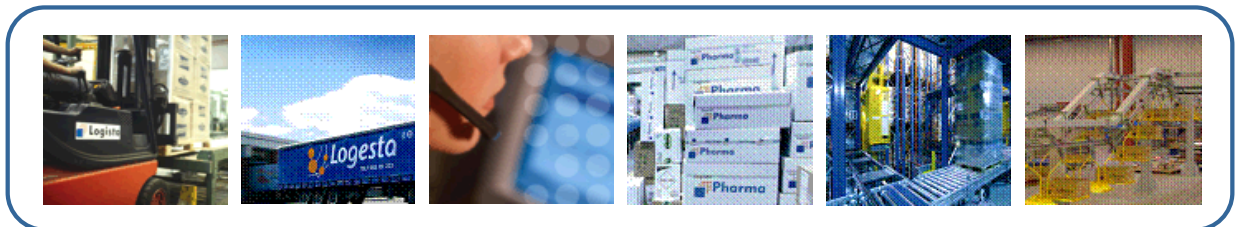


Logista Q3 2016 Results

July 28, 2016



Logista reports Q3 2016 Results

Logista announces today its Q3 Results for 2016. Main highlights:

- Revenues growing by 1.7%
- Economic Sales¹ up by 3.7%
- Adjusted Operating Profit increased of 7.5% while Profit from Operations grew by 15.4%
- Important growth recorded by Net Income up by 25.9%

Key Metrics Summary

<i>Data in million euros</i>	1 Oct. 2015 – 30 June 2016	1 Oct. 2014 – 30 June 2015	% Change
Revenues	7,047.2	6,929.4	1.7%
Economic Sales	776.8	749.1	3.7%
Adjusted Operating Profit	172.4	160.4	7.5%
Margin over Economic Sales	22.2%	21.4%	+80 b.p.
Profit from Operations	127.5	110.5	15.4%
Net Income	93.7	74.4	25.9%

The first nine months of this fiscal year has characterised by the increasing macroeconomic uncertainties worldwide due to multiple factors such as the slowdown in the Chinese economy, the volatility of oil price, the weakness of some indicators in the United States and Germany and the fears after the favourable UK's vote to leave the European Union.

In particular, during the third quarter of the fiscal year, some other events have affected the countries where the Group operates. Among them, the strikes and repeated protests against the labour law reform in France and the second general election in Spain as no Government was formed after December's election are noteworthy.

However, a relative stability in the macroeconomic situation has been the general trend in the countries in which the Group operates.

In this context, the recurring activity continued recording a positive performance across the three geographical segments during the first nine months of the fiscal year that translated into Revenues, Economic Sales (except France, practically flat) and Adjusted EBIT growth. Nonetheless, the positive effect during the second quarter last year of non-recurring elements in the Iberia segment, translated into a negative yearly comparison in the reported results in this segment.

At the **Revenues** level, the growth in Tobacco and related in all geographies and in the Pharma business in Iberia more than offset the slight drop in Revenues from Transport (due to the change in scope of consolidation in the third quarter of 2015) and Other business in France.

The performance of tobacco volumes distributed by the Group (cigarettes and RYO) at the beginning of the fiscal year was positive, +0.8% above the volumes distributed in same period of fiscal year 2015 (at the end of the third quarter of fiscal year 2015, the year-on-year drop was 0.9%). During the third quarter of this fiscal year, the cigarette and RYO distributed volumes were practically stable, -0.1%, compared to a 1.3% yearly drop recorded in the third quarter last year.

Except in Italy, where tobacco manufacturers increased the price of the pack of cigarettes in the third quarter, the retail selling prices stood at the same level as at the beginning of the current fiscal year. In

¹ *Economic Sales: This term equals Gross Profit and is used without distinction by the Management to refer to the figure resulting of subtracting Procurements to the Revenue figure.*

the previous fiscal year, there were retail selling price increases in Spain and Italy in the second quarter.

Economic Sales grew in the three segments in most of the activities, recording the most significant growths in Pharma, Transport and Tobacco and related in Iberia and Italy. These growths offset the slight reduction in the activity in the France segment.

Total operating costs recorded a very positive performance, growing by 2.7% well below the growth experienced by the Economic Sales figure despite the fact that during the same period of the preceding year the release of some provisions positively impacted the total operating costs figure. Not considering this non-recurring positive effect past year, the operating costs increased only by 1.3%.

The **Adjusted EBIT** grew by 7.5% and the Adjusted EBIT margin over Economic Sales reached 22.2% compared to the 21.4% obtained in the first nine months of fiscal year 2015.

Profit from operations progressed by 15.4% mainly due to the lower restructuring costs recorded in this fiscal year (€6.3 million) compared to the same period in the preceding year (€11.4 million).

Net Income climbed by 25.9%, due to the good performance of Financial Results that almost doubled and to the reduction of the corporate tax rate for the Group derived from the lower applicable tax rate in Spain and, specially, to the reduction of the effective tax rate in this country compared to the one recorded in the previous year.

Revenues Evolution (By Segment and Activity)

<i>Data in million euros</i>	1 Oct. 2015 – 30 June 2016	1 Oct. 2014 – 30 June 2015	% Change
Iberia	1,926.7	1,875.7	2.7%
Tobacco & Related	1,647.6	1,597.5	3.1%
Transport Services	250.5	251.5	(0.4)%
Other Businesses	99.1	91.2	8.7%
Adjustments	(70.5)	(64.5)	(9.3)%
France	3,257.1	3,254.8	0.1%
Tobacco & Related	3,104.5	3,094.8	0.3%
Other Businesses	157.3	165.9	(5.2)%
Adjustments	(4.7)	(5.9)	20.3%
Italy	1,885.1	1,822.1	3.5%
Tobacco & Related	1,885.1	1,822.1	3.5%
Corporate & Others	(21.8)	(23.2)	6.2%
Total Revenues	7,047.2	6,929.4	1.7%

Economic Sales Evolution (By Segment and Activity)

Data in million euros	1 Oct. 2015 – 30 June 2016	1 Oct. 2014 – 30 June 2015	% Change
Iberia	379.6	366.4	3.6%
Tobacco & Related	184.6	180.5	2.3%
Transport Services	172.8	167.0	3.5%
Other Businesses	54.5	49.8	9.4%
Adjustments	(32.3)	(30.9)	(4.7)%
France	210.1	210.4	(0.1)%
Tobacco & Related	176.4	176.9	(0.3)%
Other Businesses	37.5	38.4	(2.3)%
Adjustments	(3.8)	(4.9)	23.2%
Italy	183.4	167.5	9.5%
Tobacco & Related	183.4	167.5	9.5%
Corporate & Others	3.8	4.8	(20.8)%
Total Economic Sales	776.8	749.1	3.7%

Adjusted EBIT Evolution (By Segment)

Data in million euros	1 Oct. 2015 – 30 June 2016	1 Oct. 2014 – 30 June 2015	% Change
Iberia	69.8	72.9	(4.3)%
France	53.2	52.1	2.1%
Italy	58.7	44.1	33.2%
Corporate & Others	(9.3)	(8.7)	(7.4)%
Total Adjusted EBIT	172.4	160.4	7.5%

Adjusted Operating Profit (or indistinctly Adjusted EBIT) is the principal indicator used by Management to assess the recurring results of operations of the business. This indicator is basically calculated by deducting from the Profit from Operations all those expenses that are not directly linked to the Revenue obtained by the Group during each period, which facilitates the analysis of the evolution of operating expenses and typical margins of the Group. In the following table reconciliation between Profit from Operations and Adjusted Operating Profit for the first nine months of fiscal year 2016 and 2015 is shown:

Data in million euros	1 Oct. 2015 – 30 June 2016	1 Oct. 2014 – 30 June 2015
Adjusted Operating Profit	172.4	160.4
(-) Restructuring Costs	(6.3)	(11.4)
(-) Amortization of Assets Logista France	(39.2)	(39.2)
(-) Net Loss of Disposal and Impairment of Non-Current Assets	0.6	(0.0)
(-) Share of Results of Companies and Others	(0.0)	0.7
Profit from Operations	127.5	110.5

I. Business Review

A. Iberia: Spain and Portugal

Revenues in Iberia reached €1,926.7 million compared to €1,875.7 million at the end of the third quarter of fiscal year 2015, recording a 2.7% growth. The Economic Sales of the segment reached €379.6 million, a 3.6% above the €366.4 million recorded in the same period of the previous fiscal year.

Revenues in **Tobacco and related products** increased by 3.1% as a consequence of the stability in the tobacco distributed volumes, of the tobacco retail selling price increase in the second quarter last year and the growth in revenues from the rest of the products.

In the current fiscal year there were no retail selling price increases of tobacco products, whereas the manufacturers of these products carried out a 5 cents per pack increase in the second quarter of fiscal year 2015.

The cigarette volumes distributed in Spain stood practically flat, increasing by 0.2% with respect to the same period the previous year. At the end of the third quarter of fiscal year 2015 a 1.5% yearly drop compared to the first nine months of fiscal year 2014 was recorded after the already mentioned price increase. However, the distributed volumes of RYO continued reducing (-1.1% vs. -0.7%) as well as the cigar volumes (-2.5% in front of -1.0%).

Since the beginning of the fiscal year, the tobacco distribution contracts in Spain with British American Tobacco (in the first quarter) and Japan Tobacco International (in the second quarter) were renewed for 5 years in both cases.

The revenues from the distribution of convenience products recorded a significant growth mainly derived from the incorporation of new lines at the beginning of the second quarter. Since last January the Group's subsidiary for convenience distribution in Spain is managing the distribution of the consumer products' portfolio of the multinational Procter & Gamble to the main wholesalers in the national territory. This agreement follows the one signed at the end of the previous fiscal year with the same manufacturer for the distribution of healthcare products to the pharmacy channel.

The stability of tobacco distributed volumes in Spain and its growth in Portugal together with the increase of transport services invoiced to manufacturers and the evolution of sales of other products in the period translated into an improvement in Economic Sales that grew by 2.3% in respect to the same period the preceding year.

Revenues in **Transport** stood at a similar level than in the previous year, recording a 0.4% fall due to the decline in the full truck load activity after the divestment of one of its subsidiaries last year. Economic Sales increased by 3.5% up to €172.8 million. The parcel and courier activities continued recording increases in Revenues and Economic Sales.

The strategy of differentiation through the quality of service followed by the Group continued translating into improvements in the activity indicators, especially in those related to sectors with a higher demand of added value services (technology products, activities sensitive to time-of-delivery, products requiring controlled temperature, etc.). The increase of courier shipments in the third quarter continued being significant, although at a slightly lower rate than at the beginning of the fiscal year, reaching in the first nine months of the year a rate close to double digit compared to the same period last fiscal year.

Revenues in **Other Businesses** (which includes Pharma, lottery and publications distribution activities) grew by 8.7% reaching €99.1 million while Economic Sales went up by 9.4% to €54.5 million due to the growth recorded in Pharma.

The total Operating expenses of the segment performed very positively, increasing by 5.5%. It must be highlighted that in the second quarter of the previous year, provisions related to litigations won with final sentences received by the Company for a total amount of €8.2 million were reversed causing a

non-recurring reduction of the total operating costs at the third quarter of that fiscal year. Not considering that impact, the total operating expenses recorded an increase of 2.7% well below that recoded by the recurring activity.

Adjusted Operating Profit reached €69.8 million what represents a decline of 4.3% with respect to the same period last year. Excluding the non-recurring impact of the reversal of provisions in the previous year, the Adjusted Operating Profit grew by 7.9%

At the end of the third quarter, restructuring costs reached €4.0 million vs. €5.1 million in the same period last year. Profit from Operations reached €65.5 million versus €68.5 million recorded in the previous year, reducing by 3.2% (not considering the impact of non-recurring last year the growth is 10.0%).

B. France

Revenues from the France segment did not significantly varied from those obtained in the first nine month of last year (€3,257.1 million, a +0.1%) in the same way as Economic Sales that reached €210.1 million recording a 0.1% decline.

Revenues from Tobacco and related products experienced a slight rise while revenues from Other businesses reduced as a consequence of the impact of the progressive rationalisation in the portfolio of clients and of the social conflict situation that the country has lived in the third quarter.

Tobacco and related products Revenues increased by 0.3% to €3,104.5 million thanks to the growth of distributed tobacco volumes that offset the lower revenues from electronic transactions.

During the fiscal year there were not retail selling price increases of tobacco products as happened during the same period in the preceding year. The tobacco distributed volumes grew compared to first nine months of 2015 both in the cigarette category (+0.7% versus -1.1%) and in the RYO category that increased by 3.8% while during the same period last year it increased by 3.2%.

The small decline of distributed tobacco products was motivated mainly by the strikes and days of protests against the labour law reform approved by the Government as well as by the lower impact over illicit trade of the security measures adopted after the terrorist attacks of November.

The diversification strategy in electronic transactional products allowed to partially compensate the reduction that the revenues from telephony top ups continue recording due to the drop experienced by the sector.

On the other hand, consumption in the convenience channel seems to have recovered somewhat since the second quarter of the current fiscal year (source: Banque de France). However, this channel has been affected during the third quarter by the social conflict previously described and, as a consequence, the sales from convenience and tobacco related products slightly reduced.

The improvement of the margins of Economic Sales over Revenues in convenience products offset to a great extent the fall experienced by electronic transactions (much lower than the decline in Revenues) what together with the stability in Economic Sales from tobacco distribution translated into a practically flat Economic Sales from this activity as in the same period last year (-0.3% to €176.4 million).

The performance of the **Other Businesses** activity (wholesale distribution of convenience products in non-tobacconist channels) during the third quarter has been very weak compared to the same period last year due, among other factors, to the impact on consumption of the days of protest and to the bad weather, a factor that has a high incidence over the sale of beverages and soft drinks. Thus, the accumulated Revenues at third quarter closing reduced by 5.2% with respect to last year to €157.3million.

Economic Sales continued reflecting the positive impact of the measures taken to rationalise the portfolio of clients and reached €37.5 million a 2.3% below the figure reached in the first nine months of fiscal year 2015.

The operating costs of the France segment declined a 0.9% up to the third quarter enabling the results improvement despite the stability in Economic Sales. This evolution is due to the measures carried out in previous quarters. Thus, **Adjusted Operating Profit** moved forward a 2.1% from the same period last year to €53.2 million.

Profit from Operations reached €14.0 million well above that obtained during the first nine months of fiscal year 2015, due to the lack of restructuring costs in the current fiscal year compared to €5.3 million recorded in the same period of the preceding fiscal year. The main adjustment in the segment is the Amortization of Assets generated from the acquisition of Logista France that was €39.2 million in both periods.

C. Italy

Revenues in the Italy segment reached €1,885.1 million and increased a 3.5% over the €1,822.1 million obtained up to third quarter previous year. The retail selling price increase of tobacco products in January 2015 and in the third quarter this year together added to the positive performance of tobacco distributed volumes and the growth recorded by the sales of other products during the period.

Cigarette distributed volumes increased by 0.7% compared to the 1.1% decline recorded last year. The RYO category grew by 4.4% vs. an increase of 3.6% in the preceding year.

During the third quarter of the current fiscal year there was a retail selling price of around 20 cents per pack, a similar amount to the price increase taken by the tobacco manufacturers in the second quarter last year.

The Group continued progressing in its commercial task to boost the sales of convenience and tobacco related products through new agreements with manufacturers, the fidelisation strategy and the offer of omni-channel ordering to the tobacconist network. As a result of these actions both Revenues and Economic Sales of these products continued their growing trend.

This commercial boost together with the other services invoiced to manufacturers, the positive performance of distributed tobacco volumes and the retail selling price increase recorded in the third quarter translated into a strong rise in Economic Sales. Thus, the Economic Sales of the Italy segment reaches €183.4 million compared to €167.5 million in fiscal year 2015 what represents a 9.5% increase.

Likewise, during the first nine months of this fiscal year the reorganisation of the distribution network continued. This reorganisation will enable continuing with the improvement on commercial results, derived from the concentration of the activity in those centres applying the best practices as well as on efficiency in operations.

The total operating costs grew by 1.0% with respect to the same period last year, well below the underlying growth of the recurring activity. During the first nine months of the fiscal year several actions were implemented to reduce handling cost in central warehouses, packing costs or the number of service points of which, under the already mentioned network reorganisation, 17 out of the 175 existing at the beginning of the fiscal year have been closed and 5 have been transformed into transit points.

Adjusted Operating Profit advanced 33.2% reaching €58.7 million. The increase in restructuring costs compared to the preceding year (€2.0 million vs. €0.5 million) translated into a 30.2% increase in Operating Profit that reached €56.7 million compared to €43.6 million obtained during the first nine months last year.

D. Corporate and Others

This segment includes corporate expenses and the Polish operations.

Adjusted Operating Profit reduced by 7.4% compared to previous year and reached -€9.3 million.

The activity in Poland continued showing a very positive performance over last year.

II. Financial Overview

A. Financial Result Evolution

Financial results practically doubled those obtained in the first nine months of last year and increased from €4.9 million to €8.3 million. This sharp increase was the consequence of the increase of the average cash position of the Group as well as of the improvement in the results of an affiliate company in the Italy segment.

The interest rate used as a reference in the treasury agreement with our majority shareholder (European Central Bank base rate), over which a 75 b.p. spread is obtained under that agreement, remained stable at 0.05%, during the first nine months of fiscal year 2015 while in the current fiscal year, from 1 October 2015 to 9 March 2016 was stable at 0.05 b.p. but reduced to 0.0% since 10 March.

The average cash position during the fiscal year was €1,456 million compared to €1,190 million in the same period of previous fiscal year.

Likewise, the good performance of the activity in one of the affiliates of the Group, the electronic bank ITB, aimed to provide service to the tobacconist network in Italy, brought higher income than in the same period of fiscal year 2015.

B. Net Income Evolution

Earnings before Taxes increased by 17.8% to €135.6 million, while Net Income increased by 25.9% to reach €93.7 million

The effective consolidated tax rate of the period was 30.7% vs. close to 35.0% in preceding year due to the reduction of the corporate tax rate in Spain approved by the Government in 2014 and the application of certain deductions.

Earnings per Share were €0.71 vs. €0.56 in the first nine months of 2015, with no variations in the number of shares.

C. Cash Flow

The seasonality of the Group's business results in a negative cash flow during the first and second quarters of the fiscal year that is recovered during the second half, usually reaching its peak around year end.

The improvement registered by the Cash Generation at the end of the third quarter (€259.0 million) with respect to the same date in fiscal year 2015 (€219.0 million) was mainly due to the Operating Profit growth. The performance of the rest of captions, both operating and investing, contributed to reach a Cash Generation above that obtained in the preceding year.

In the second quarter of the fiscal year the final dividend corresponding to 2015 was paid for a total amount of €66.4 million. In the second quarter of last year €74.3 million were paid charged to the issue premium.

D. Dividend Policy

Grupo Logista Board of Directors agreed past 26 July to distribute an interim cash dividend corresponding to 2016 fiscal year of 0.25 Euros per share (slightly more than €33.1 million). The payment will be effective next 29 August, 2016.

The interim dividend of fiscal year 2016 is a 4.2% higher than the interim dividend distributed in fiscal year 2015 (0.24 Euros per share).

E. Outlook

The results obtained during the period continue confirming the growth expectations for Adjusted EBIT in the range of 4% – 5%.

The performance of financial results as well as of effective tax rate at closing of the third quarter allow to expect a higher Net Profit growth than the estimate at closing of the first half, being now in the 10%-15% range at this fiscal year closing (compared to the close to double digit growth previously expected).

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Appendix

P&L

<i>Data in million euros</i>	1 Oct. 2015 – 30 June 2016	1 Oct. 2014 – 30 June 2015	% Change
Revenues	7,047.2	6,929.4	1.7%
Eco. Sales	776.8	749.1	3.7%
(-) Distribution Costs	(497.1)	(483.9)	(2.7)%
(-) Sales and Marketing Expenses	(48.8)	(48.0)	(1.7)%
(-) Research Expenses and G&A Expenses	(58.4)	(56.7)	(3.0)%
Total Costs	(604.3)	(588.6)	(2.7)%
Adjusted EBIT	172.4	160.4	7.5%
<i>Margin %</i>	22.2%	21.4%	+80 b.p.
(-) Restructuring Cost	(6.3)	(11.4)	45.0%
(-) Amort. of Intangibles Logista France	(39.2)	(39.2)	0.0%
(-) Net Loss on Disposal and Impairments	0.6	(0.0)	n.r.
(-) Share of Results of Companies and Others	(0.0)	0.7	n.r.
Profit from Operations	127.5	110.5	15.4%
(+) Financial Income	9.9	8.0	24.6%
(-) Financial Expenses	(1.6)	(3.1)	48.4%
Profit before taxes	135.8	115.4	17.8%
(-) Corporate Income Tax	(41.7)	(40.4)	(3.3)%
<i>Effective Income Tax Rate</i>	30.7%	35.0%	-430 b.p.
(+/-) Other Income / (Expenses)	(0.2)	(0.2)	0.0%
(-) Minority Interest	(0.2)	(0.3)	39.6%
Net Income	93.7	74.4	25.9%

Cash Flow Statement

<i>Data in million euros</i>	1 Oct. 2015 – 30 June 2016	1 Oct. 2014 – 30 June 2015	Change
EBITDA	200.6	189.3	11.2
Movements in Prov. and Other Fixed Liabilities	(5.9)	(10.2)	4.3
Working Capital Variations and Others	125.5	121.6	4.0
Corporate Income Tax Paid	(49.8)	(53.5)	3.7
Financial and Others Flows	2.0	(6.5)	8.5
Cash Flow From Operating Activities	272.4	240.7	31.7
Net Investments	(13.4)	(21.7)	8.3
Economic Free Cash Flow	259.0	219.0	40.0
<i>% over EBITDA</i>	<i>129.1%</i>	<i>115.7%</i>	

Balance Sheet

<i>Data in million euros</i>	30 June 2016	30 September 2015
PP&E and other Fixed Assets	209.7	216.0
Net Long Term Financial Assets	9.0	9.5
Net Goodwill	919.1	919.1
Other Intangible Assets	615.9	660.7
Deferred Tax Assets	29.8	40.9
Net Inventory	1,117.3	1,060.5
Net Receivables and Others	1,766.4	1,773.0
Cash & Cash Equivalents	1,987.1	1,798.3
Total Assets	6,654.3	6,478.0
Group Equity	467.0	442.6
Minority interests	2.0	1.8
Non Current Liabilities	41.9	48.2
Deferred Tax Liabilities	336.3	328.1
Short Term Financial Debt	33.1	31.7
Short Term Provisions	16.4	16.8
Trade and Other Payables	5,757.6	5,608.8
Total Liabilities	6,654.3	6,478.0

Tobacco Volumes Evolution

	Million units			% Y-o-Y Change	
	1 Oct. 2015 – 30 June 2016	1 Oct. 2014 – 30 June 2015	1 Oct. 2013 – 30 June 2014	1 Oct. 2015 – 31 June 2016	1 Oct. 2014 – 31 June 2015
TOTAL					
Cigarettes	122,815	122,031	123,513	0.6%	-1.2%
RYO/MYO	15,466	15,140	14,870	2.2%	1.8%
Cigars	2,847	2,931	2,982	-2.8%	-1.7%
SPAIN					
Cigarettes	33,244	33,163	33,662	0.2%	-1.5%
RYO/MYO	4,811	4,867	4,902	-1.1%	-0.7%
Cigars	1,528	1,567	1,583	-2.5%	-1.0%
PORTUGAL					
Cigarettes	1,283	1,193	1,234	7.5%	-3.3%
RYO/MYO	106	125	144	-15.1%	-13.1%
Cigars					
FRANCE					
Cigarettes	34,171	33,923	34,290	0.7%	-1.1%
RYO/MYO	7,240	6,978	6,764	3.8%	3.2%
Cigars	969	1,011	1,042	-4.2%	-2.9%
ITALY					
Cigarettes	54,118	53,752	54,328	0.7%	-1.1%
RYO/MYO	3,309	3,170	3,059	4.4%	3.6%
Cigars	351	353	358	-0.6%	-1.3%

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