Debtwire
An Acuris company

DIA Retail

Credit report 26 October 2018 Spain

CAPITAL STRUCTURE AS AT 30 JUNE 2018							
Instrument	Interest	Maturity	Outstanding (EURm)	Price	Yield (%)	Rating (S&P/ Moody's)	Leverage
EUR 225m RCF	n/a	Apr-20	98				
EUR 300m RCF	n/a	Jun-22	0				
Mortgage loans	1.84%-2.00%	2019-21	1				
Other bank loans	n/a	2019-21	202				
Credit facilities	n/a	n/a	112				
Equity swaps	Variable	Dec-18	34				
Finance leases	n/a	n/a	34				
Guarantees and deposits received	n/a	n/a	14				
Other	n/a	n/a	8				
EUR 305.7m senior unsecured bond	1.500%	Jul-19	306	72.1	54.8%	BB-/Ba2	
EUR 300m senior unsecured bond	1.000%	Apr-21	300	57.7	26.1%	BB-/Ba2	
EUR 300m senior unsecured bond	0.875%	Apr-23	300	56.2	15.1%	BB-/Ba2	
Less unamortised issuance costs			-6				
Total debt			**1,403**				**2.7x**
Cash and cash equivalents			173				
Net debt			**1,230**				**2.4x**
Rent expense (x7)			2,225				
Net debt, adjusted for rent expense (x7)			**3,456**				**4.1x**
LTM adjusted EBITDA			515				
LTM adjusted EBITDAR			833				

Source: Company financials, Debtwire

DIA'S BONDS AND SHARES COLLAPSE, AS PROFIT WARNING AND LIQUIDITY CRUNCH SCARE INVESTORS

Distribuidora Internacional de Alimentación (DIA), the Spanish discount chain, issued a major profit warning on 15 October, which prompted S&P and Moody's to downgrade the company by several notches from IG to BB-/Ba2. In the wake of the profit warning, bonds sold off 30-45 points and the stock price fell over 40% on 15 October, with the YTD decline now over 80%. DIA is facing a liquidity crunch, while there is also a possibility of a covenant breach at end-FY18. There has been substantial management turnover, with the CEO, CFO and chairman all replaced in recent months. The company has initiated a strategic review, and is expected to release more information next week (30 October), when it releases 3Q18 results. We view DIA's problems as partly external (competitive pressures, FX) and partly self-inflicted (overly aggressive financial policy). We believe that as long as the company is able to restore confidence in the immediate term, produces a credible turnaround plan and strengthens liquidity, it should be able to continue to service its debt and keep the capital structure more or less intact. Conversely, if DIA's problems turn out to run deeper or the company fails to reassure investors, there may be more downside, and a more comprehensive restructuring may be required given the short-term maturities and potential for an imminent covenant breach.

New EBITDA guidance suggests negative FCF in FY18 and potential covenant breach… On 15 October 2018, DIA lowered its FY18 adj. EBITDA guidance to EUR 350m-400m from EUR 500m previously due to; a decline in sales, lower gross margin and higher opex. This implies a -30% to -38% year-on-year (YoY) drop, given FY17 adj. EBITDA of EUR 569m. Furthermore, this excludes the impact of the IAS 29 accounting standard for hyperinflationary economies, which DIA

ISSUER SUMMARY	
Country	Spain
Sector	Retail
Total assets	EUR 3,381m
Total debt	EUR 1,403m
Issuer rating (S&P/Moody's)	BB-/Ba2
Ticker	DIA
Share price	EUR 0.76
Market cap	EUR 473m
Last earnings release	26-Jul-18
Next earnings release	30-Oct-18

Source: Company financials, Debtwire

FINANCIAL SUMMARY (EURm)	FY16	FY17	LTM 2Q18
Revenue	8,669	8,621	8,184
Adj. EBITDA	628	569	515
Adj. EBITDA margin	7.2%	6.6%	6.3%
OCF	777	320	157
Capex	-308	-212	-245
FCF	469	107	-88
Cash	365	340	173
RCF availability			426
Total liquidity			**599**
Net debt	878	891	1,230
Net debt/adj. EBITDA	1.4x	1.6x	2.4x
Interest expense	-58	-63	-66
Adj. EBITDA/interest exp.	10.7x	9.1x	7.8x

Source: Company financials, Debtwire

EMEA CREDIT RESEARCH

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BUSINESS DESCRIPTION

Distribuidora Internacional de Alimentación (DIA) is a Spanish discount chain, with operations in Spain, Portugal, Brazil, Argentina and Paraguay. As at 30 June 2018, the company operated 7,409 stores, split between 3,777 franchises (51%) and 3,632 fully-owned stores (49%). The company has almost 40,000 employees.

DIA was part of Carrefour between 2000 and 2011, when it was spun off and listed on the Madrid Stock Exchange. Since then, the company has been consolidating its position, purchasing the Spanish and Portuguese business of the household and beauty products retailer Schlecker in 2013, selling the French business to Carrefour in 2014, and acquiring the supermarket chain "El Árbol" in Spain in 2014.

will have to apply to its activities in Argentina (15% of LTM revenue) starting in 3Q18, and which is likely to be an additional drag on results. As a result, we expect the company to generate negative FY18 free cash flow (FCF) of EUR 100m-EUR 150m before working capital in our base-case scenario. We expect net debt of c. EUR 1.2bn as at year-end, with net leverage rising to 3.0x-3.5x. There is a 3.5x net leverage maintenance covenant under DIA's revolving credit facilities (RCFs), which means that a covenant breach at year-end is possible, depending on actual EBITDA and cash flow. Note that the covenant definition of leverage may differ from our calculations.

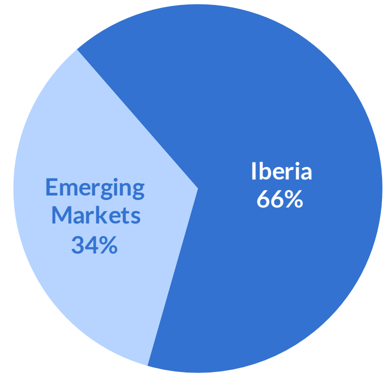
...but there is more: DIA also announced it had understated FY17 accounts payable by EUR 70m and overstated net income by EUR 20m due to overestimating discounts to be received from suppliers. As a result, the company wrote down FY17 equity by EUR 56m to EUR 270m. Note that these revisions are still provisional, and it is unclear if they represent the full extent of DIA's accounting issues. In addition, there has been substantial management turnover in recent months, with the CEO, CFO and chairman all replaced. The new management team has launched a strategic review, with Rothschild appointed to produce a new business plan, as reported by the local press. Earlier this year BCG were appointed to develop a new strategic plan, however to date nothing has publicly come of this.

Tight liquidity is biggest near-term risk... We estimate DIA had EUR 599m of total liquidity as at end-2Q18 vs c. EUR 660m of short-term debt (including the EUR 306m bond which matures in July 2019), as shown in Figure 4 on p4; please refer to the accompanying note as to the exact calculation. DIA also had EUR 343m of undrawn credit facilities and confirming lines which we do not include in our liquidity calculation as they are uncommitted and may not be available to the company going forward if lenders lose confidence in DIA. However, we cannot rule out the possibility the company had drawn on them prior to the announcement. In any case, any such drawings would be only short-term, would not resolve the liquidity situation and would pressure covenant calculations. FCF is likely to be a drain on liquidity over the coming 12 months, and the bonds are effectively un-refinanceable at this time (the 2019s currently trade in the low 70s to yield 50%+); therefore, DIA is looking at a potential liquidity crunch. On the positive side, we believe the company has some time to address its issues, given that: i) the second half of the year usually sees a seasonal working capital inflow; and ii) the 2019 bond matures only in July. This, however, remains an incredibly tight window to address the immediate issues.

...maturity profile offers a window to build a comprehensive plan. Beyond the short-term, DIA's maturity profile looks more manageable, with the RCFs maturing in 2020 and 2022, and the other two bonds coming due only in 2021 and 2023 (see p4). We think this gives the company a window to define and start to implement whatever operational changes are needed to stabilise the business, assuming the immediate liquidity situation is resolved.

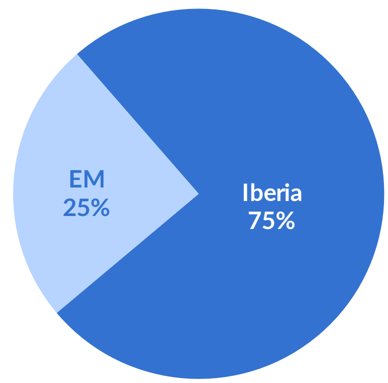
Where does DIA go from here? In our view, DIA first and foremost needs to outline a credible turnaround plan, which can be used as a basis for negotiations with lenders to secure short-term relief (extra liquidity, covenant waiver). Once the liquidity situation stabilises, the company can then look to term out short-term debt. We think DIA may also need to raise equity, although the company's low market cap—EUR <500m vs EUR 1.2bn prior to the profit warning—would make this a highly dilutive exercise for those existing shareholders who decided not to participate. We believe DIA's relationship banks would be supportive of such a process. As such, at this stage we do not feel that any principle amounts will need to be impaired. However, we reiterate that a positive outcome like this rests on a credible turnaround plan being produced and market confidence returning in the

FIGURE 1: LTM REVENUE



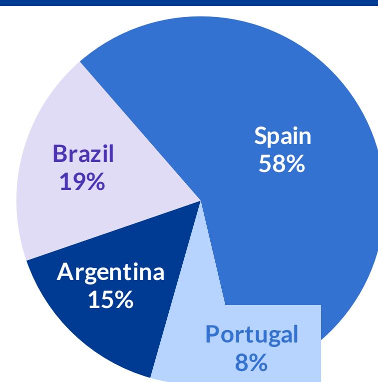
Source: Debtwire, company financials

FIGURE 2: LTM ADJ. EBITDA



Source: Debtwire, company financials

FIGURE 3: LTM REVENUE BY COUNTRY



Source: Debtwire, company financials

short term.

What happens next week will drive bond prices in the short-term. DIA's bonds have steadily sold off since the profit warning, and are now trading between the high-50s and low-70s (see p1). The share price fell over 40% on 15 October to EUR 1.1, followed by a decline to a low of EUR 0.66 on 22 October. However, the share price has since rebounded to EUR 0.76 as at the time of writing. In our view, this high level of volatility reflects a limited amount of information available, a lack of clarity as to DIA's prospects and a wide range of possible outcomes. We think that the company's presentation next week (30 October) will be crucial for the securities prices in the short-term. If DIA's new management can reassure investors that the company's issues are primarily liquidity-related and that the business can be turned around without any radical changes to the operating model, we can see the bonds and equity rebounding; however, if the issues prove to be more intractable, new issues are revealed, or if the management fails to inspire confidence, there may be more downside.

OPERATING OVERVIEW

As we see it, DIA's problems stem from a combination of: i) exogenous factors, such as intense competition in Iberia, and FX issues in Argentina and Brazil (more on this below); and ii) self-inflicted wounds, including an aggressive financial policy overly reliant on maintaining market access, as well as large dividend payments in recent years (see p7). On the other hand, we think the company is well-positioned in its core discount market, with significant competitive advantages, such as: i) a large and well-invested network of smaller, neighbourhood stores catering to various customer types; ii) focus on higher-margin own-label products; and iii) a large franchisee network (51% of stores).

Competitive pressures in Iberia represent a serious threat to DIA's prospects. DIA has been facing intense competition in its domestic Spanish market from other retailers, especially Mercadona and Lidl, both of which have been cutting prices and improving the quality of their offering. As a result, DIA's market share has fallen to 7.8% in August 2018 from 8.5% a year earlier, as per Kantar Worldpanel data, although based on trading in recent months it appears the company has stabilised its market share (see p4). Revenue has been declining steadily since FY16 on the back of weak like-for-like (LFL) sales stemming from price reductions, which the company implemented to remain competitive, but also partly due to 152 store closures over 1Q17-2Q18 (c. 3% of the total) and disruption owing to store remodelling. Adj. EBITDA started coming under pressure at the start of FY17 (see p5).

We consider underperformance in Iberia a much more serious threat than the mostly FX-related issues in Emerging Markets (see below), given that Iberia accounts for 75% of adj. EBITDA, and expect any new strategic initiatives to focus primarily on this segment.

However, there are few obvious solutions to DIA's current predicament, in our view, given that the company has historically been investing heavily in store remodelling and price reductions to match similar actions by competitors. As such, we think DIA may have to go back to the basics and compete even more fiercely on the price, while at the same time investing more in the quality and range of its offering, to win back customers.

This should help to stabilise operations, but is also likely to have negative implications for near-term profitability and margins. The big question, as we see it, is whether DIA (and the sector as a whole) is looking at only a temporary period of heightened competition and lower profitability before things normalise, or if this is more of a structural shift to permanently lower margins. On the positive side, we note that despite the competitive pressures, DIA has been able to maintain comparatively high adj. EBITDA margins of >7% in 1Q18 and 2Q18.

Exposure to Argentina and Brazil. DIA generated 15% of LTM 2Q18 revenue in Argentina and a further 19% in Brazil. Argentina is the key exposure, with the peso down about 50% vs the euro YTD. However, the depreciation of the Brazilian real - c. 8% since the start of 2018 - has also contributed to weaker trading. DIA's Emerging Markets segment has thus seen four consecutive quarters of negative top-line growth, with the decline accelerating (see p5). However, ex-FX performance has been much stronger, with steady revenue growth suggesting that the underlying business remains healthy despite local challenges (eg, truck drivers' strike in Brazil in May, food deflation in Brazil).

EBITDA addbacks substantial. EBITDA addbacks averaged EUR 94m annually over the past five years, or c. 16% of adj. EBITDA (see p7). Addbacks consisted primarily of cash items, such as expenses related to: i) acquisitions; ii) restructuring and efficiency gains; and iii) the transfer of own stores to franchises. While these items appear legitimate, we point out that they had a cash impact and may not be as one-off as DIA suggests, given the company's history of frequent M&A and organisational change.

Partnering with other retailers to bring down costs. In order to reduce purchasing costs, DIA has joined the negotiation platform Horizon International Services. Horizon consists also of Auchan Retail, Casino Group and Metro, and is intended to achieve better purchasing terms with manufacturers of branded products. We believe the initiative has potential, given the clout of the participating retailers, although DIA's substantial standalone size and bargaining power mean that any gains are likely to be incremental rather than transformational, in our view. On the own-label side (c. 50% of products), DIA has partnered with Casino to set up a JV, CD Supply Innovation, which is to help the companies reduce procurement and logistics costs. Note that DIA previously had a similar arrangement with a smaller Spanish retailer Eroski Group, but this partnership was terminated in April 2018 (which partially explains weaker 1H18 results).

Key positives: diversification; strong market position; well-invested real estate; relatively high margins; suspension of dividend.

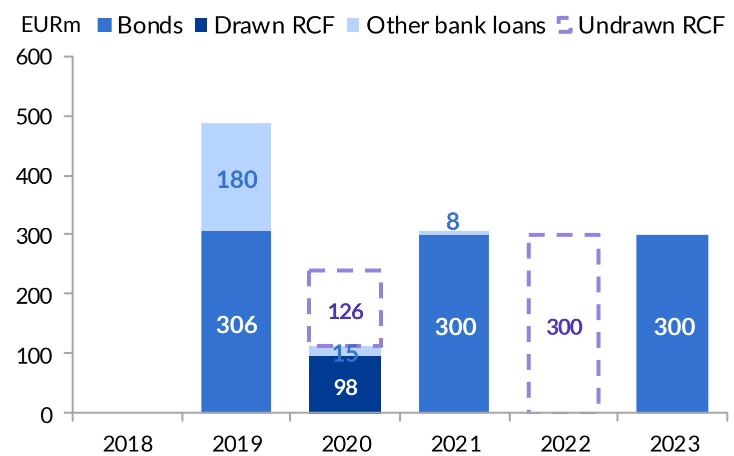
Key negatives: tight liquidity; substantial near-term maturities; uncertain outlook; intense competition in Iberia; exposure to Argentina and Brazil.

FIGURE 4: LIQUIDITY (EURm)

	As at 30-Jun-18
Cash on hand	173
RCF availability [(1)]	426
Total availability	**599**
Short-term debt	353
Other bank loans	180
Credit facilities drawn down	112
Other financial liabilities	34
Finance lease	10
Other short-term debt	17
2019 bond (due in July 2019)	306
Net liquidity	**-60**

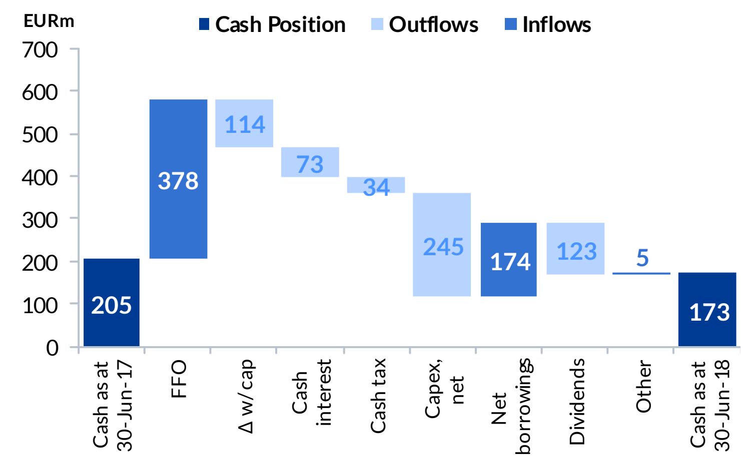
Source: Company financials, Debtwire
1) Calculated as total availability of EUR 525m less EUR 99m of drawings, as disclosed on p26 of the 1H18 report. Note that this figure does not match DIA's stated RCF availability of EUR 501m on p36 of the same report. We have asked the company to clarify, but have not heard back from them as at the time of publishing

FIGURE 5: MATURITY PROFILE AS AT 30 JUNE 2018



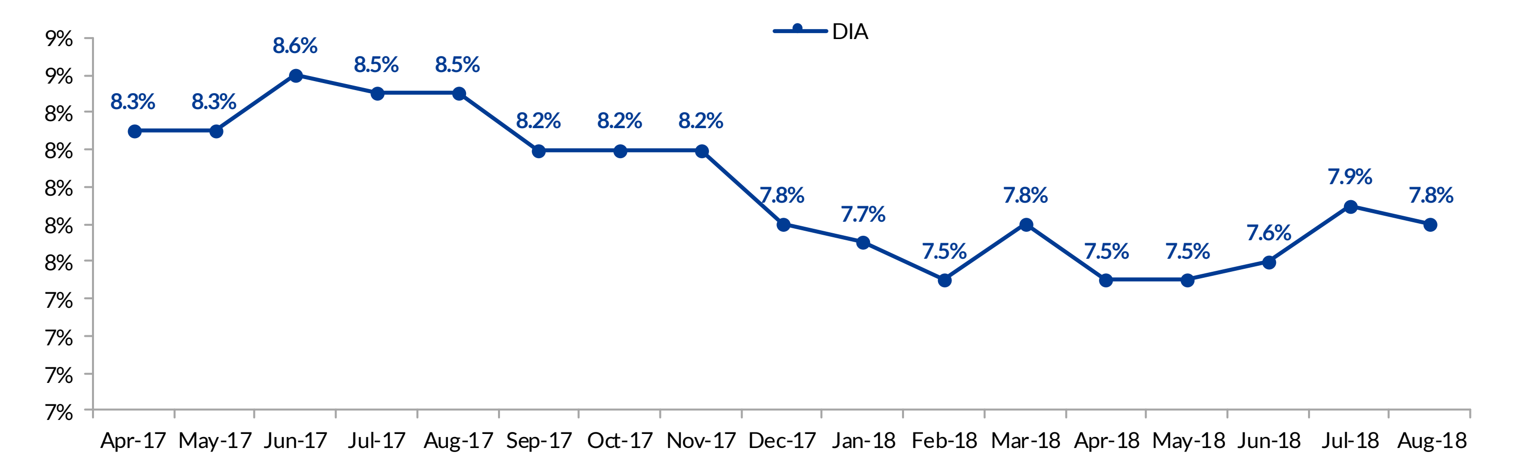
Source: Debtwire, company financials
Note: Excludes EUR 173m of other short-term debt maturing in 2H18 and 1H19

FIGURE 6: LTM 2Q18 CASH FLOW BRIDGE



Source: Debtwire, company financials

FIGURE 7: SPAIN GROCERY MARKET SHARE



Source: Kantar Worldpanel

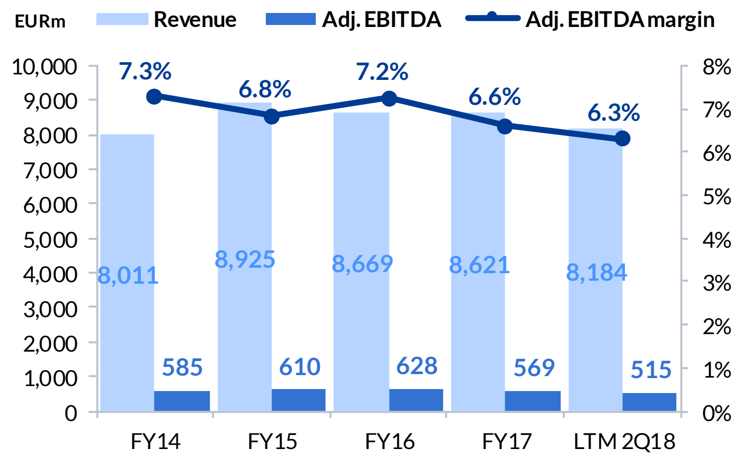
FIGURE 8: QUARTERLY KPIs (EURm)	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
Gross sales	**2,503**	**2,561**	**2,670**	**2,600**	**2,270**	**2,330**
Change (%)	*6.8%*	*-*	*-*	*-*	*-9.3%*	*-9.0%*
LFL change (%)	*4.1%*	*4.6%*	*1.3%*	*3.9%*	*1.9%*	*1.7%*
Net sales	**2,096**	**2,160**	**2,173**	**2,160**	**1,878**	**1,940**
Change (%)	*6.2%*	*0.8%*	*-4.1%*	*-4.2%*	*-10.4%*	*-10.2%*
FX effect (%)	*4.0%*	*0.9%*	*-3.8%*	*-5.0%*	*-9.3%*	*-11.2%*
Change ex-FX (%)	*2.2%*	*-0.1%*	*-0.3%*	*0.8%*	*-1.1%*	*1.0%*
Adj. EBITDA	**123**	**155**	**153**	**137**	**110**	**116**
Change (%)	*4.2%*	*2.6%*	*-5.5%*	*-30.2%*	*-10.7%*	*-25.3%*
FX effect (%)	*2.3%*	*1.2%*	*-1.6%*	*-2.7%*	*-4.1%*	*-4.8%*
Change ex-FX (%)	*1.9%*	*1.5%*	*-3.9%*	*-27.5%*	*-6.6%*	*-20.5%*
Adj. EBITDA margin	*5.9%*	*7.2%*	*7.1%*	*6.3%*	*5.8%*	*6.0%*
Adj. EBIT	**65**	**98**	**94**	**79**	**53**	**62**
Change (%)	*0.8%*	*4.7%*	*-8.6%*	*-43.3%*	*-19.5%*	*-37.0%*
EBIT margin	*3.1%*	*4.5%*	*4.3%*	*3.7%*	*2.8%*	*3.2%*
Net debt	**1,050**	**1,020**	**1,141**	**891**	**1,186**	**1,230**
Net leverage	1.7x	1.6x	1.8x	1.6x	2.1x	2.4x

Source: Company financials, Debtwire

FIGURE 9: SEGMENT BREAKDOWN (EURm)						
Iberia	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
Gross sales	**1,570**	**1,609**	**1,749**	**1,662**	**1,502**	**1,583**
Change (%)	*-1.8%*	*-*	*-*	*-*	*-4.3%*	*-1.6%*
LFL change (%)	*0.8%*	*1.2%*	*-1.5%*	*1.1%*	*0.0%*	*-1.0%*
Net sales	**1,319**	**1,366**	**1,403**	**1,386**	**1,242**	**1,321**
Change (%)	*-2.7%*	*-5.0%*	*-5.2%*	*-3.7%*	*-5.8%*	*-3.3%*
Adj. EBITDA	**101**	**123**	**117**	**85**	**91**	**95**
Change (%)	*-0.5%*	*-4.0%*	*-10.8%*	*-42.0%*	*-9.7%*	*-22.7%*
Adj. EBITDA margin	*7.6%*	*9.0%*	*8.3%*	*6.2%*	*7.3%*	*7.2%*
Adj. EBIT	**59**	**81**	**73**	**43**	**48**	**54**
Adj. EBIT margin	*4.4%*	*6.0%*	*5.2%*	*3.1%*	*3.9%*	*4.1%*
Emerging Markets	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
Gross sales	**933**	**952**	**921**	**939**	**767**	**748**
Change (%)	*25.2%*	*-*	*-*	*-*	*-17.7%*	*-21.4%*
LFL change (%)	*10.1%*	*10.7%*	*6.1%*	*8.3%*	*4.2%*	*5.9%*
Net sales	**777**	**793**	**770**	**775**	**635**	**619**
Change (%)	*25.6%*	*12.9%*	*-2.1%*	*-5.0%*	*-18.2%*	*-22.0%*
Change ex-FX (%)	*12.8%*	*10.1%*	*8.8%*	*8.8%*	*6.9%*	*8.5%*
Adj. EBITDA	**22**	**32**	**37**	**52**	**19**	**20**
Change (%)	*31.9%*	*40.1%*	*16.3%*	*4.9%*	*-15.2%*	*-35.6%*
Change ex-FX (%)	*15.9%*	*32.6%*	*24.7%*	*15.9%*	*7.3%*	*-12.0%*
Adj. EBITDA margin	*2.9%*	*4.0%*	*4.8%*	*6.7%*	*3.0%*	*3.3%*
Adj. EBIT	**7**	**16**	**22**	**36**	**5**	**7**
Adj. EBIT margin	*0.9%*	*2.0%*	*2.8%*	*4.7%*	*0.7%*	*1.1%*

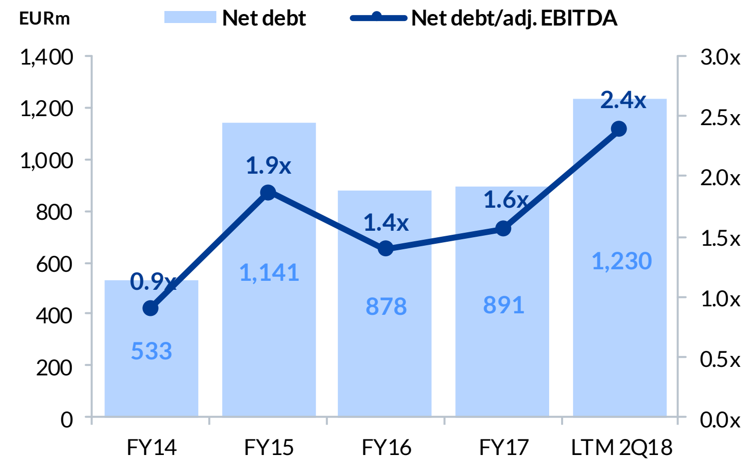
Source: Company financials, Debtwire

FIGURE 10: REVENUE, ADJ. EBITDA



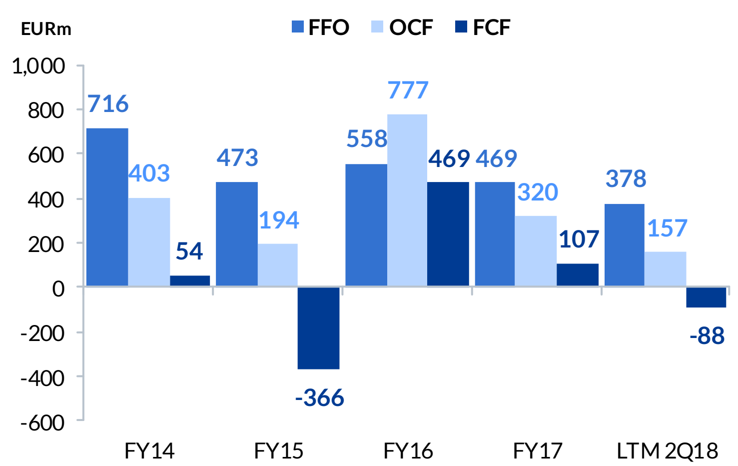
Source: Debtwire, company financials

FIGURE 11: NET DEBT, NET LEVERAGE



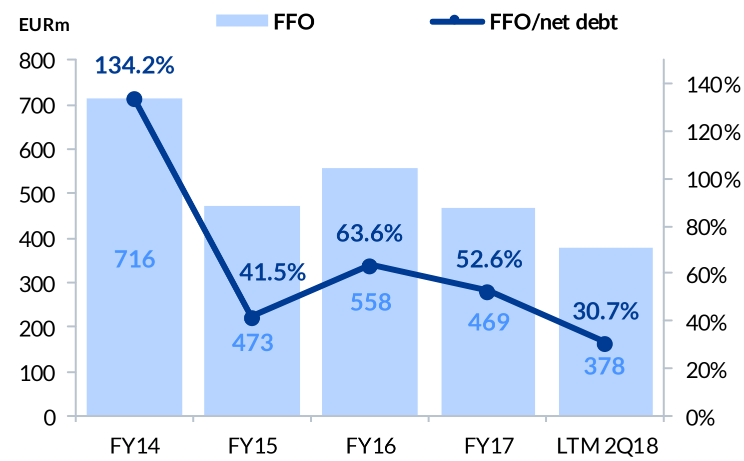
Source: Debtwire, company financials

FIGURE 12: CASH FLOW



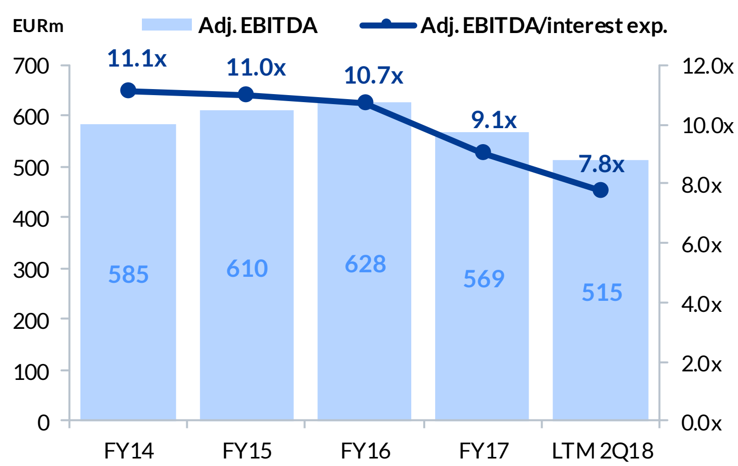
Source: Debtwire, company financials

FIGURE 13: FFO, FFO/NET DEBT



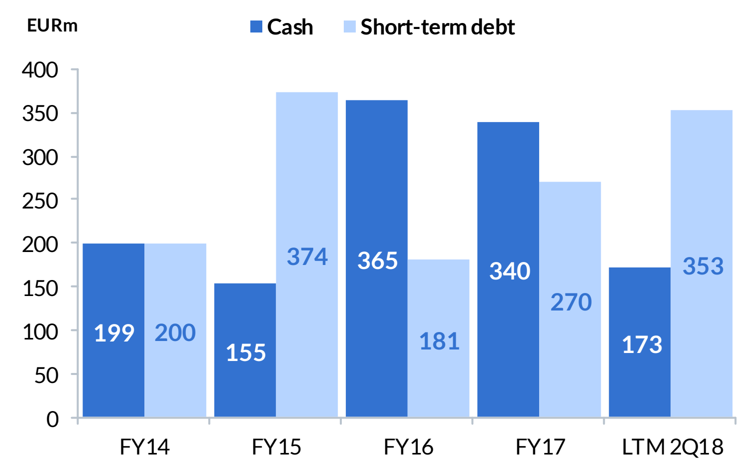
Source: Debtwire, company financials

FIGURE 14: ADJ. EBITDA, INTEREST COVERAGE



Source: Debtwire, company financials

FIGURE 15: CASH, SHORT-TERM DEBT



Source: Debtwire, company financials

FINANCIAL SUMMARY (EURm)

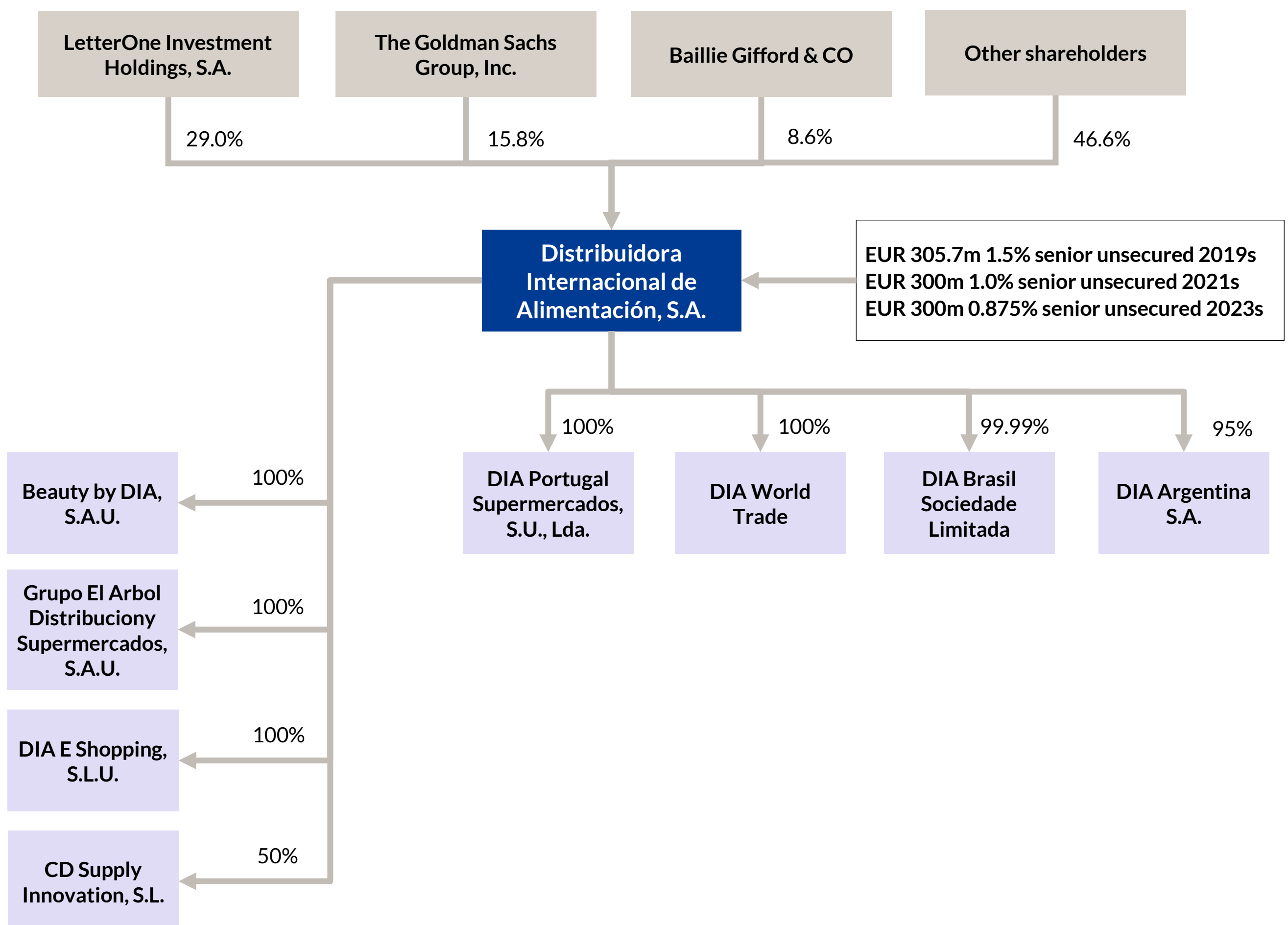
Period-end	31-Dec	31-Dec	31-Dec	31-Dec	30-Jun	30-Jun	31-Dec	30-Jun	31-Dec	30-Jun
INCOME STATEMENT	**FY14**	**FY15**	**FY16**	**FY17**	**LTM 2Q18**	**1H16**	**2H16**	**1H17**	**2H17**	**1H18**
Revenue	8,011	8,925	8,669	8,621	8,184	4,148	4,521	4,233	4,388	3,796
YoY change	-	*11.4%*	*-2.9%*	*-0.6%*	*-5.1%*	-	-	*2.0%*	*-2.9%*	*-10.3%*
Cost of sales	-6,351	-7,019	-6,767	-6,809	-6,479	-3,249	-3,519	-3,291	-3,518	-2,961
Gross profit	1,660	1,907	1,902	1,812	1,705	900	1,002	942	870	835
Gross profit margin	*20.7%*	*21.4%*	*21.9%*	*21.0%*	*20.8%*	*21.7%*	*22.2%*	*22.3%*	*19.8%*	*22.0%*
Operating expenses	-1,336	-1,632	-1,592	-1,565	-1,520	-790	-803	-826	-739	-781
EBIT	324	274	310	247	185	110	199	116	131	54.0
EBIT margin	*4.0%*	*3.1%*	*3.6%*	*2.9%*	*2.3%*	*2.7%*	*4.4%*	*2.7%*	*3.0%*	*1.4%*
(+) Depreciation & amortisation	185	214	227	236	235	111	116	117	119	116
EBITDA	**509**	**488**	**537**	**483**	**420**	**222**	**315**	**233**	**250**	**170**
(+) Non-recurring items	76.8	122	91.0	85.9	95.2	44.8	46.2	46.3	39.6	55.6
Adjusted EBITDA	**585**	**610**	**628**	**569**	**515**	**266**	**361**	**279**	**289**	**226**
YoY change	-	*4.2%*	*2.9%*	*-9.4%*	*-9.4%*	-	-	*4.8%*	*-19.9%*	*-19.1%*
Adjusted EBITDA margin	*7.3%*	*6.8%*	*7.2%*	*6.6%*	*6.3%*	*6.4%*	*8.0%*	*6.6%*	*6.6%*	*5.9%*
Rent expense	207	284	303	323	318	148	155	161	162	156
Adjusted EBITDAR	**792**	**894**	**931**	**891**	**833**	**414**	**516**	**440**	**451**	**382**
Interest expense	-52.5	-55.4	-58.4	-62.7	-66.2	-30.6	-27.8	-31.2	-31.5	-34.7
Net income	209	301	190	131	80.1	66.4	124	64.8	66.1	13.9
BALANCE SHEET	**FY14**	**FY15**	**FY16**	**FY17**	**LTM 2Q18**	**1H16**	**2H16**	**1H17**	**2H17**	**1H18**
Cash and cash equivalents	199	155	365	340	173	219	365	205	340	173
Trade and other receivables	245	221	167	222	175	333	167	345	222	175
Inventories	553	562	670	570	549	624	670	648	570	549
Current assets	1,130	1,088	1,315	1,263	1,045	1,275	1,315	1,339	1,263	1,045
PP&E	1,270	1,372	1,469	1,364	1,315	1,450	1,469	1,416	1,364	1,315
Goodwill	465	558	558	553	552	558	558	557	553	552
Other intangible assets	32.6	34.8	37.5	42.7	46.7	35.1	37.5	38.0	42.7	46.7
Total non-current assets	1,997	2,355	2,463	2,363	2,335	2,446	2,463	2,447	2,363	2,335
Total assets	3,127	3,443	3,779	3,626	3,381	3,722	3,779	3,787	3,626	3,381
Trade and other payables	1,693	1,519	1,859	1,711	1,370	1,682	1,859	1,736	1,711	1,370
Other current liabilities	227	243	236	311	373	348	236	437	311	373
Current liabilities	2,120	2,136	2,276	2,291	2,096	2,404	2,276	2,456	2,291	2,096
Total debt	**732**	**1,295**	**1,243**	**1,231**	**1,403**	**1,343**	**1,243**	**1,225**	**1,231**	**1,403**
Short-term debt	200	374	181	270	353	374	181	282	270	353
Long-term debt	533	921	1,062	962	1,050	969	1,062	943	962	1,050
Net debt	**533**	**1,141**	**878**	**891**	**1,230**	**1,124**	**878**	**1,020**	**891**	**1,230**
Rent expense (x7)	1,450	1,987	2,120	2,258	2,225	-	2,120	2,210	2,258	2,225
Adjusted net debt (x7)	**1,983**	**3,127**	**2,998**	**3,150**	**3,456**	**-**	**2,998**	**3,230**	**3,150**	**3,456**
Total liabilities	2,749	3,129	3,387	3,300	3,190	3,442	3,387	3,492	3,300	3,190
Total equity	378	313	392	326	191	280	392	295	326	191
CASH FLOW STATEMENT	**FY14**	**FY15**	**FY16**	**FY17**	**LTM 2Q18**	**1H16**	**2H16**	**1H17**	**2H17**	**1H18**
Funds from operations (FFO)	716	473	558	469	378	233	325	242	227	152
Change in working capital	-188	-157	286	-58.0	-114	-8.0	294	-250	192	-306
Cash interest	-47.9	-64.6	-61.8	-65.7	-73.2	-30.8	-31.0	-32.5	-33.2	-40.0
Cash tax	-76.6	-57.2	-6.1	-25.8	-34.1	32.8	-38.9	-4.5	-21.3	-12.8
Operating cash flow (OCF)	**403**	**194**	**777**	**320**	**157**	**227**	**549**	**-44.5**	**364**	**-207**
Capital expenditures, net	-349	-560	-308	-212	-245	-183	-125	-119	-93.7	-151
Free cash flow (FCF)	**54.0**	**-366**	**469**	**107**	**-87.6**	**44.7**	**424**	**-163**	**270**	**-358**
Acquisitions/disposals	-178	0	0	0	0	0	0	0	0	0
Net borrowings	-14.2	545	-76.6	32.0	174	30.2	-107	28.8	3.2	170
Equity raised/dividends	-140	-313	-142	-129	-123	-4.0	-138	-5.7	-123	0
RATIO ANALYSIS	**FY14**	**FY15**	**FY16**	**FY17**	**LTM 2Q18**	**1H16**	**2H16**	**1H17**	**2H17**	**1H18**
Total debt/adj. EBITDA	1.3x	2.1x	2.0x	2.2x	2.7x	-	2.0x	1.9x	2.2x	2.7x
Net debt/adj. EBITDA	0.9x	1.9x	1.4x	1.6x	2.4x	-	1.4x	1.6x	1.6x	2.4x
Adj. net debt (x7)/adj. EBITDAR	2.5x	3.5x	3.2x	3.5x	4.1x	-	3.2x	3.4x	3.5x	4.1x
Adj. EBITDA/interest exp.	11.1x	11.0x	10.7x	9.1x	7.8x	-	10.7x	10.9x	9.1x	7.8x
Adj. EBITDA/cash interest	12.2x	9.4x	10.2x	8.7x	7.0x	-	10.2x	10.1x	8.7x	7.0x
Net capex/revenue	4.4%	6.3%	3.5%	2.5%	3.0%	-	3.5%	2.8%	2.5%	3.0%
FFO/net debt	134%	41%	64%	53%	31%	-	64%	56%	53%	31%
Current ratio	0.5x	0.5x	0.6x	0.6x	0.5x	0.5x	0.6x	0.5x	0.6x	0.5x
Quick ratio	0.3x	0.2x	0.3x	0.3x	0.2x	0.3x	0.3x	0.3x	0.3x	0.2x

Source: Company financials, Debtwire

FINANCIAL SNAPSHOT	
LTM revenue (EURm):	8,184
LTM adj. EBITDA (EURm):	515
Net debt (EURm):	1,230

COMPANY INFORMATION	
Rating (S&P/Moody's):	BB-/Ba2
Ticker:	DIA
Market capitalisation (EURm):	473

COMPANY TIMELINE	
Last earnings release:	26-Jul-18
Next earnings release:	30-Oct-18
Next bond maturity:	2019



Source: Debtwire, company financials, OM
Note: Corporate structure may not include all subsidiaries and/or debt instruments, and is for illustrative purposes only