

# COMMENTS ON NEWS CONCERNING L1 MEETING

LONDON, 23/04/2019

Western Gate

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# So far...

## 13 March 2019

- Western Gate presented its views on DIA and on Voluntary Tender Offer (“VTO”) of Letterone.
- We stated clearly that it was our opinion that the price of 0,67€ does not reflect the value of the company and that Letterone was benefiting at the expense of shareholders. We also stated that we would support management

## 19 March 2019

- Western Gate announced its support for DIA’s agreement with the syndicated creditors

## 20 March 2019

- Management’s proposal was defeated by L1 capital increase resolution at the General Shareholder’s Meeting

## 10 April 2019

- Following media reports that L1 would allegedly consider suing management for past wrongdoings, Western Gate was surprised to hear management’s opinion and support for the VTO. Western Gate presented the options now available to shareholders. We also made known our central scenario, which we believe is best for the company and shareholders:



# Lack of Clarity

It is Western Gate's opinion that the lack of clarity that Letterone is providing on the future of the company is having a negative impact on all stakeholders

## Clients

*A well defined business model is yet to be developed as well as a value added proposition to customers. Negative news creates an adverse ambiance for sales*

## Creditors

*In contrast to management, Letterone has not yet managed to come to an agreement with DIA's creditors, namely banks. This continues to fuel uncertainty for both shareholder and credit holders*

## Employees

*Letterone has stated that it does not expect the redundancies to affect a higher number of employees than the number stated previously by the company. Although this provides some clarity there has been no official confirmation. Employees will be more concerned about their future rather than focusing on serving clients*

## Shareholders

*Shareholders are expected to accept, and therefore receive only 0,67€, when it is our opinion that the company will be worth much more*

# News that 0,22€ is True Value

- According to media reports, Letterone allegedly claimed at a meeting with analysts yesterday morning (23/04/19) that the true value of the company was 0,22€, highlighting that this is 70% less than what Letterone is offering. The lowest price the shares hit before the announcement was 0,36€ (24/12/19)

This value was not pointed out at the announcement of the Offer, and Western Gate is curious as to why this figure has never before been mentioned by Letterone. If it is the case, then Western Gate feels that there could only be three possible explanations:

1. *The market is irrational and believes wrongly that the value of the company is indeed higher;*
2. *or, there is some new information the market is not aware of;*
3. *or, Letterone's opinion is not correct*

The only information the market has received regarding the company's operations is the provisional like-for-like sales growth of -4,3% in the first quarter of 2019. This is not a fair comparison as last year the first quarter included Easter which has a significant effect on sales

Whichever the case, Western Gate stands by its previous decision and will not tender its shares as it continues to believe in the value of the company

# Final Remarks

Western Gate continues to believe in the value of DIA and that 0,67€ does not adequately reflect the value of the company and therefore confirms that it will not tender its shares

Western Gate understands that the success of the Offer and the subsequent capital increase is a way for DIA to restore its credibility and financial strength and looks to work constructively with Letterone in order to help with the turnaround of the company

In the case in which the Offer fails, management is obliged to find a solution that will further empower the already global brand and, more importantly, take care of the 44 000 people who work for the company