



2017 ANNUAL REPORT

Ready for the future

50 años
a tu lado



Index



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A TU LADO DESDE 1967



A TU LADO DESDE 1967

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- 1.1. *Chairman's statement*
- 1.2. *IFA: 50 years leading the distribution sector*
- 1.3. *A unique position to face industry challenges*



Our 50-year history makes us ready for the future



Roberto Tojeiro Rodríguez
Chairman and CEO of IFA Retail, S.A.



It has been exactly fifty years since a group of 27 business men embarked on the creation of a group of common interest – under the presidency of Gregorio Cabrero – that would give rise to Grupo IFA. Our most sincere gratitude to those who have helped us get this far.

This long journey along which IFA and his affiliate companies have evolved into major players of the distribution sector in Spain and Portugal, has been dotted with permanent changes and challenges that have encouraged us to keep improving day by day in order to be able to compete in one of the most competitive markets in Europe.

But undoubtedly, it has also allowed us to remain true to our values and identity, which continue to be an example and have proven to apply to a successful business model that wins in the market over time.

Our results in 2017 once again demonstrate that our fundamental pillars: proximity, fresh produce and choice, are still very relevant for clients and customers. They have been in the past, they are at present and they will be in the future.

Our values and identity have remained unchanged through our history

We are experiencing hectic and intense times recently referred to as “the new normal” which may lead us to underestimate the future of things traditional.

It is with our sense of humility, but nonetheless with great conviction that I can openly say that the companies belonging to our Group have reached in 2017 a position that many others are still aiming to achieve. Proximity, closeness, health and convenience together with offer and variety are our customers' main reasons for buying from us.

There is no doubt that we are facing a future where demographic changes, digitalization and new consumer habits will define the way many companies and industries will evolve. It will not be easy to adapt to this scenario which is approaching more rapidly than we all think.

The companies in our Group have in 2017 reached a position that many others are still aiming to achieve. Proximity, closeness, health and convenience together with offer and variety are our customer's main reasons for buying from us

We are certain that as we have done in 2017 and all along the history of our company, our affiliates and the whole of IFA Retail will continue to grow and win over the market by joining efforts and interests to offer our customers and clients the best and most competitive buying experience with the greatest commitment on social and sustainability matters.

Our roadmap for “Destination IFA 2020”, which is part of our Strategic Plan, is already underway and aims for Grupo IFA to be our manufacturers' first choice, both in Spain and in the international market we have set out to target. With the same enthusiasm and determination shown through our 50-year history, we are willing to face the future and serve our companies, providers and clients over another fifty.



Our history

Nace IFA ESPAÑOLA S.A. is founded on Friday 2 June 1967 with a company capital of 2,800,000 pesetas.

The Cash and Carry Network opens its fiftieth outlet.

Grupo IFA started the concept of CHAIN OUTLETS in Spain with an **expansion plan to develop its retail channel** by opening supermarkets.

Cabrero e Hijos opened its **first "discount supermarket" in Spain** under the ALDI brand.

Grupo IFA is once more pioneering the **implementation of Electronic Data Exchange (EDI)** in Spanish distribution.

Broad presence in advertising and the media thanks to sponsorships such as "La Vuelta Ciclista a España" and the Spanish Basketball league (ACB).

1967

1968

Grupo IFA **opens the first Cash and Carry** in Spain through its associate, Almacenes Paquer (Tarrasa).

1972

1976

Launching of **CIBON and BAJEL own brands labels** for food products and canned fish respectively.

1978

1980

Grupo IFA receives the **"European Food leader of the year"** award.

1984

Grupo IFA is defined as the image for both brand and communication purposes.

1990

1987

As IFA develops its own-brand, **the number of sales outlets reaches 1,000.**

1992

The number of Associates grows some 50% with the **addition of the PENTA purchasing center.**

The adaptation of Grupo IFA structure to the market takes a decisive step with the **integration of the UNAGRAS and CMD purchasing centers.**

Start of NAOR Program, which we joined through the Spanish Agency for Food Safety and Nutrition (AESAN) to **commit to healthy and natural foods.**

Launch of the Group's **new 2013-2016 Strategic Plan**, as part of the vision to turn the Grupo IFA into the best distribution group in Spain.

Launch of IFA's Own Brand Project and development of the first 1,000 items under the ELIGES, UNNIA and SABE brands.

Sonae MC joins Grupo IFA to start the Group's internationalization program. Turnover reaches 16 billion euros.

1994

1998

Grupo IFA's turnover **exceeds 1 trillion pesetas.**

2005

2012

IFA is awarded the **Trade Merit Plaque by the Ministry of Economy and Competitiveness** through the Secretary of State for Trade. The companies in the Group total 60,000 employees.

2013

2015

Unide joins Grupo IFA resulting in a significant increase in the network of sales establishments.

Alliance signed with the Gassl Foundation to develop healthy habits among the Spanish population.

2016

2017

Grupo IFA celebrates its 50th Anniversary with its associates, suppliers and employees.

The internationalization plan continues its expansion with the search for new associates sharing the vision and the values of the organization. This will lead to Gruppo Vége joining Grupo IFA in 2018.

The 2020 Strategic Plan is approved.



Mission & Vision



Mission *Three features that underpin our character*

We are committed to achieving **EXCELLENCE**, because this is the only way of ensuring that our customers will rely on us, more and more, day by day. We are also firmly committed to **INNOVATION** throughout the whole value chain, always providing our customers with free choice. Our conciliatory spirit always seeks to **BALANCE** between the independence of our members and our shared plans, fostering happy co-existence between our local and national suppliers.

Vision *Our aim*

The objective of Grupo IFA is **to become the best distribution group in Spain**, made up of Affiliate companies, all of which are leaders in their respective regions, and supported by a head office that provides services development, innovation and added value for every component within the chain.

We have embarked on an ambitious road that **will turn the purchasing center into a true retail** and wholesale group which operates in areas where, together, we can offer the greatest value, without losing sight of those features that make each company within the Group unique

Our ultimate aim is to become a true agent for change within a sector that requires impetus and balance, setting our sights on **creating value and working to ensure growth and employment** in our market.



What matters to us

Grupo IFA's values stem both from our commitment to serve society and from our inner nature

Proximity

Our stores all over Spain are a good reflection of this value, and the true significance of this is complemented by our in-depth understanding of our consumers as well as of their needs and desires.
It is also reflected on IFA's agreements with local suppliers, especially with regards to fresh produce.

Quality

We have been working hard for almost 50 years to satisfy the demands of the market. This is why we select suppliers that best meet the quality standards that our customers demand.
Our stores mainly showcase fresh produce, guaranteeing top-quality raw ingredients which come from intense negotiations with the best fish markets to ensure the freshest of fish, with local markets to obtain recently-harvested fruit and vegetables, and with leading livestock farms in each region.

Balance

The Group's consistency means we can balance the autonomy and independent management our affiliates within a cohesive framework that benefits all. We also know how to keep the balance between our local and national suppliers to offer our consumers the greatest choice in their shopping experience.

Variety

We are committed to responding to every need, so we offer a universal range of products, manufacturers and prices, representing everything from the most innovative of products to major brands and our own-brand.
We do this because we know that not all tastes and needs are the same, and we firmly believe that free choice is of key importance in ensuring maximum satisfaction in our customers' shopping experience.

Innovation

Innovation has always been part of the DNA of Grupo IFA. We were the first to develop the multiple chain and cash & carry concepts in Spain, as well as pioneering the use of bar code readers and implementation of the EDI system.
Since the outset we have supported product launches and the work of suppliers in a bid to add value within the various categories, and we are working to develop a distribution model that will meet the expectations of current and future generations.

Versatility

Our points of sale come in all sizes. We can be found both in large cities and in small towns. We have international, national and local suppliers... because what defines us is not where we come from nor does our size, but rather a shared way of being and understanding of the nature of our work.

Trust

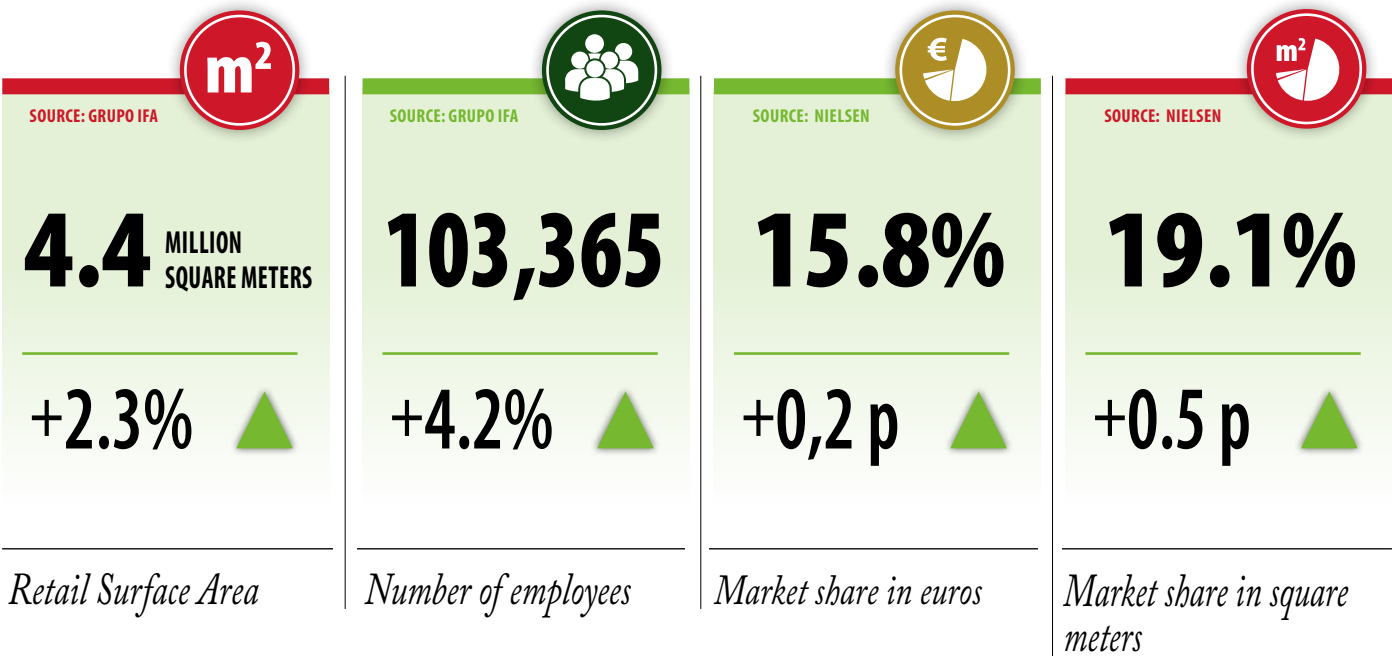
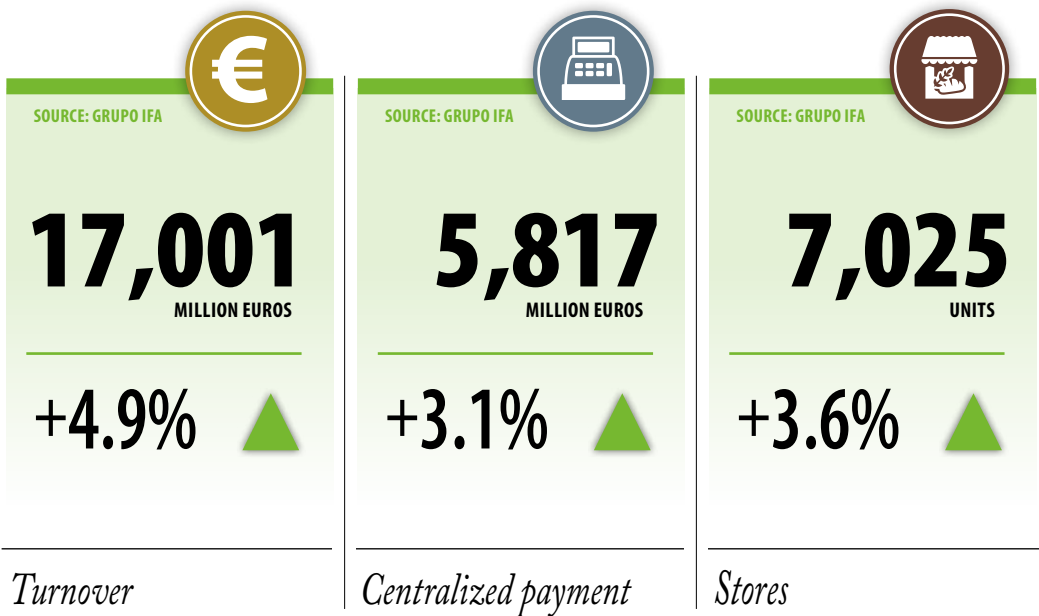
This is one of the values that underpins the most genuine and lasting of relationships, and we work to encourage it every day through our friendly nature and the quality of the products available.



Overall figures

2017 Grupo IFA overall figures in Spain and Portugal

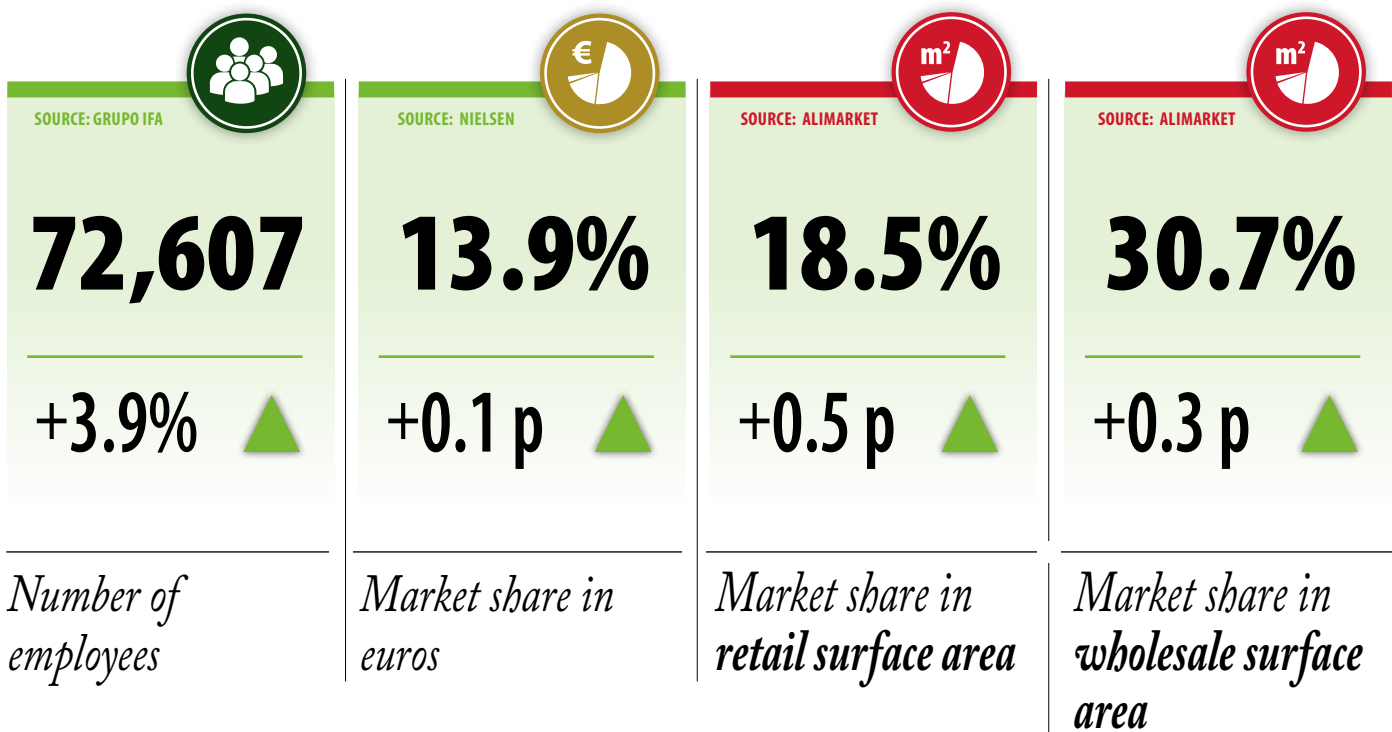
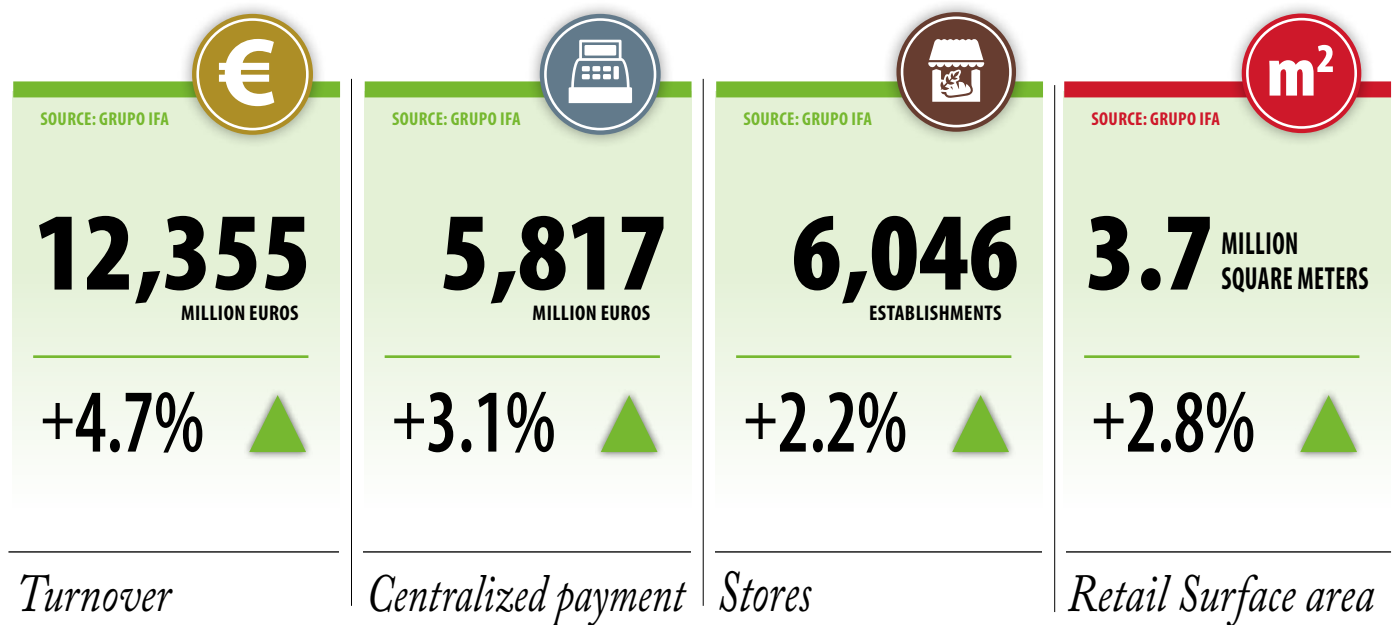
We are markets leaders by retail surface area both in Spain and Portugal



Group figures in Spain

2017 Overall figures in Spain

For the sixth year running we have consistently increased our workforce



Global trends of the future

We are living times of rapid changes which ought to make us reflect upon the future of distribution in Spain. Throughout the years, Grupo IFA and its affiliate companies have witnessed a huge transformation of our sector and have been able to respond to the changes that the Spanish society has undergone.

We are facing a future where global megatrends - along with some domestic ones of a more specific character - will significantly impact on our market. Important demographic changes both global and regional, new consumer habits, health and wellbeing orientated ways of life, as well as the digitalization phenomenon will directly affect all areas of our market.

We are experiencing a remarkable aging of the population, especially in Spain, which will be the second "oldest" country in less than 20 years.



Spanish population will be significantly decreasing due to lower birth rates and the decline of immigration levels. This outlook has in turn fostered a trend towards healthier habits and lifestyle. Consumers are better informed, care about what they eat and lead a more active way of life.

Likewise, digitalization is the "new normal" that is transforming our lives and is having an impact on our lifestyle and shopping habits. We must come to terms with it and make the most of the opportunities it brings. We must also be prepared to give the best of ourselves to compete in a market which must enjoy a set of common ground rules. Over its 50-year history, our Group has successfully pioneered the development of many of the great advances in the industry, such as the creation of the first cash & carry, the implementation of multiple chain, and the development of our own brand in the 80's, amongst others. Today, we are better prepared than ever to face a frantic period where the speed of change will test the competitiveness of the business to keep pace with the market.

The loyalty and consistency of our values ((proximity, quality, balance, variety, innovation, versatility and trust) have allowed us to reach a privileged position within the industry. It has also enabled us to face the ever-changing environment that surrounds us. The position where we stand today is the position our competitors are still trying to occupy. There is no doubt that Grupo IFA has been

We are ready to embrace the speed of change in times when the competitiveness of business to keep pace will be tested

able to engage with a more senior and better-informed consumer who is health and environmentally conscious. As such, the Group holds a leading position within a competitive industry and aims to continue coming out ahead in the future as it has done so far.

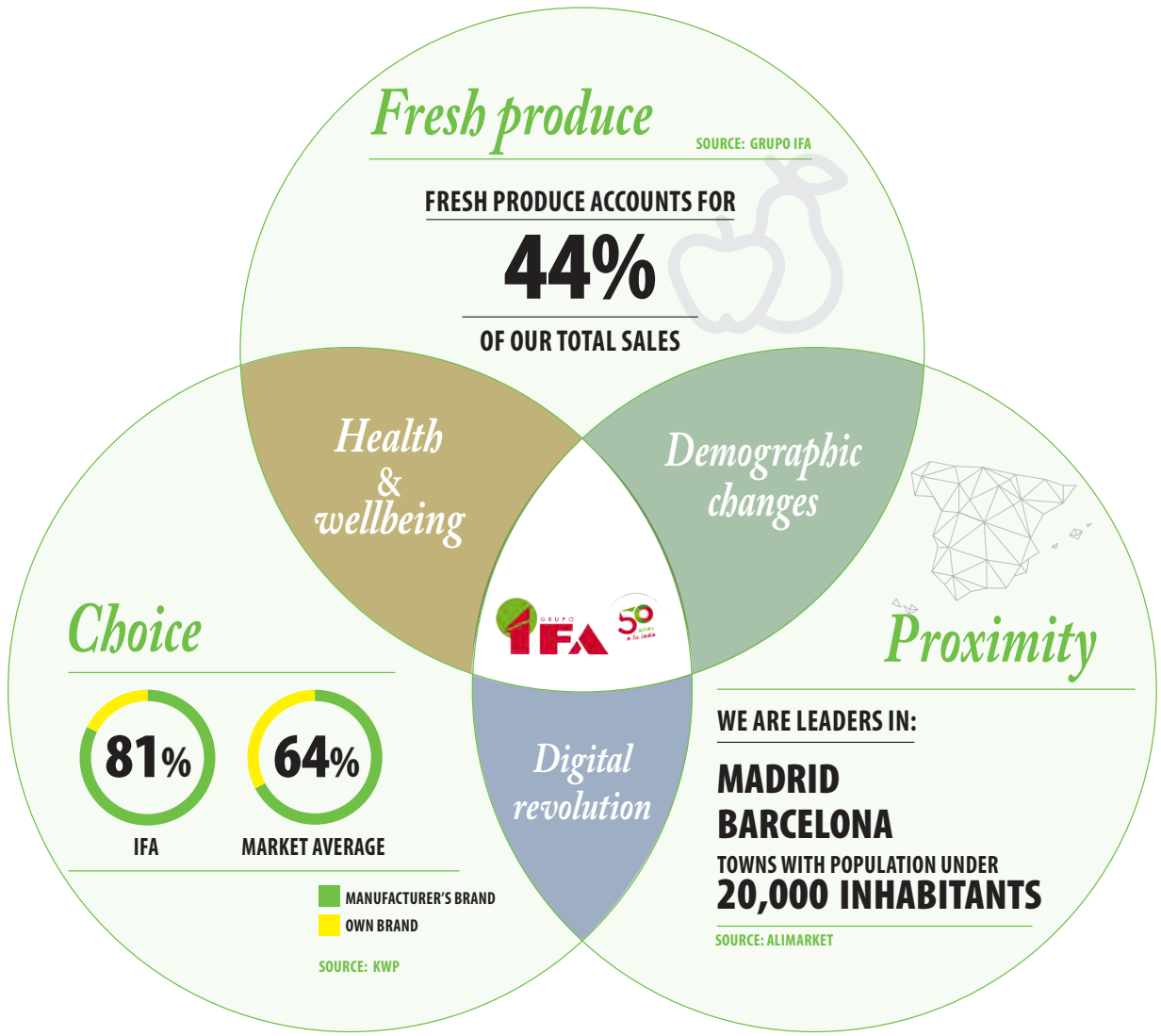
Thanks to being the biggest business platform with the greatest product range in Spain –expanding also abroad both in big cities and small towns – our customers can enjoy the convenience, closeness and sustainability provided by our 7,000 retail outlets in Spain and Portugal.

Likewise, the importance of fresh produce, which accounts for over 40% of our sales, gives us a competitive advantage to align ourselves with our current and future consumers. Quality and service is what distinguishes us.

And finally, in the light of the digitalization frenzy, it is obvious that work must be done to keep pace with transformation. We believe that both our consumer knowledge and our emotional approach are hard to beat and will be able to outperform algorithms.



A business model ready to face the future



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- 2.1. *Commercial development*
- 2.2. *Own Brand*
- 2.3. *International expansion project*
- 2.4. *Efficiency projects*



The increasing value of our commercial offer

As a Purchasing and Service Center, we aim to increase the value of our commercial offer by focusing on three main fields of activity. Firstly, we are developing and expanding the product line-up that best suits our customers' needs, consumption habits and preferences. Secondly, we are concentrating on promoting our suppliers' growth through close cooperation in the definition and launching of their commercial propositions. And lastly, we serve our associates to guarantee their continuous improvement in terms of involvement and profitability in the marketplace. By focusing our daily management on the development of these three pillars as well as by leveraging the leading position of each one of our affiliates in their respective regional markets, Grupo IFA can aspire to become the best distribution group in Spain.

The combination of market know-how and the integrated management of suppliers accounts for the Group's improved competitive position in 2017

From the consumer point of view, we are actively working to understand consumption trends. To this end, management and Business Intelligence tools have been developed to carry out an appropriate analysis which will allow us to embrace them in a more agile and straightforward way. Also, we are determined to work alongside our partners to make the most of what Big Data and the new technologies have to offer in terms of improving commercial offer segmentation as well as customized client communication and sale channels. A better knowledge of both the marketplace and our customer base is key for our category managers and our network of 500 suppliers to jointly develop added value commercial propositions for our clients. We strongly support the growth of



our suppliers by promoting their most important product launches. On the one hand by enhancing their innovation programs and on the other, by rolling out joint promotional initiatives to address consumer choices.

Particularly in conjunction with some 180 suppliers we have

managed 540 campaigns in 2017. Thanks to this sales partnership with our suppliers we will continue consolidating our position as a leader for manufacturers brand in the Spanish wholesale product distribution market. A combination of market knowledge and the integrated management of

suppliers is behind the Group's improved competitiveness.

At the end of 2017, our market share for packaged goods accounted for almost 11%, a figure that increases by approximately 23.4% for manufacturer's brand products.



A competitive and quality driven own brand

Our own brand project was launched in 2013 to improve the competitive stance of our affiliates by offering greater choice to consumers. Today, that spirit prevails: we strive for a competitive and quality driven own brand that complements the manufacturers' top brands in the store shelves of our affiliates.

In 2017, increasing volume of own-brand purchases reached 500 million euros. Forecast for 2018 exceeds 550 million.

In this respect, we have marketed over 2,000 own-label products

and up to 5,000 if we take into consideration our affiliates' own brands that go through the Purchasing Center. Our product range includes new brands for categories in which we did not have a presence before and that allow our associates to have a unique, more exclusive product range.

A good example of this is Kadó, a new cosmetics brand that will be launched in 2018 and that will help boost the cosmetics category in the own-brand segment in which IFA had not been present to date.

This will have an impact on the manufacturers' brand product range of our affiliates and will encourage consumers loyalty as well as new ones getting into the stores.

In 2017 we have finished the development of new projects that will allow us to be at the forefront of the own-label market in the future. Apolo is a comprehensive brand operating system designed to manage our own labels throughout the product's life cycle including the monitoring and quality control plans, as well as to interact with

the process in terms of suppliers, partners, laboratories, agency and the Purchasing Center.

Internationalization has been key to IFA's own brand project. Together with our Portuguese partner, SONAE, the Group has designed a new model of joint negotiation which has already bared fruit in 2017 with successful first level categories negotiations. Our own-brand department has continued to expand its resources over the course of 2017, reinforcing both its Sales and Quality departments in an effort to improve the quality and competitiveness of our products.

In 2017, increasing volume of own-brand purchases has reached 500 million euros

Our teams are involved in the most important forums either directly or by supporting the associations we belong to. We actively embrace commitment with the main sectors ensuring environmental sustainability and food safety. We endeavor to further enhance our product range with even healthier products for the benefit of our customers.

This is evidenced by our involvement in different initiatives, such as Ecoembes' sectoral prevention program or the AECOSAN 2017-2020 food and beverage composition improvement plan.



An international project that expands the scope of our business model

The challenges posed by our competitors in Europe and the growing internationalization of manufacturers are naturally steering us toward one of the pillars of our 2020 Strategic Plan, that is, our own international expansion, which stems from our ambition to become the best platform for the growth and development of our manufacturers and which began with the integration of Portugal's leading distributor, Sonae M.C., into our Group in January 2016.

Our international expansion project has continued consolidating in 2017 thanks to the forthcoming membership of Italian GRUPPO VEGÉ which will be finalized at the beginning of 2018 and will generate a consolidated turnover of 23,000 million euros and a total of 9,500 points of sales. It will also allow for

our business model to expand the scope to new geographical areas as well as for the creation of a new retail cluster in the South of Europe.

Brand support, innovation and a product line-up based on variety, quality and customized service are at the forefront of our business model. New international partnerships and alliances must ensure that requirements in terms of commitment and the sharing of long term values are met.

The international expansion compels our Group to launching a new international commercial program that differs from that of other European purchasing groups, as well as to forge strategic alliances with retailers. Our goal is to develop a platform that encourages growth and upholds brands within a complex market that is polarized toward restrictive models in terms of product lineup, variety and innovation.

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Our international project is taking shape slowly but surely, in response to the needs and capabilities of our members and to an environment in which competitiveness is essential to confronting the globalization of the marketplace and the incessant

financial, environmental and modernization challenges.

The year 2017 ends with a great deal of top international manufacturers and category leaders joining our Group. We are working very closely to gain international recog-

nition and to reinforce our strategic relationship by developing joint programs and improvement initiatives which will have a sound impact on the sustainable growth of brands as well as on the competitiveness and differentiation of our associates.



A more efficient energy, logistics and consumable goods policy

Our Operations department aims to achieve the greatest possible competitiveness for our Affiliates, centralizing our activities to provide them levers with which to generate economic value, as well as other competitive advantages that will

enable them to improve their profit and status within the industry.

The first of the three levers that underpin our strategy is energy. We closed the year 2017 with an energy purchasing volume forecast for 2018 close to 1,000 Gwh. This involves cost

savings despite the upward trend and an accumulated improvement of 38% over market price indicators. However, in our strive for excellence, we continue to explore other alternatives to maintain our status in the coming years.



Regarding the second lever, which has to do with the overall logistics field, the logistics platform for low-rotation products has managed to consolidate its activity thanks to six new affiliates joining the Group and to a 40% increase of our suppliers' base. Efficiency has been at the forefront of a collaborative working model implemented with our affiliates and suppliers. Its main objective is to analyze areas of improvement to achieve cost efficiency without reducing profit margins. As a result, the number of routes throughout the year have increased by 420%.

As part of the above-mentioned logistics field of work, and thanks both to IFA's associates and to the support of a specialized consultancy firm, a Logistics Master Plan was developed to carry out an analysis of potential opportunities that may stem from the synergies generated by the connection of the common flows within the general network of affiliates. At the end of the year, its findings make us feel optimistic considering the potential opportunities which may arise for

Our logistics platform for low-rotation products has become consolidated thanks to six new affiliates and to a 40% increase in our suppliers' base

the supply chain, since it is totally aligned with both the vision and the mission of IFA's Strategic Plan.

Finally, the third lever is represented by the Consumable Goods and Procurement Committees around which amongst other things the Group has established a series of joint purchasing agreements. With the support and cooperation of the members of the Consumable Goods Committee, a complex pilot negotiation scheme entailing a purchasing volume of plastic bags worth 3.5 million euros was implemented and approved, as it provided savings in excess of 10%.

The objective was not only to enhance efficient purchasing, but also to attain the right support in the drafting of the Royal Decree Law involving plastic bags, the definition of the technical product sheets, supplier certification and compliance with the regulations in force as well as with the principles of sustainability of materials and supply development alternatives that will allow our associates to stand out in the market.



Centralized payment: the key to cost-saving

Centralized payment management is one of the essential elements which has been designed to bring savings to both our affiliates and suppliers, as it reduces transaction costs.

Through a mechanism that centralizes both the reception and the processing of invoices, IFA Retail guarantees suppliers a single payment for all the purchases that have been carried out by the different member companies. It also establishes payment deadlines in compliance with regulations, as well as an efficient, reliable and homogeneous management of invoice settlement, charges, payments or potential faults. In 2017, dealing with payments resulting from our commercial activity as a Group required handling over 4.7 million invoices and related documents, which had to be incorporated and



processed through the company's information systems.

Throughout the year, IFA Retail has been developing different projects aimed at process optimization based on the standardization and digitalization of the information that is handled by both associates and suppliers in terms of collection and payment of invoices for centralized purchases. The IT tools involved in the business management are also being revised in order to avoid mistakes and to streamline everyday workflow. Our Head Office has also implemented projects to improve the analysis of business growth and the tools used to carry out this analysis. With regards to the improvement of the communication channels, the creation of the Affiliates' site must be highlighted, as it is intended to provide a web-based repository of information that collects all

In 2017, dealing with payments resulting from our commercial activity as a Group required handling over 4.7 million invoices and related paperwork

necessary documents and reports regarding Grupo IFA's activity as a mean to streamline the operational management of the company, but with a restricted access.

Regarding optimization processes, 2017 has been key to the development of a comprehensive brand operating technological solution designed to manage our own labels as well as to the design of improvement processes for centralized payment mainly focused on the administrative handling of promotional initiatives Both will be underway during the first half of next year.

Lastly, being able to have access to greater amounts of information and of a better quality, has allowed IFA Retail to develop a business intelligence platform which will improve decision making by combining data from different sources.



3

- 3.1. *Our economic performance in 2017*
- 3.2. *2020 Strategic Plan*
- 3.3. *Stakeholder relations*



An economic performance based on growth and profitability

In 2017, Grupo IFA has successfully combined a market share increase with and economic performance marked by growth and profitability. This responds to the dynamism of its commercial offer in a highly competitive environment. As of December 31st, 2017, the market share among all our associates has increased by 10 basis points and accounts for 15.8% for the supermarket channel, according to some research carried out by the independent consultancy firm Nielsen.

The improvement of our competitive status proves the success of our business model which is organized around decisively upholding the brands of our associates, boosting innovation, and offering variety, quality of our fresh produce range and a customized customer service.



We have focused on developing emergent categories as well as on implementing joint initiatives with manufacturers. We are in turn working together with our suppliers to better adjust their product range to current consumer trends.

Along with the ongoing improvement of our value proposal for our customers, Grupo IFA has continued to work on the geographical expansion of its store network. At the year-end date, our national market comprised a network of 6,046 stores over a retail surface area of 3.7 million square meters, which accounts for a year on year growth in the range of 2%-3%.

Thus, we are positioned as the main market player both by retail surface area, which accounts for 18.5% of the market share, and by number of store openings throughout the year.

The consistency of our commercial status is reflected by a consolidated income of €12,35bn, which involves a 4.7% year on year increase and makes us stand out over the industry's current trend.

This has been built upon the basis of a 5.2% increase on like for like retail sales. In addition, it must be pointed out that growth has not affected profitability, as it has been sustained thanks to efficiency led projects which under the umbrella of our logistics platform for low-rotation products has been able to build synergies mainly related to the supply of both consumer goods and auxiliary logistics related utilities.

The expansion of the business in 2017 has allowed us to consolidate our position as one of the main national employers. We have created almost 2,700 new jobs in 2017 and our consolidated workforce amounts to 72,607 employees. With regards to results for IFA's Purchasing and

In 2017, the market share among all of our associates increased by 10 basis points and accounted for 15.8% for the supermarket channel

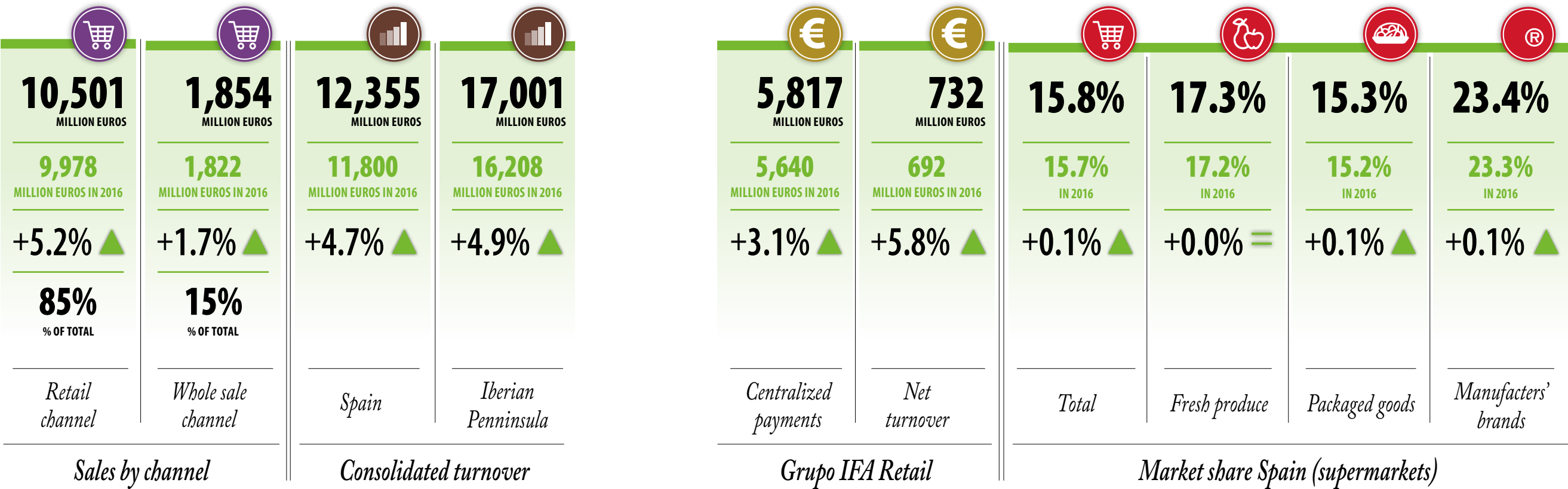
Service Center, the Company has arranged payments to suppliers for a total amount of 5,817 million euros which accounts for a 3.1% increase on last year's figures.

Lastly, it is important to emphasize the consolidation of Grupo IFA's International expansion project in 2017. The mission of this strategic project was for the Group to become a leading platform for the growth and development of our manufacturers and suppliers. After the integration of leading Portuguese retailer SONAE MC into our Group in 2016, the process for GRUPPO VEGÉ - which is one of the main food retailers in Italy to join the Group- to join our Group was finalized at the end of 2017 and will come into force in February 2018. From this moment Grupo IFA will comprise a trade surface area of 5.6 million square meters over its 9,500 stores along Spain, Italy and Portugal and will obtain a consolidated turnover in the excess of €23bn.

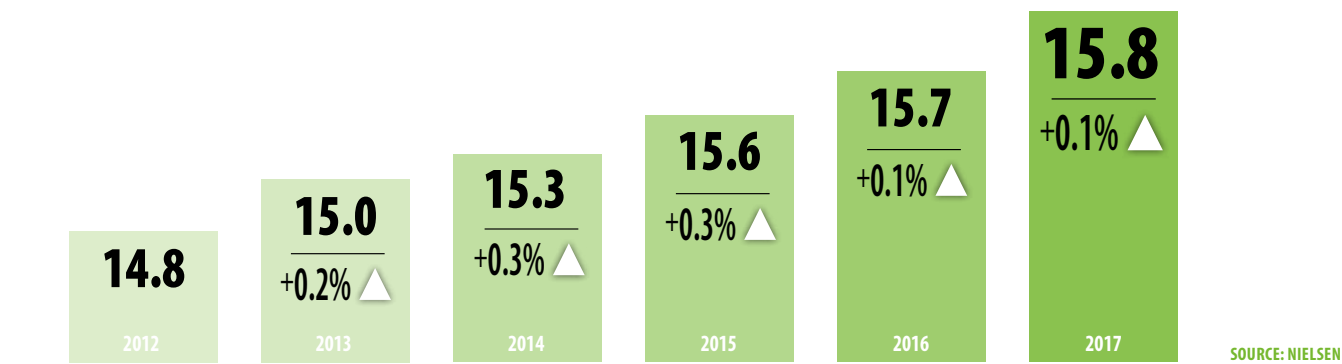


2017 Figures

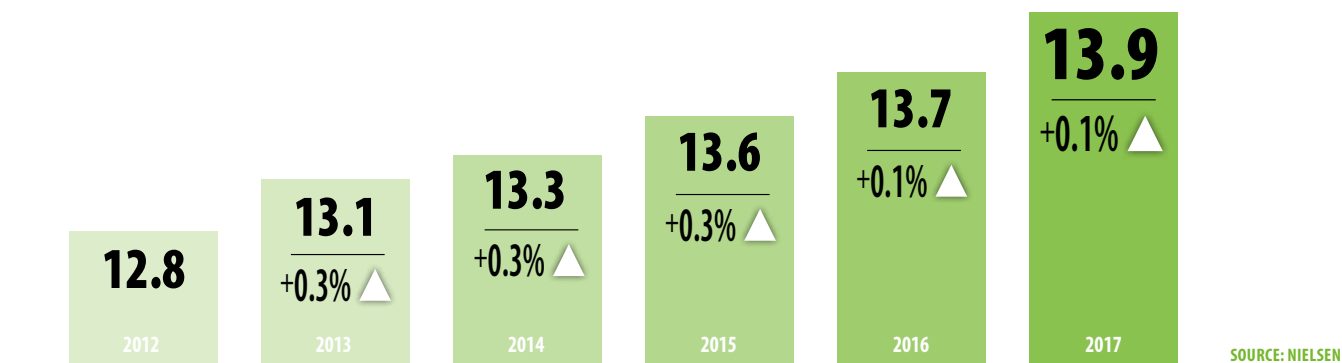
SOURCE: GRUPO IFA



2017 Figures



Increase of market share by Supermarket channel (Iberian Peninsula + Canary Islands)



Increase of market share by retail channels (Iberian Peninsula + Canary Islands)

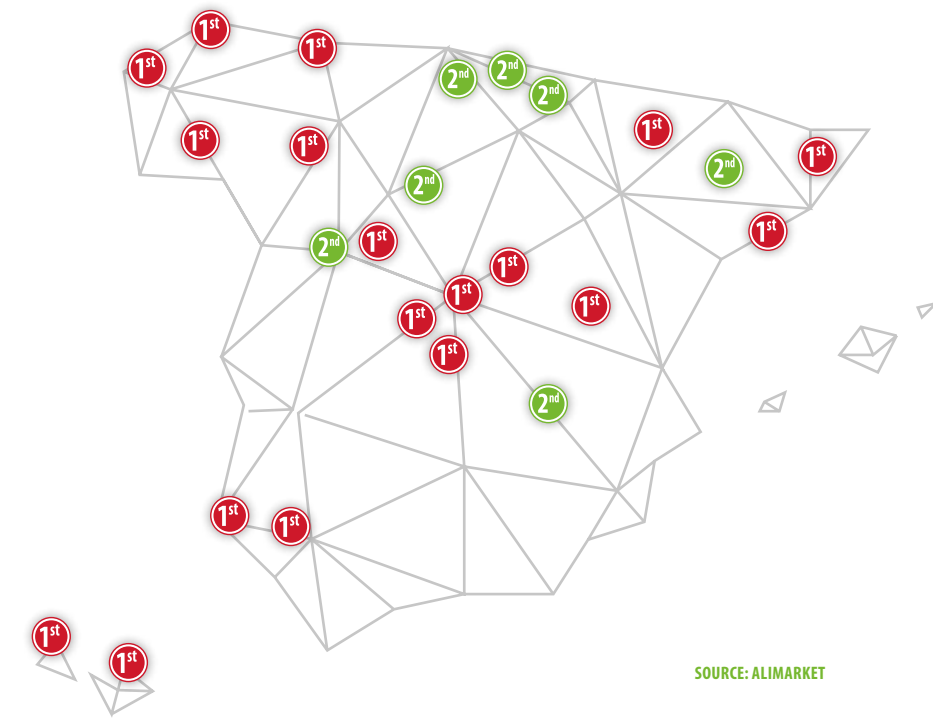
Market share by surface area (m²)

Key regional market shares by retail surface area for the organized distribution sector as of December 31st, 2017.

- 1st place

Madrid
Barcelona
Sevilla
A Coruña
Las Palmas
Asturias
Tenerife
Girona
Toledo
Huelva
Ciudad Real
León
Lugo
Ourense
Guadalajara
Huesca
Cuenca
Ávila
- 2nd place

Vizcaya
Guipúzcoa
Navarra
Valladolid
Lleida
Albacete
Salamanca



SOURCE: ALIMARKET





2020 Strategic Plan: ensuring verticality and competitiveness

The year 2017 has been very special, as we have celebrated our 50-year anniversary. We could not have chosen a better time to approve our 2020 Strategic Plan, which has been designed to become our roadmap for the future.

Our new strategic plan must serve as a guide for us to become the manufacturers' first choice as well as for boosting the competitiveness of our companies. This is the fundamental strategic pillar upon which our plan has been built.

To this end, we can count on the commitment of IFA's associates to contribute for the Group to achieve greater verticality in the sector. This stems from the manufacturers' demands to reinforce their commitment with our companies

and therefore, it will now become a reality. This is a very important leap in the history of our organization, although the company had already been paving the way in previous years with the implementation of successful vertical projects such as own-brand, energy and consumable goods purchases as well as with promotional initiatives addressed to consumers.

In addition to our main priority mentioned above, IFA's 2020 plan features the following pillars for development: firstly, we will continue boosting the cost efficiency of our associates both in purchasing and in process optimization matters, such as the logistics one. Both the consolidation of our so far implemented projects and the need for ensuring cost savings in the industry emphasize the importance of optimizing any processes which do not involve a significant competitive advantage for our partners.

Secondly, we are committed to helping accelerate sales in a

Our new strategic plan must serve as a guide for us to become the manufacturers' first choice as well as for boosting the competitiveness of our companies

profitable way. While respecting the autonomy of our associates in the decisions that affect their commercial and assortment policy, we are confident that we will be able to promote category growth related projects where the critical mass is essential to guarantee the success and even the actual implementation of initiatives. Finally, amidst a full digital transformation phenomenon, it would not be reasonable for Grupo IFA to not encompass it.

Therefore, by abiding to our strategic plan we will seize this opportunity together with our member companies, so that we can all meet the requirements to compete and evolve in the current scenario of digital development.

As stated, to achieve all this our plan will organize our initiatives around two main levers: verticalization and competitive dimension. The latter, driven by the growing increase of our purchasing potential both in Spain and internationally.



Celebrating 50 years of successful communication

The year 2017 has also been special for us in communication terms, as we have celebrated the 50th Anniversary of our Group with our stakeholders.

The slogan “50 years by your side” was launched at the beginning of the year. We wanted to reflect the whole of our work philosophy and brand essence. Fifty years by the side of our associates, suppliers, employees, and all of those involved in our activity.

“By your side” applies to all parties in a particular sense. We stand by our affiliates to contribute to their business growth.

We stand by our suppliers to encourage innovation and to promote successful product launches. And most importantly, we stand by the side of our consumers by detecting their needs in advance so as to be able

to offer an extensive product range throughout our store network.

Each and everyone of our stakeholders have enjoyed the celebrations at some point throughout the year. On 20 June, our affiliates, suppliers and representatives of both the

financial and political arenas attended an event which was held at the We Think Center venue in Madrid. We wanted to celebrate with them our anniversary, as they have been the ones that have made our 50-year success possible.



Grupo IFA's business model has succeeded because it has remained true to its founding principles and values and because it has had the ability to adjust to the market demands. The Secretary of State for Trade attended the event and congratulated us for our work in his public address.

With regards to consumers, during the spring of 2017 we launched an Anniversary related promotional activity, which was defined by our brand promise: “Somethings are very dear to us” or “Ours” which must be understood as a way to express our desires, needs, concerns, commitments, preferences, tastes, amongst others, and which must embrace our will to celebrate with them “50 years by your side”.

Because of this, this year's prices have reflected how much we wanted to involve our customers in the celebrations. We have been by their side for 50 years and we were very excited to share our joy with them. To this end, we gave away almost 20,000 direct prices and



We have given away 20,000 prices for our customers



organized a draw for 100 trips for two people.

Furthermore, we have made progress in our online initiatives to stay close and approachable to our customers. Followers of our social media channels increase daily, as we make a big effort to meet their information demands. Our consumer website www.haycosasmuynuestras.com is good proof of this, since we offer content of interest such as food, recipes and interesting facts among others. We also use these channels to keep consumers up to date with our promotional activities.

Our commitment to society

At Grupo IFA, we are convinced that A BETTER WORLD IS POSSIBLE and that we can do our part to make it happen. That is why this goal is the foundation upon which our Social responsibility strategy is built. It is from there that we create the actions that define our contribution. Our position as a distribution leader along with the capillarity of our reatil network in the social fabric gives us ready access to Spanish families. This allows for our tips on healthy eating habits to reach our customers' households.

Our goal is to provide Spanish children with tips on a healthy lifestyle, as we know that by enhancing awareness we can contribute to increase the quality of life of our customers. To this end, we set up an alliance back in 2015 with the Gasol Foundation to develop educational and training activities which would promote and nurture a healthy lifestyle through eating, sports and psychological health.



In 2016 we carried out a learning program addressed to consumers about healthy eating habits. It aimed at designing measures to fight health problems resulting from bad eating habits. We created the Super Healthy superheroes who delivered recommendations on healthy eating to “combat” and

“disable” bad practices. The Super Healthy superheroes allowed us to engage with children and to incorporate good habits into their daily life, mainly regarding eating and taking up exercise.

In 2017 we further evolved the Super Healthy superheroes mission towards skills and growth

development suggestions that would encourage children to grow up healthy both in the inside and the outside. To this end, a campaign was run at our stores where consumers could collect all eight stuffed superheroes as well as stickers, notes with tips and an album to hold the collection.

As part of our commitment to encourage a healthier lifestyle, we are also involved with Fundal, a well-known sport foundation based in Alcobendas, Madrid. We actively support the work carried out by them to enhance awareness on healthy eating initiatives for local schools.

We are also leading our efforts to promote stable employment. Increasing the number of jobs we offer is one of our main goals, but so is the quality and the stability

of life that we offer through them. Our 72,607 employees are much more than a number to us, as they pose a management and training challenge. The personalized customer service provided in our stores and our proximity to consumers make it so that the number and quality of our employees exceed the usual figures, which makes training them that much more important.

*We are convinced
that a better world
is possible*

Our presence in towns and cities throughout Spain allowed for us to be involved in local and regional cultural and sports related activities through our member companies. We are committed to many areas that we now call home, and through our contributions we want to give them back part of what they offer. Through our affiliates, we continue to cooperate with reputable charitable organizations like Unicef, the Red Cross, food banks, Oxfam, Feafes, FAO and more. And of course, we continue to make progress in our commitment to the environment thanks to the crucial cooperation of our Operations department. In their constant search for efficiency a great work is being carried out to manage resources that are necessary for environmental sustainability.



Institutional Presence

We are engaged in the following organizations and institutions, among others:



Comité Ejecutivo de CEOE (en representación de ASEDAS)



Vicepresidencia de ASEDAS



Consejo Directivo de AECOC



Junta Directiva de CEIM



Consejo Asesor Instituto Internacional San Telmo





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- 4.2. *Affiliates' directory*
- 4.3. *Financial figures IFA Retail S.A.*
- 4.4. *Audit report on Annual Accounts*



Board of Directors

As of December 31st.

Mr. Roberto Tojeiro Rodríguez
GADISA RETAIL, S.L.U.
CHAIRMAN AND CEO



Mr. Eduardo Serrano Vallejo
AHORRAMAS S. A.
CEO



Mr. Ángel Fernández de Barrena Villagarcía
UNIALCO S. L.
VICE-PRESIDENT AND CEO

Mr. Francisco Javier de Asís y Garrote
SECRETARY OF THE BOARD OF DIRECTORS
(NON-VOTING MEMBER)

Mr. Joan Font i Fabregó
BON PREU S. A. U.
DIRECTOR OF THE BOARD



Mrs. María Pilar Condal Bargas
CONDIS SUPERMERCATS, S.A.
DIRECTOR OF THE BOARD



Mr. Alejandro Fernández González
ALIMERKA S. A.
DIRECTOR OF THE BOARD



Mrs. Manuela Bella Díaz Orta
CASH LEPE S. L.
DIRECTOR OF THE BOARD



Mr. José Abraham Domínguez Santana
DINOSOL SUPERMERCADOS S. L.
DIRECTOR OF THE BOARD



Mr. Josep Saperas Vergara
HD COVALCO S. L.
DIRECTOR OF THE BOARD



Mr. Luis Mesquita Soares Moutinho
MODELO CONTINENTE HIPERMERCADOS, S.A.
DIRECTOR OF THE BOARD



Mr. Juan Antonio Gómez Pérez
UNAGRAS S. A.
DIRECTOR OF THE BOARD



Mr. Jerónimo Martín Rodríguez
GRUPO HERMANOS MARTÍN S. A.
DIRECTOR OF THE BOARD



Mr. Gregorio Gilarranz Sánchez
HIPER USERA, S.L.
DIRECTOR OF THE BOARD



Mr. Rafael Ruíz Alonso
TEÓGENES RUÍZ S. L.
DIRECTOR OF THE BOARD




The Board of Directors is made up of 14 Directors and a Secretary, who is not a Director. It includes a Chairman and a Vice-chairman- who are also CEO's - and a CEO



Centralized purchasing committee

As of December 31st.

 Mr. Álvaro Fernández - Fournier ALIMERKA S. A.	 Mr. Manel Romero Romagosa CONDIS SUPERMERCATS S. A.	 Mr. Santiago Codesido Barreiro GADISA RETAIL S.L.U.	 Mr. Pere Kaiser Cozar HD COVALCO S. L.	 Mr. Jaime Femenias Dols UNAGRAS, S.A. (HIPER MANACOR, S.A.)	 Mr. Juan Manuel Morales Alonso IFA RETAIL S. A.	 Mr. Víctor Pérez Díez IFA RETAIL, S.A.
 Mr. Miguel Rodríguez López AHORRAMAS S. A.	 Mr. Joan Sabartes i Pardo BON PREU S. A. U.	 Mr. Juan Carlos Gago Conlledo DINOSOL SUPERMERCADOS S. L.	 Mr. Alfonso Martínez Carnero GRUPO HERMANOS MARTÍN S. A.	 Mr. Francisco José Sánchez del Arco HIPER USERA S. L.	 Mrs. Mª Paz Fernández Vega UNIALCO S. L.	 Mr. Ángel E. Herranz Jiménez IFA RETAIL S. A.

 Mr. Pere Kaiser Cozar HD COVALCO S. L.	 Mr. Jaime Femenias Dols UNAGRAS, S.A. (HIPER MANACOR, S.A.)	 Mr. Juan Manuel Morales Alonso IFA RETAIL S. A.	 Mr. Víctor Pérez Díez IFA RETAIL, S.A.
 Mr. Francisco José Sánchez del Arco HIPER USERA S. L.	 Mrs. Mª Paz Fernández Vega UNIALCO S. L.	 Mr. Ángel E. Herranz Jiménez IFA RETAIL S. A.	

The Commercial Committee, made up of Affiliates and Head Office executives, carries out continuous market and sector analysis, and has decision-making power. It also provides information and makes recommendations to the Board of Directors about measures to be taken, for which the Board must give final approval.



Executive Team

As of December 31st.



D. Juan Manuel Morales Alonso
MANAGING DIRECTOR



D. Juan Ramón González Cristos
OPERATIONS MANAGER



D. Diego Maus Lizariturry
FINANCIAL MANAGER



D. José Javier Romero Esteban
SYSTEMS AND TECHNOLOGY MANAGER



D. Pablo Cegarra Bulnes
HEAD OF HUMAN RESOURCES



D. Ángel E. Herranz Jiménez
SALES MANAGER



D. Víctor Pérez Díez
OWN BRAND AND INTERNATIONAL MANAGER



Affiliates' Directory

As of December 31st.



Ahorramas, S.A.



Alimentación Peninsular, S.A.



Alimerka S.A.



Bon Preu, S.A.U.



Cabrero e Hijos, S.A.



Cadena de Empresas detallistas, S.A.

SUBSIDIARY-MEMBER COMPANIES:

- ALMACENES EGUREN, S.A.
- AYEBSA, S.L.
- D.Y.P. MIGUEZ S.L.
- DROGUERÍA ALBIZU, S.L.
- EBRO DROPER, S.L.
- HERMANOS GAVIRA, S.L.
- HIJOS DE FIDEL GARCIA, S.L.
- ORENCIO MATAS Y HNOS., S.L.
- PERFUMERIA MIRALLS, S.L.
- SUPER BONILLA, S.A.
- S. SANCHEZ ROMERO, S.L.
- SUPERMERCADOS CODI, S.L.
- SUPERMERCADOS INPESCA, S.L.
- UDATA, S.C.L.



Cafés Mora, S.L.



Cash Lepe, S.L.

SUBSIDIARY-MEMBER COMPANY:

- MANUEL VALLEJO, S.A.



Comercial Piedra Trujillo, S.L.U.



Compañía Nacional de Comercio, S.A.



Condis Supermercats, S.A.



Dinosol Supermercados, S.L.



Ecos Manchegos, S.A.



Franco-Mor, S.A.



Gadisa Retail, S.L.U.



Grupo Hermanos Martín, S.A.



HD Covalco, S.L.

GROUP COMPANIES:

- 7 ALIMENTACION 7, S.A.
- ALIMENTACION ALCIRA, S.A.U.
- CARO RUIZ, S.A.
- COALIMENT ANDALUCIA, S.L.
- COALIMENT ARAGON, S.A.U.
- COALIMENT CASTILLA, S.A.U.
- COALIMENT GRANOLLERS, S.A.U.
- COALIMENT MALLORCA, S.L.
- COALIMENT PENEDES, S.A.U.
- COALIMENT VALENCIA, S.A.U.
- DISTRIBUIDORA GENERAL ALAVESA, S.A.U.
- ETNIC FOODS, S.L.
- VALENCIANA DE SUPERMERCADOS, S.A.U.



Hermanos Ayala Sousa, S.L.U.



Hiper Usera, S.L.



Ibercudis, S.L.



Jose Bernabeu Pic, S.A.



Modelo Continente Hipermercados, S.A.



Moya Saus e Hijos, S.A.

EMPRESA FILIAL-ADHERIDO:

- SUPERMERCADOS COP, S.A.



Román García Romo, S.A.



Sánchez Vázquez Hnos., S.A.U.



Scaber, S.C.

GROUP COMPANIES:

- ACA, S.A.U.
- ALCANTADIS, S.L.
- ALMENDIS, S.L.
- ARANCEDIS, S.L.
- CARBADIS, S.L.
- CORI, S.A.U.
- EUROHIPER DISTRIBUCION, S.L.
- MAJADADIS, S.L.
- MIRANDADIS, S.L.
- PAMPLONA DISTRIBUCION, S.A.
- PINTODIS, S.L.
- PUERTOLLANODIS, S.L.
- SORIADIS, S.L.
- TORIODIS, S.L.
- TRUJILLODIS, S.L.
- VALDEMODIS, S.L.
- VITORIADIS, S.L.

IFA retails comprises 34 full-fledged member companies with identical shareholding structure, 29 of which are shareholders



Superficies de Alimentación, S.A.



Supermercados Bolaños, S.L.



Supermercados Dani, S.L.



Teógenes Ruiz, S.L.



Unagras, S.A.



Unialco, S.L.

GROUP COMPANIES:

- VES, S.L.



Unión Detallistas Españoles, S.Coop.



Vicente Alonso, S.L.

Balance sheet on 31 December 2017

IN THOUSANDS OF EUROS

	2017	2016		2017	2016
NON-CURRENT ASSETS:	4,396	4,649	NET EQUITY:	29,018	27,365
Intangible fixed assets	554	759	INTERNAL FUNDS-	29,018	27,365
Tangible fixed assets	2,803	2,843	Capital	1,849	1,849
Investments in Group companies	62	62	Reserves-	25,876	24,405
Long-term financial investments	39	39	Legal and statutory	4,431	4,431
Tax-deferred assets	938	946	Other reserves	21,445	19,974
			Group shares	(1,591)	(1,591)
			Profit	2,884	2,702
			NON-CURRENT LIABILITIES:	700	1,000
			Long-term debts-	700	1,000
			Debts with credit institutions	700	1,000
CURRENT ASSETS:	723,803	753,428	CURRENT LIABILITIES:	758,481	729,712
Inventory-	29	45	Short-term provisions	2,210	2,232
Trade	29	35	Short-term debts-	28,705	68,200
Advances to suppliers	-	10	Debts with credit institutions	28,705	68,200
Trade debtors and other accounts receivable-	781,035	737,336	Short-term debt with Group companies	6	-
Associate members	686,660	661,243	Trade creditors and other accounts payable-	727,539	658,818
Accounts receivable	93,055	76,055	Debts from purchases or services	524,350	470,427
Personnel	1	13	Accounts payable to associate members for various reasons	201,450	186,864
Other government credits	1,319	25	Salaries outstanding	1,222	1,059
Short-term financial investments	1	62	Current tax liabilities	135	-
Short-term accruals	72	531	Other government debts	382	468
Cash and cash equivalents-	2,666	15,454	Short-term accruals	21	462
Cash	2,666	15,454			
TOTAL ASSETS	728,199	758,077	TOTAL NET EQUITY AND LIABILITIES:	728,199	758,077



Profit and loss statement for the 2017 FY

		IN THOUSANDS OF EUROS	
	2017	2016	
Net turnover:	731,582	692,352	
Sales	749	895	
Services rendered	730,833	691,457	
Raw materials and consumables:	(716,898)	(677,024)	
Consumption of goods	(702)	(789)	
Other supplies	(716,196)	(676,235)	
Other operating revenue:	-	12	
Sundry revenue and other current operating revenue	-	12	
Personnel expenses:	(6,004)	(6,009)	
Wages, salaries and similar	(5,086)	(5,047)	
Social expenses	(918)	(962)	
Other operating expenses:	(4,154)	(4,952)	
External services	(4,116)	(4,569)	
Taxes	(58)	(49)	
Loss, impairment and change in provisions from commercial operations	20	(334)	
Amortization of fixed assets	(726)	(590)	
OPERATING RESULT	3,800	3,789	
Revenue:	205	272	
From marketable securities and other financial third-party instruments	205	272	
Financial expenses:	(156)	(464)	
From third-party debts	(156)	(464)	
FINANCIAL RESULTS	49	(192)	
PRE-TAX RESULT	3,849	3,597	
Income tax	(965)	(895)	
RESULT FOR THE YEAR	2,884	2,702	



Statement of changes in net equity for the 2017 FY

Statement of recognized revenue and expenses

IN THOUSANDS OF EUROS

	2017 FY	2016 FY
RESULT OF PROFIT AND LOSS STATEMENT	2,884	2,702
Total revenue and expenses charged directly to net equity	-	-
Total transfers to profit and loss statement	-	-
TOTAL RECOGNIZED REVENUE AND EXPENSES	2,884	2,702

Complete statement of changes to net equity

IN THOUSANDS OF EUROS

	CAPITAL	LEGAL RESERVE	STATUTORY RESERVE	OTHER RESERVES	OWNER SHARES	RESULT FOR THE YEAR	TOTAL
BALANCE AT START OF 2016 FY	1,849	370	4,061	18,477	(1,591)	2,703	25,869
Total recognized revenue and expenses	-	-	-	-	-	2,702	2,702
Application of funds	-	-	-	1,497	-	(1,497)	-
Operations with shareholders:							
Dividend payouts	-	-	-	-	-	(1,206)	(1,206)
BALANCE AT THE END OF 2016 FY	1,849	370	4,061	19,974	(1,591)	2,702	27,365
Total recognized revenue and expenses	-	-	-	-	-	2,884	2,884
Application of funds	-	-	-	1,471	-	(1,471)	-
Operations with shareholders:							
Dividend payouts	-	-	-	-	-	(1,231)	(1,231)
BALANCE AT THE END OF 2017 FY	1,849	370	4,061	21,445	(1,591)	2,884	29,018

Statement of cash flows for the 2017 FY

IN THOUSANDS OF EUROS

	2017 FY	2016 FY
CASH FLOWS OPERATING ACTIVITIES:	28,852	(62,644)
Result for the year before taxes	3,849	3,597
Adjusted result-	657	1,116
Amortization of fixed assets	726	590
Change in provisions	(20)	334
Revenue	(205)	(272)
Financial expenses	156	464
Changes in current capital-	24,873	(66,409)
Inventory	16	10
Debtors and other accounts receivable	(43,674)	(98,815)
Other current assets and liabilities	459	(93)
Creditors and accounts payable	68,072	32,489
Other cash flows from operating activities-	(727)	(948)
Interest payments	(156)	(464)
Collection of interest	205	272
Income tax revenue / (expense)	(776)	(756)
CASH FLOWS FROM THE INVESTMENT ACTIVITIES:	(420)	(454)
Payments for investments-	(481)	(454)
Intangible fixed assets	(197)	(154)
Tangible fixed assets	(284)	(244)
Other financial assets	-	(56)
Payments from investments-	61	-
Other financial assets	61	-
CASH FLOWS FROM FINANCING ACTIVITIES:	(41,020)	10,153
Collections and payments for financial liability instruments-	(39,789)	11,359
Debts with Group and associated companies	6	(20)
Debts with credit institutions	(39,795)	11,379
Dividend payments and remunerations for other equity instruments-	(1,231)	(1,206)
Dividends	(1,231)	(1,206)
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS:	(12,788)	(52,945)
Cash or cash equivalents at start of period	15,454	68,399
Cash or cash equivalents at end of period	2,666	15,454

Audit report on Annual Accounts



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Pg. 02



Pg. 03



Pg. 04



Pg. 05



Pg. 06





AHORRA Mas

ALIMERKA



Cash Lepe



Condis



GRUPO
DinoSol

ECOS MANCHEGOS, S.A.



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