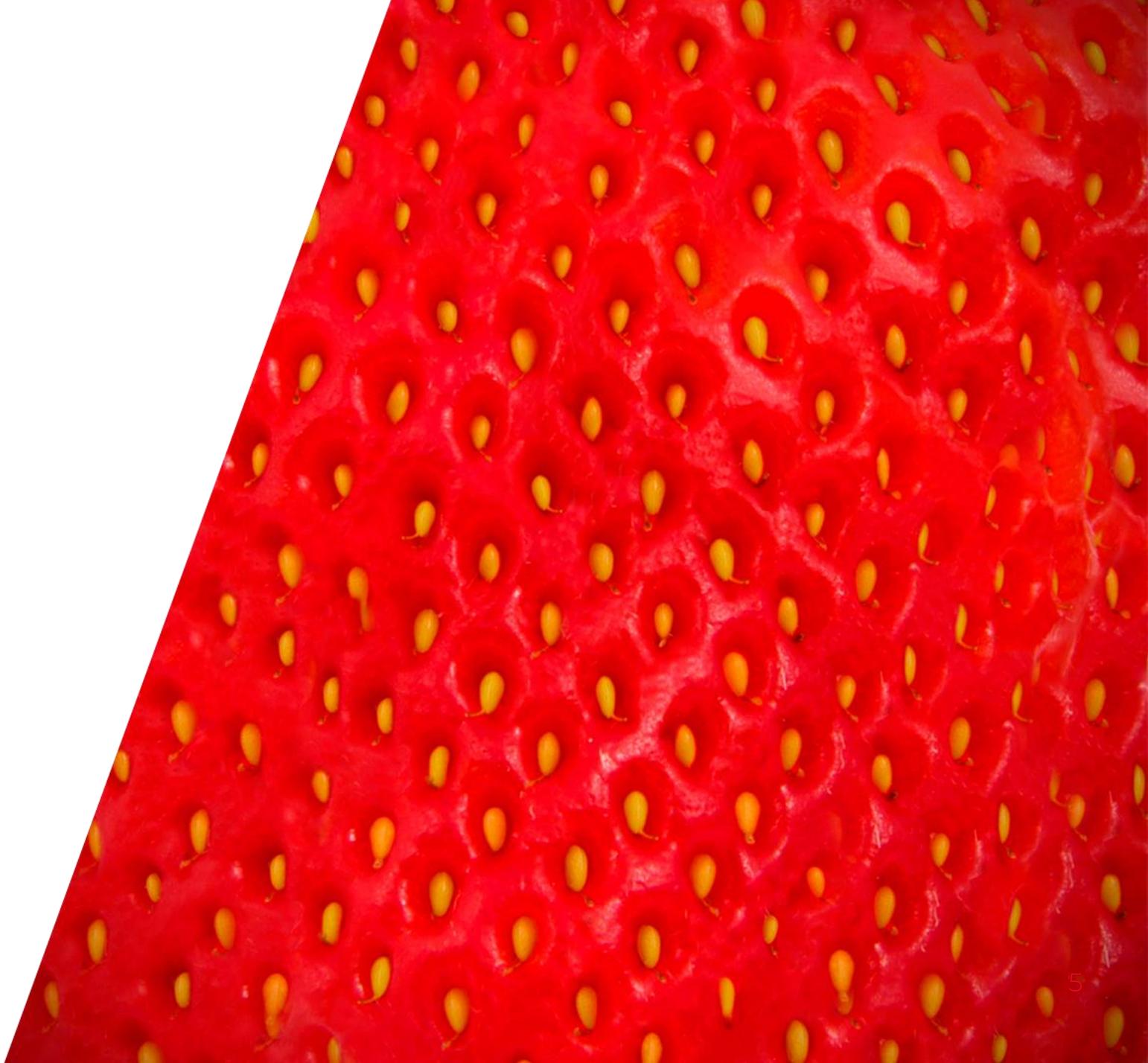
- 01.** Dia Group's Strategic update
 - 02.** Financial Results 2022
 - 03.** Conclusions
- Q&A

01.

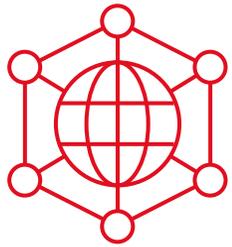
Dia Group's Strategic update



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2022: a key year for the development of Dia Group's strategy



**Complex
macroeconomic
environment**



**Operational
goals achieved**



**Focus on proximity
and food retail**



**Reinforced
governance**



**Growth and
improvement of
financial results**

2022: a key year for the development of Dia Group's strategy



Total Stores

5,699

Var. 2021: **(4.0%)**



Openings

128

Var. 2021: **54.2%**



Refurbishments

1,070

Var. 2021: **(1.5%)**



Like-for-Like
growth

5.7%

Var. 2021: **9.3 p.p.**



Net Sales

7,286 M€

Var. 2021: **9.6%**



Adjusted EBITDA

200 M€

Var. 2021: **61.2%**



Adjusted EBITDA
Margin

2.8%

Var. 2021: **0.9 p.p.**



Net Result
improvement

51.9%

Var. 2021: **133 M€**

Focus on proximity food retail

Two relevant transactions for the Spanish market
Fully aligned to support the Group's strategy, to focus on the core business of
proximity food retail



Clarel, agreement with C2 Capital Partners:
Sale of **1,014 stores** for up to **60 million euros**



Large format stores, agreement with Alcampo:
Sale of up to **235 stores** for up to **267 million euros**

Reinforced Leadership

A Board of Directors with experienced business leaders that support and guide the Management Board of the Group in the value creation process.

Stephan DuCharme
Non Executive President
Dia Group



Gloria Hernández

Chairwoman of the Audit and Compliance Committee - Independent

More than 30 years of experience in the financial world, complemented by positions as a non-executive director in Ibex 35 companies.

Luisa Delgado

Chairwoman of the Nomination and Remuneration Committee - Independent

Law degree from the University of Geneva, LLM from Kings College, University of London and postgraduate degree in European Studies from Lusíada University in Lisbon. *Experience:* Consumer goods; branding; HR; audit.

Sergio Días¹

Dominical

Degree in Business Administration, Finance and Marketing, from Fundação Armando Alvarez Penteado (Brazil).

More than 30 years of experience in Finance, M&A, Retail, Branding & ecommerce.

Vicente Trius Oliva

Independent

Degree in Economics from the University of Barcelona, course in Executive Management at Harvard Business School and at the Darden School of Business. *Experience:* Retail.

José Wahnnon Levy

Independent

Degree in Economics from Universidad de Barcelona, Law Degree from Universidad Complutense de Madrid and PMD at Harvard Business School. *Experience:* Retail; Consumer goods; Branding.

Marcelo Maia

External – others (CEO Dia Brazil in 2020)

Civil engineer and Master's in Business Administration from the London Business School. *Experience:* Retail; Consumer goods. Government; Finance.

(1) External - others as of April 1st, 2023

Reinforced Leadership

Simplification to address the next phase of the strategy. Focus on finishing the turnaround, accelerate growth and create value for all stakeholders.



Martín Tolcachir
Global CEO Dia Group

Members of the Management Board

Business units

- **Ricardo Álvarez**, CEO Dia Spain
- **Agustín Íbero**, CEO Dia Argentina
- **Marcio Barros**, CEO Dia Brazil
- **Miguel Silva**, spokesman of Conselho Executivo of Directors of Dia Portugal
- **José María Jiménez**, CEO Clarel

Corporate Headquarters

- **Jesús Soto**, CFO Dia Group
- **Antonio Serrano**, Strategy Director Dia Group
- **Pilar Hermida**, Chief Communications & Sustainability Dia Group
- **Andrés Vegas**, Chief Data Officer Dia Group
- **Sagrario Fernández**, General Council Dia Group

Renewed Purpose and Corporate Values

Everyday closer to offer great quality at everyone's reach

Passion for the Client

Collaborative Spirit

Continuous Growth

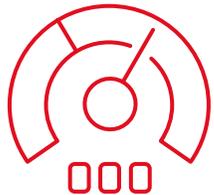
Commitment to Results

Simplicity in what we do

Summary of results 2022

KEY YEAR FOR THE DEPLOYMENT OF OUR **PROXIMITY RETAIL STRATEGY**

2022 at a glance:



**Acceleration
towards growth: 128
openings and 1,070
refurbishments**



**Focus on proximity:
60% of the network
transformed**



**Spain and Argentina
enter a new phase**



**Improvement of
stakeholder
satisfaction**

Focus on 3 areas



Commercial

- **Neighborhood and proximity store**
- **Complete** and **fast** shopping experience
- Outstanding private label **quality**
- More than **1,120** new SKUs
- Portfolio renovation
- Focus on **fresh**

(1) Excludes Clarel stores and large format stores sold to Alcampo



Franchises

- Share of franchised proximity stores:
 - › **71%** Spain⁽¹⁾ (+5 p.p. vs. 2021)
 - › **73%** Argentina (+2 p.p. vs. 2021)
 - › **63%** Portugal (+2 p.p. vs. 2021)
 - › **40%** Brazil (+17 p.p. vs. 2021)



Operations

- **1,070** refurbishments
- **128** openings
- Investments in supply chain & logistics and in the online business

Spain (exc. Clarel)

- **809** refurbishments (**88%** of proximity network).
- **23** openings.
- **71%** proximity network franchised.
- More than **690** new SKUs under the Dia brand, reaching a total of **1,810** since 2020.
- Flat market share, gaining share at comparable store space.
- **+7.3%** Like-for-Like.
- Growth in number of tickets: **386M (+5.9%)**.
- NPS: **38**.
- In 2022, **93%** of **energy costs hedged**, 100% for 2023.
- **Collective labour agreement** signed in Spain for 2022-24.



Store footprint evolution

	Owned	Franchised	Total
Number of stores Dec 31st, 2021	1,315	1,423	2,738
Openings	8	15	23
Net transfers (owned to franchised)	(126)	126	0
Closings	(90)	(51)	(141)
Number of stores Dec 31st, 2022	1,107	1,513	2,620
Refurbishments during 2022	405	404	809

Argentina

- **255** refurbishments (**55%** of proximity network).
- **101** openings.
- **73%** proximity network franchised.
- More than **80** new SKUs under the Dia brand.
- **+2.0%** Like-for-Like in volume
- Growth in number of tickets: **174M (+17.5%)**.
- NPS: **63**.



Store footprint evolution

	Owned	Franchised	Total
Number of stores Dec 31st, 2021	264	648	912
Openings	6	95	101
Net transfers (owned to franchised)	5	(5)	0
Closings	(8)	(11)	(19)
Number of stores Dec 31st, 2022	267	727	994
Refurbishments during 2022	62	193	255

Portugal and Brazil

- **63%** proximity network franchised.
- More than **200** new SKUs under the Dia brand.
- **+3.7%** Like-for-Like.
- Growth in number of tickets: **87M (+5.3%)**.
- NPS: **35**.



Store footprint evolution

	Owned	Franchised	Total
Number of stores Dec 31st, 2021	202	297	499
Openings	0	0	0
Net transfers (owned to franchised)	(3)	3	0
Closings	(27)	(9)	(36)
Number of stores Dec 31st, 2022	172	291	463
Refurbishments during 2022	0	0	0

- **6** refurbishments (in addition to 7 pilot stores).
- **40%** proximity network franchised.
- **150** new SKUs under the Dia brand.
- **+7.4%** Like-for-Like.
- Decline in number of tickets: **127M (-11.0%)**.
- NPS: **45**.



Store footprint evolution

	Owned	Franchised	Total
Number of stores Dec 31st, 2021	570	167	737
Openings	0	0	0
Net transfers (owned to franchised)	(89)	89	0
Closings	(116)	(13)	(129)
Number of stores Dec 31st, 2022	365	243	608
Refurbishments during 2022	2	4	6

Outstanding quality at everyone's reach



Spain

Awarded products

- **Jamón cocido Nuestra Alacena** - premio compra maestra por la OCU.
- **Yogurt natural DIA Lactea** - mejor yogurt natural del mercado por la OCU.
- **Vino tinto DO Rioja Castillo de Haro Crianza 2016 y 2017** - Berliner Wine Trophy.
- **Vino tinto DO Ribera de Duero Heredad Barán Crianza 2017** - triple premio: Mundus Vini, Catavinum World Wine&Spirits Competition, Lyon International Contest.
- **Helado Temptation Caramel Biscuits** - mejor producto diferencial desarrollado en 2022.



Portugal

Awarded products

- **Monte das Serralheiras** - vinho regional península de Setúbal / Vinho Rose DOC Palmela (vino).
- **TôFrita** - batatas onduladas light (patatas fritas).
- **Deli Salgado ultracongelado** - Rissóis de leitão / Chamuças de frango / Folhado de frango con vegetais / Salmão & espinafre (bollería ultracongelada).
- **O Chocalho Queijo Ovelha** amanteigado (queso).
- **Temptation gelado** manteiga amendoim (helado).
- **DIA Naturdoce de morango / pêsego** (mermelada).
- **Sabor Charcuteiro - alheira com caça** (embutido).
- **Al Punto Quinoa con Legumes** (comida preparada).



Outlook 2023

Continue to transform and consolidate the operating model through:



1. Complete turnaround: finish transformation in **Spain** (stores and Dia Brand) and **Argentina**



2. New value proposition in **Brazil**, continue with pilot store tests



3. Accelerate growth of online **business**



4. Grow our **franchise network**



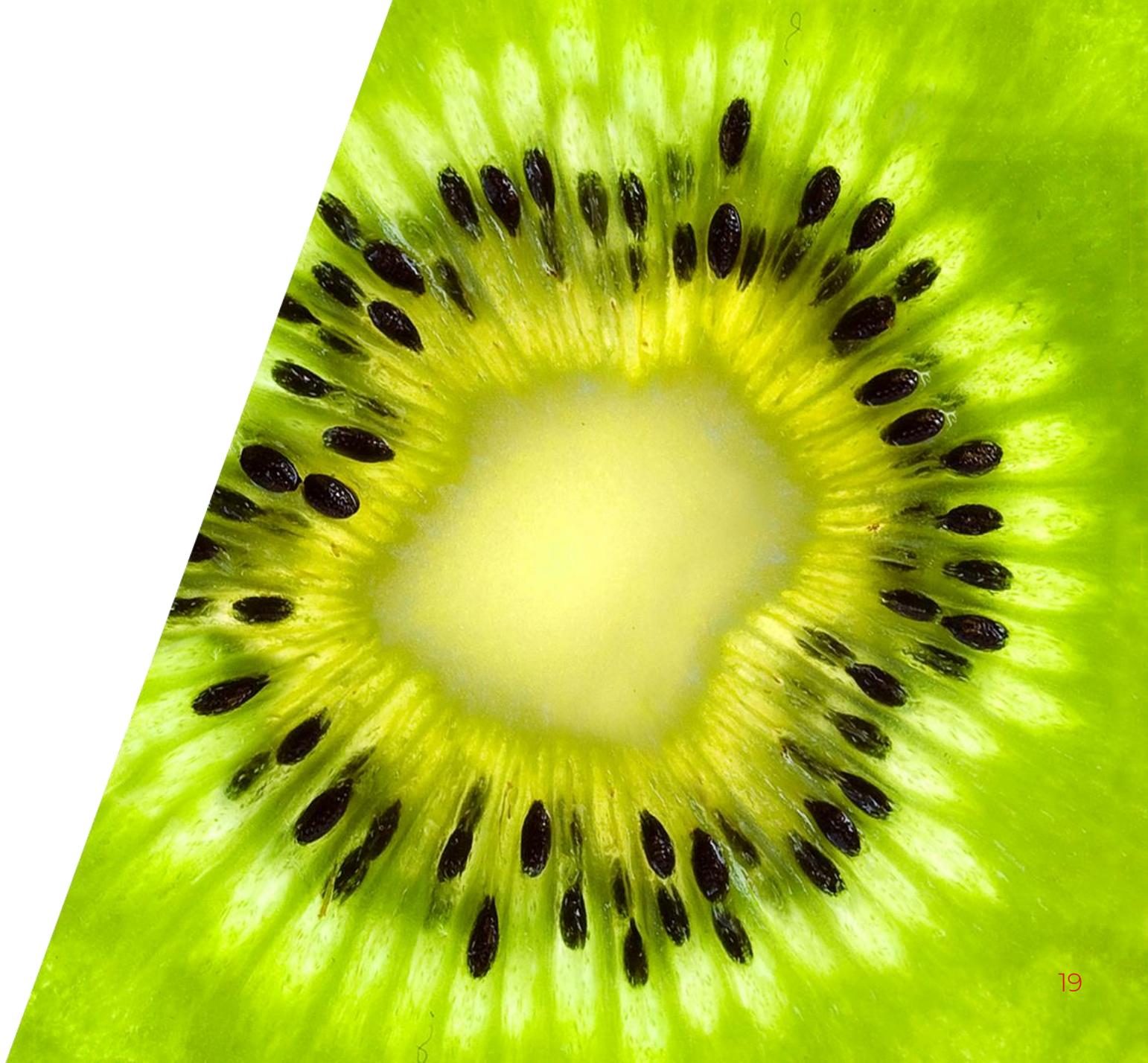
5. Company with purpose: providing access to **quality food** at **affordable prices**

02.

Financial Results 2022



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Key financial and operational results 2022



Gross Sales
8,900 M€

Var. 2021: **1.5%**



Like for Like
growth
5.7%

Var. 2021: **9.3 p.p.**



Net Sales
7,286 M€

Var. 2021: **9.6%**



Gross Profit
1,580 M€

Var. 2021: **6.1%**



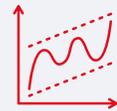
Adjusted EBITDA
200 M€

Var. 2021: **61.2%**



Adjusted EBITDA
margin
2.8%

Var. 2021: **0.9 p.p.**



Cash flow from
operations¹
160 M€

Var. 2021: **85 M€**



Net Results
improvement
51.9%

Var. 2021: **133 M€**



Net Financial Debt²
544 M€

Var. 12/31/2021: **34.6%**



Net Financial
Debt²/Adjusted EBITDA
2.7x

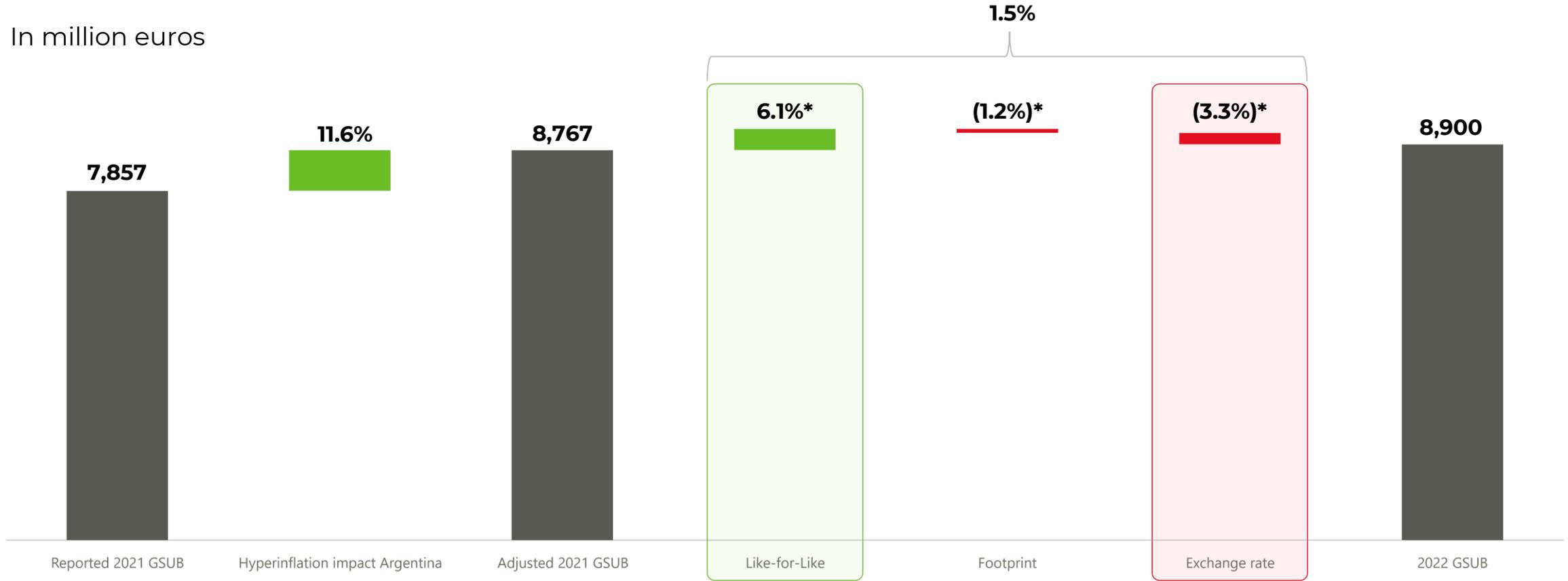
Var. 12/31/2021: **(0.5) p.p.**

(1) Cash Flow From Operations before changes in Working Capital minus Financial Leases

(2) Excluding effect of NIIF16

Gross Sales Under Banner

In million euros



Like-for-Like Group 5.7%



* % contribution to growth

Gross Sales, Net Sales and Like-for-Like

(In million euros)	Gross Sales ¹		Net Sales ²		Like-for-Like ³	
	2022	% Var. 2021	2022	% Var. 2021	4Q22	2022
Spain	5,317	6.3	4,436	5.4	11.6	7.3
Excl. stores sales ⁵	4,762	6.9	3,936	5.8	12.1	8.0
Excl. Clarel sale	4,986	6.3	4,175	5.6	11.9	7.5
Excl. stores sales ⁵ and Clarel	4,431	7.0	3,675	6.1	12.5	8.3
Portugal	818	1.5	596	0.5	8.2	3.7
Brazil	995	12.3	890	10.9	8.3	7.4
Argentina	1,770	(14.6)	1,364	30.8	(1.2)	2.0
Group Total	8,900	1.5	7,286	9.6	7.3	5.7
Group Total Excl. stores sale⁵ and Clarel	8,015	1.4	6,524	10.6	7.3	6.1
Total Number of Stores⁴	5,699	(4.0)				
Excl. stores sale ⁵	5,473	(4.0)				
Excl. store sale ⁵ and Clarel	4,459	(4.1)				

1. Total value of the turnover obtained in the stores at current exchange rate, including all indirect taxes (cash ticket value) and in all the Company's stores, both owned and franchised. In the case of Argentina, Gross Sales Under Banner are adjusted using domestic price inflation, thus isolating the hyperinflationary effect although it does not reflect the devaluation effect.

2. Net sales expressed at current exchange rates and applying IAS 29 "Financial Information in Hyperinflationary Economies" in Argentina.

3. Represents the growth rate of Gross Sales Under Banner at constant exchange rate of those stores that have operated for a period of more than twelve months and one day under similar business conditions. Sales figure Like-for-Like in Argentina has been adjusted using internal inflation to reflect the variation in volume (units), avoiding erroneous calculations due to the effect of hyper-inflation.

4. At the end of the period.

5. Excluding 235 stores included in the asset sale transaction signed with Alcampo and announced by the company on August 2nd, 2022.

Financial performance by geography



Spain

Spain (without adjusting for discontinued operations)

(In million euros)

	2022	2021	% Var.
Gross sales under banner	5,317	5,003	6.3
Like-for-Like	7.3%	(5.2%)	12.5 p.p.
Net Sales	4,436	4,210	5.4
Adjusted EBITDA	148	93	59.5
% Adjusted EBITDA Margin	3.3%	2.2%	1.1 p.p.

- Sales growth acceleration in H2, with a full year of 7.3%.
- Improvement in margin from store and portfolio mix.
- Relevant cost under control. Collective labour agreement until 2024.
- Energy supply agreements until 2026.
- Payback remodellings 3.3 years, openings 2.7 years, closings 2.2 years and transfers 1.0-1.7 years.



Argentina

Results

(In million euros)

	2022	2021	% Var.
Gross sales under banner	1,770	2,072	(14.6)
Like-for-Like¹	2.0%	(0.5%)	2.5 p.p.
Net Sales	1,364	1,042.9	30.8
Adjusted EBITDA	52	30.4	69.7
% Adjusted EBITDA Margin	3.8%	2.9%	0.9 p.p.

- Growth of Net Sales, market share and profitability.
- Increase in the number of refurbishments and openings.
- Good control over commercial margin and fixed costs.
- Currency devaluation below inflation.
- Payback remodellings 2.1 years and openings 2.3 years.

(1) Sales figure Like-for-Like in Argentina reflects the variation in volume (units)

Financial performance by geography



Portugal

Results

(In million euros)

	2022	2021	% Var.
Gross sales under banner	818	806	1.5
% Like-for-Like	3.7%	(4.3%)	8.0 p.p.
Net Sales	596	593	0.5
Adjusted EBITDA	10	12	(11.8)
% Adjusted EBITDA Margin	1.8%	2.0%	(0.2 p.p.)

- Flat Net Sales growth driven by lower number of stores.
- Pressure on commercial margin from increased competition and inflation.
- Small commercial margin decline driven by price policy.
- Growth in expenses and maintenance cost.



Brazil

Results

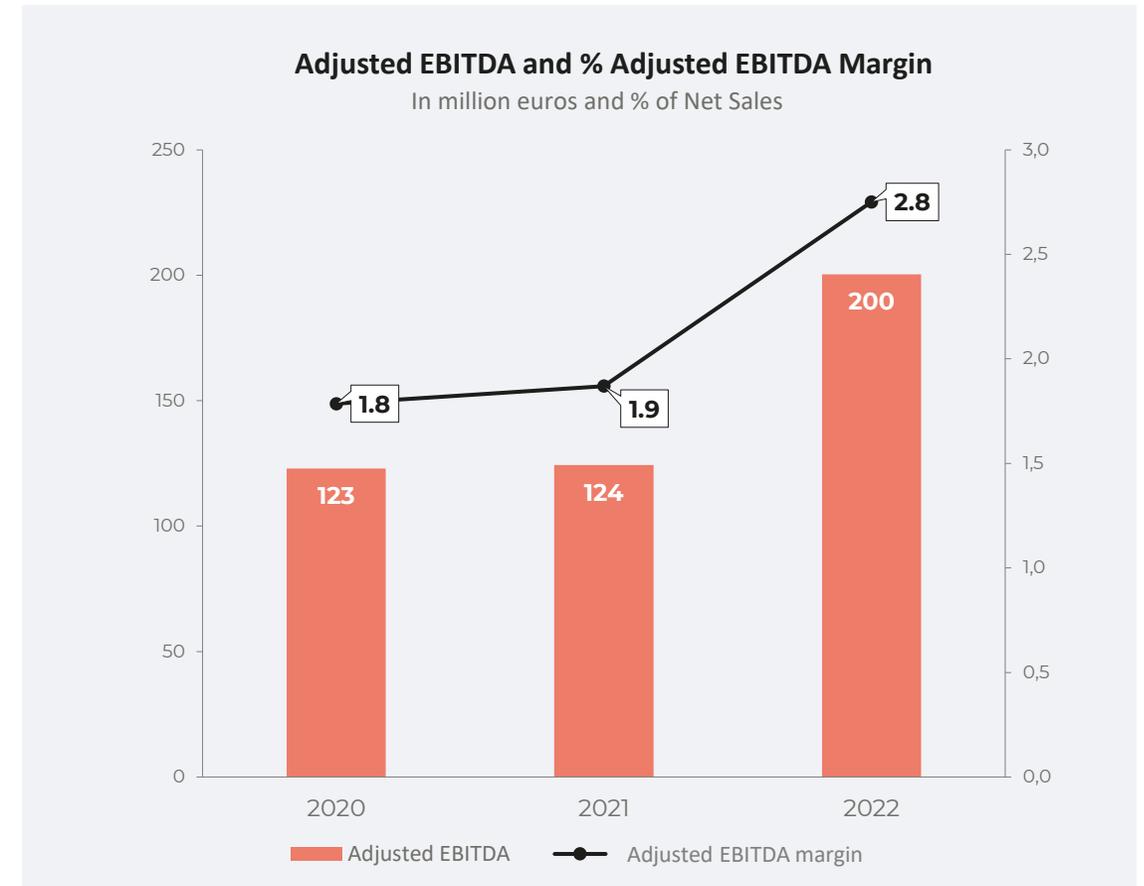
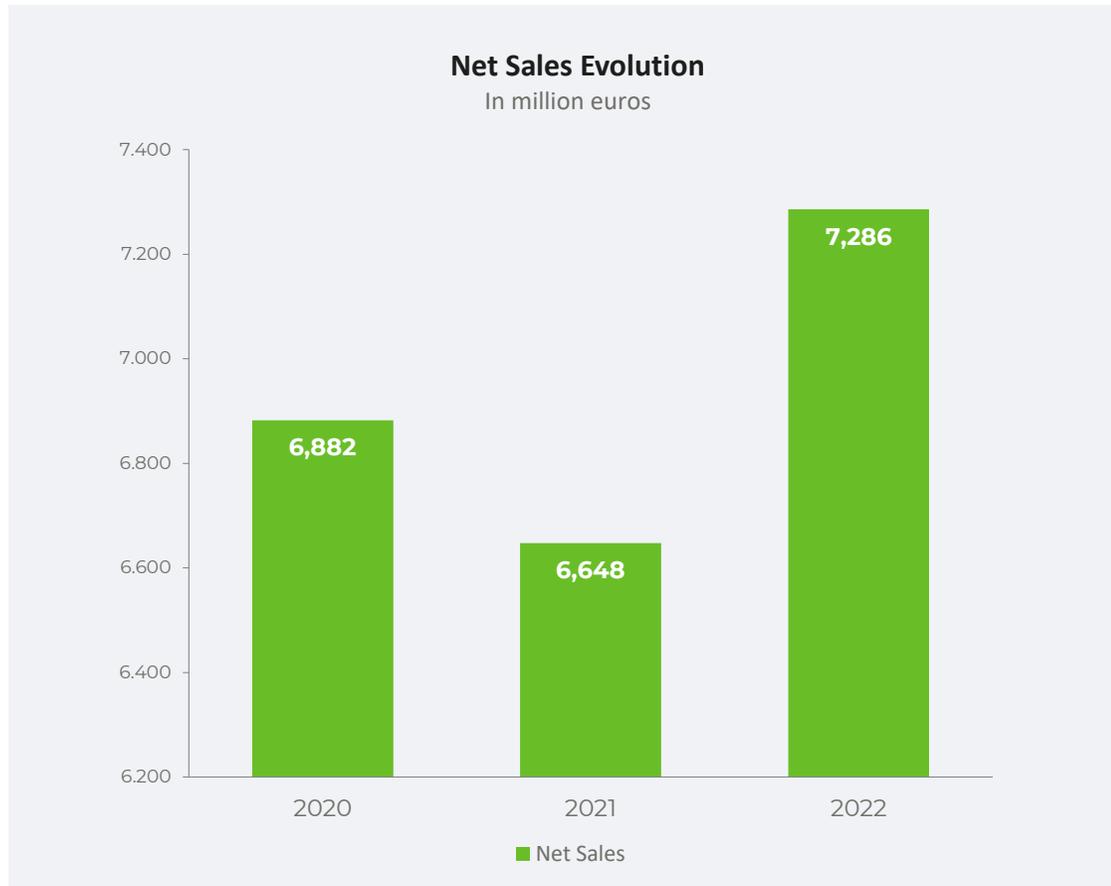
(In million euros)

	2022	2021	% Var.
Gross sales under banner	995	887	12.3
% Like-for-Like	7.4%	0.6%	6.8 p.p.
Net Sales	890	802	10.9
Adjusted EBITDA	(9)	(11)	12.3
% Adjusted EBITDA Margin	(1.0%)	(1.3%)	0.3 p.p.

- 10.9% Net Sales growth despite reduction of store footprint of -17.5%.
- Like-for-Like 7.4%.
- Growth of store transfers.
- Positive control of fixed costs and investments.

Adjusted EBITDA

Sustained profitable growth



Income Statement Summary

(In million euros)	2022	2021	% Var.
% Like-for-Like	5.7%	(3.6%)	9.3 p.p.
Gross Sales Under Banner	8,900	8,767	1.5
Net Sales	7,286	6,648	9.6
Gross Profit	1,580	1,489	6.1
Adjusted EBITDA	200	124	61.2
EBITDA	348	299	16.3
EBIT	(1223)	(176)	30.3
Net Result	(124)	(257)	51.9

- Like-for-Like growth of 9.3 p.p. to 5.7%.
- Net sales growth in all geographies.
- Franchised stores increased from 31% to 35% of net sales.
- Gross Profit margin impacted by higher franchising and inflation cost not passed through.
- Growth of Adj. EBITDA by 76 million euros from higher gross profit and cost control.
- Higher EBITDA from higher operational results and lower restructuring cost.
- Improvement of Net Result by 130 million euros from EBITDA improvement, better financing results driven by exchange rate, offset slightly by higher corporate tax.

Cash Flow evolution

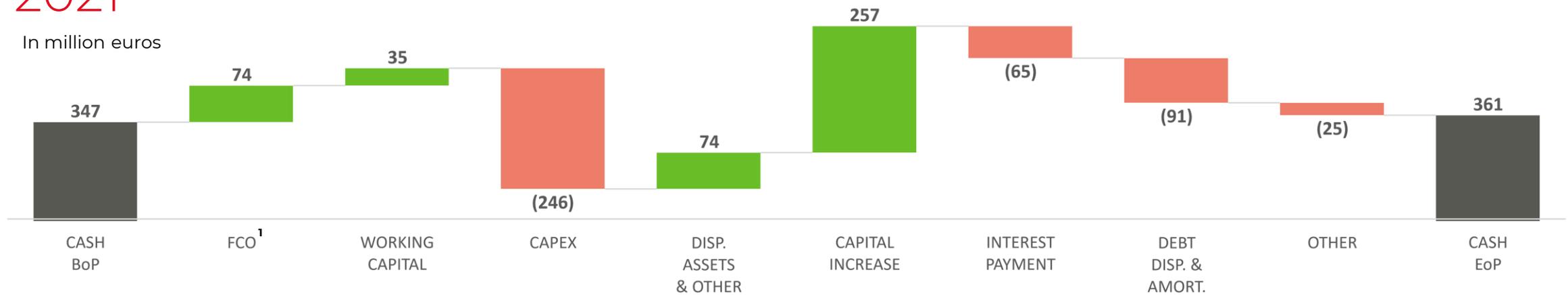
2022

In million euros



2021

In million euros

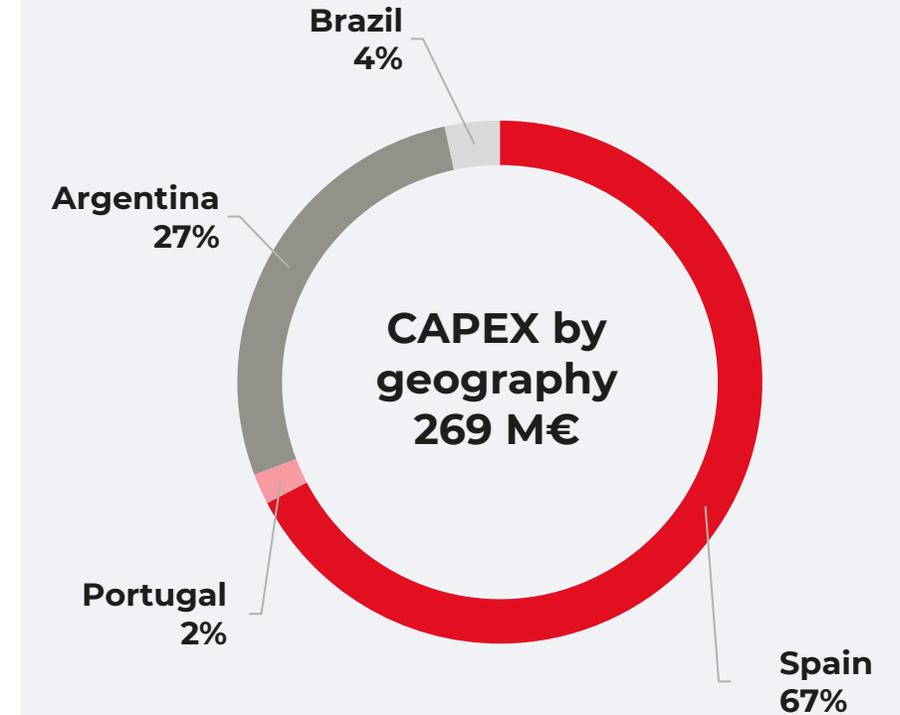
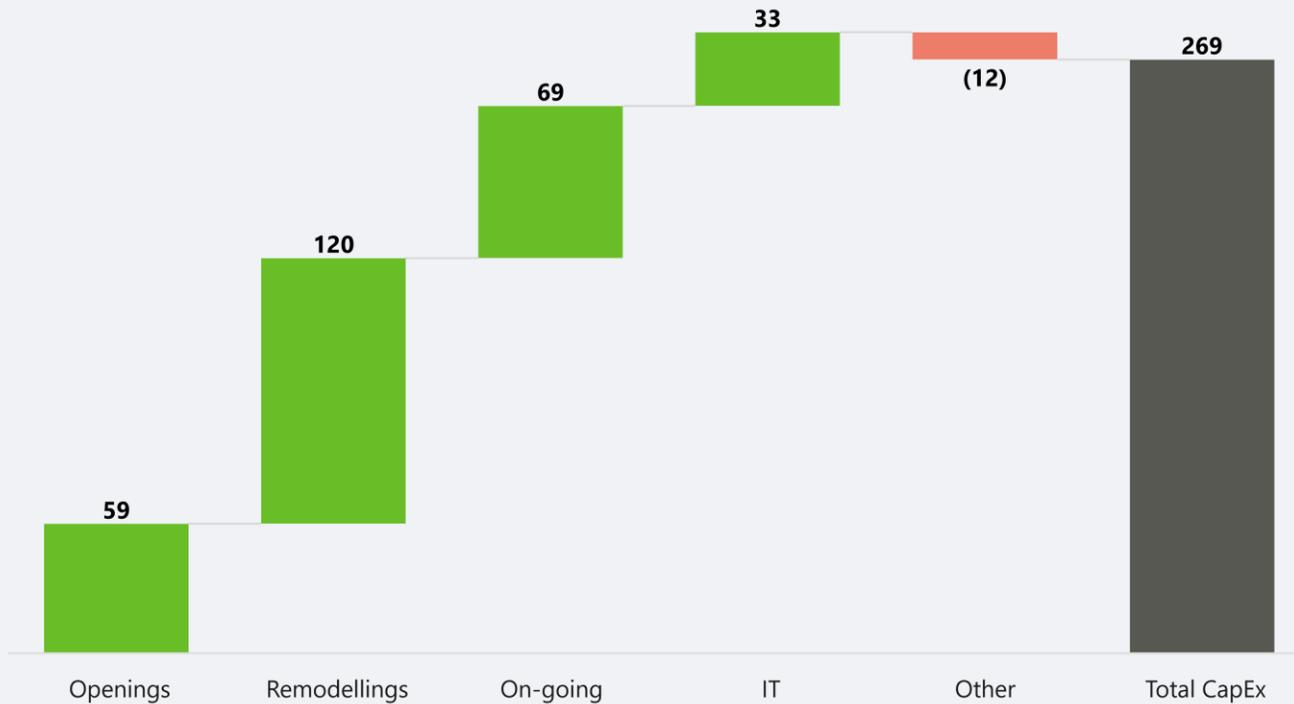


(1) FCO calculated as Cash Flow From Operations before changes in Working Capital minus Financial Leases

CAPEX by type and geography

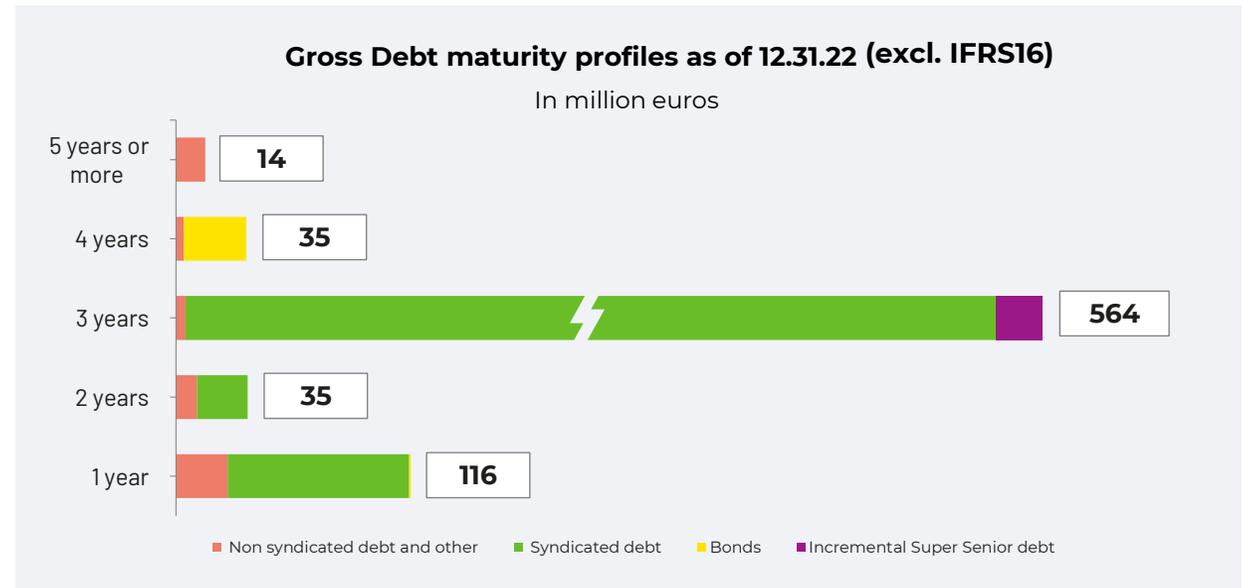
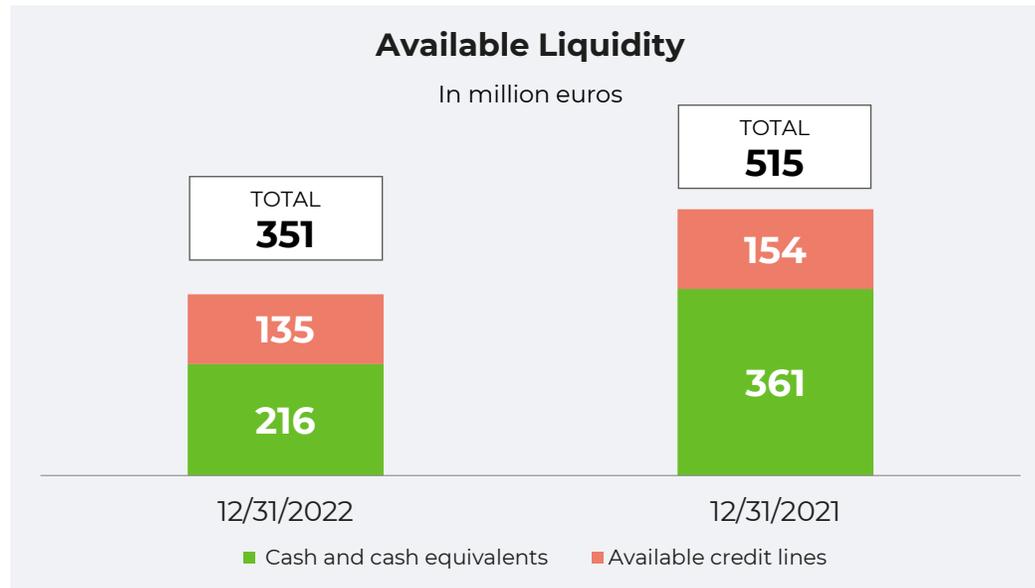
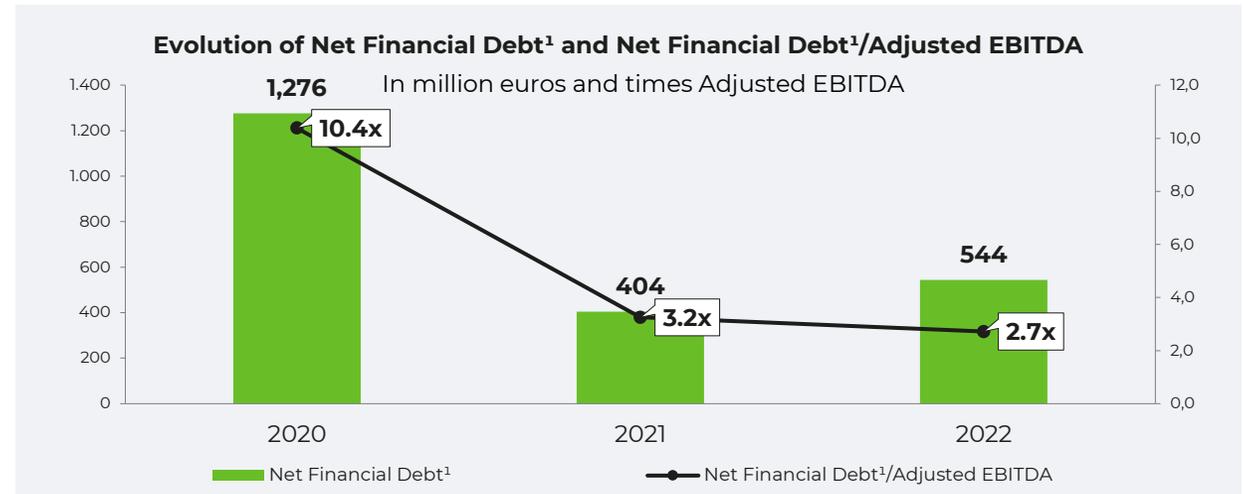
CAPEX by type of investment

Million euros



Liquidity and debt 2022

- Growth of Net Debt by 140 million euros driven by higher investment efforts.
- Continuous Group deleverage (**2.7x Adjusted EBITDA**).
- Gross Debt at 2022 closing **764 million euros**.
- Available liquidity at 2022 closing **351 million euros**.



(1) Excluding IFRS16

03.

Conclusions



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New Dia, a company driven by its purpose with focus on *food retail proximity*

Focus on completing the turnaround and execution of its strategy

Financial improvement to protect growth and value creation

Spain and Argentina on track. Working to step up Brazil and Portugal

Proximity and food retail as key elements of the strategy

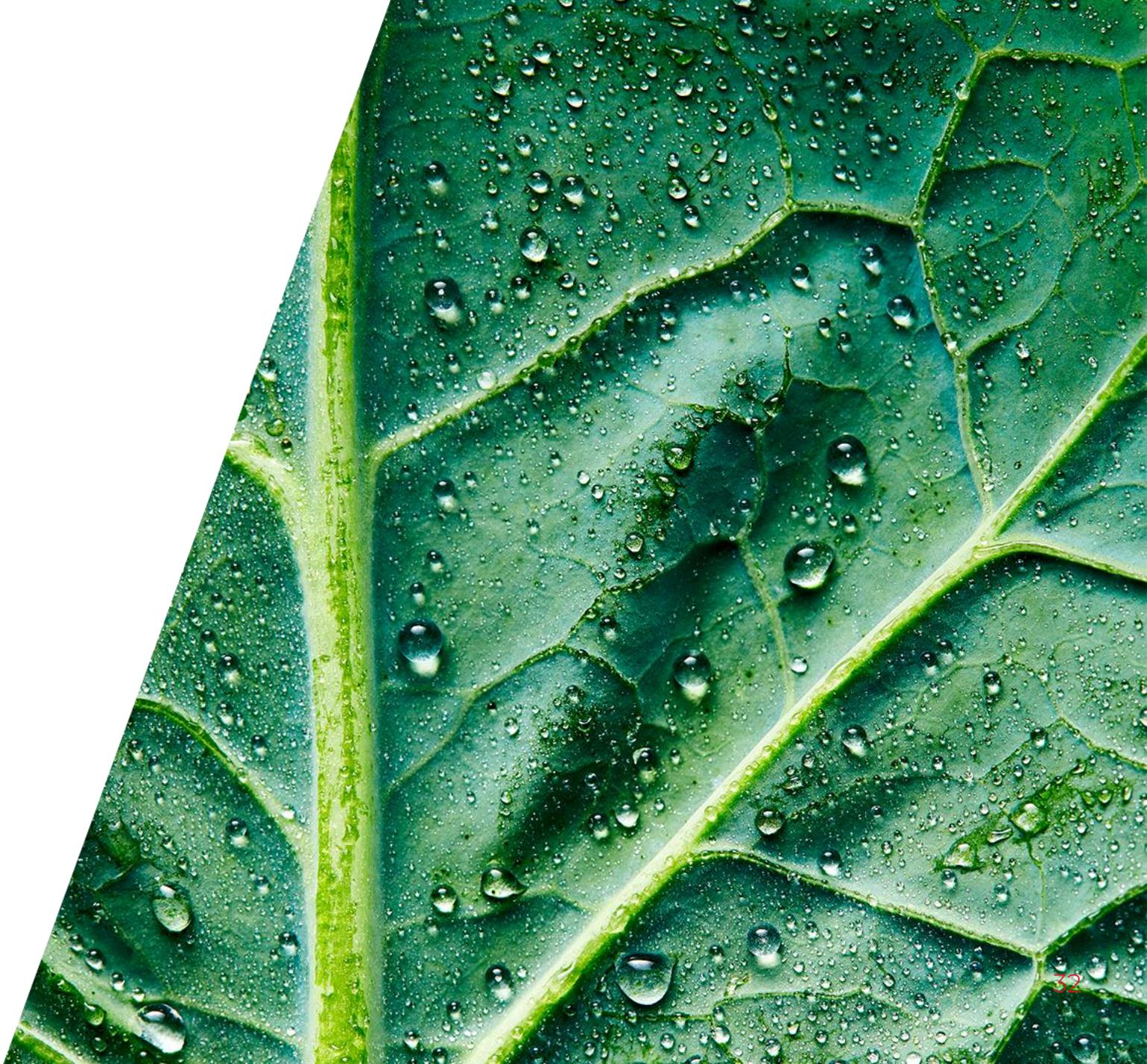
New phase of acceleration towards growth

Improvement of quality of Brand Dia

Q&A



*Cada día
más cerca*





*Cada día
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