

CASINO SUPERMARKETS

A. LUCAS

**Managing Director
Supermarchés Casino**



OVERVIEW

Strategic objectives

Segmentation

Differentiation

Expansion

Results

COMPETITIVE LANDSCAPE

SM

Number of stores*



1,467



1,010



843



323

(incl. 51 Simply Market)



337



272

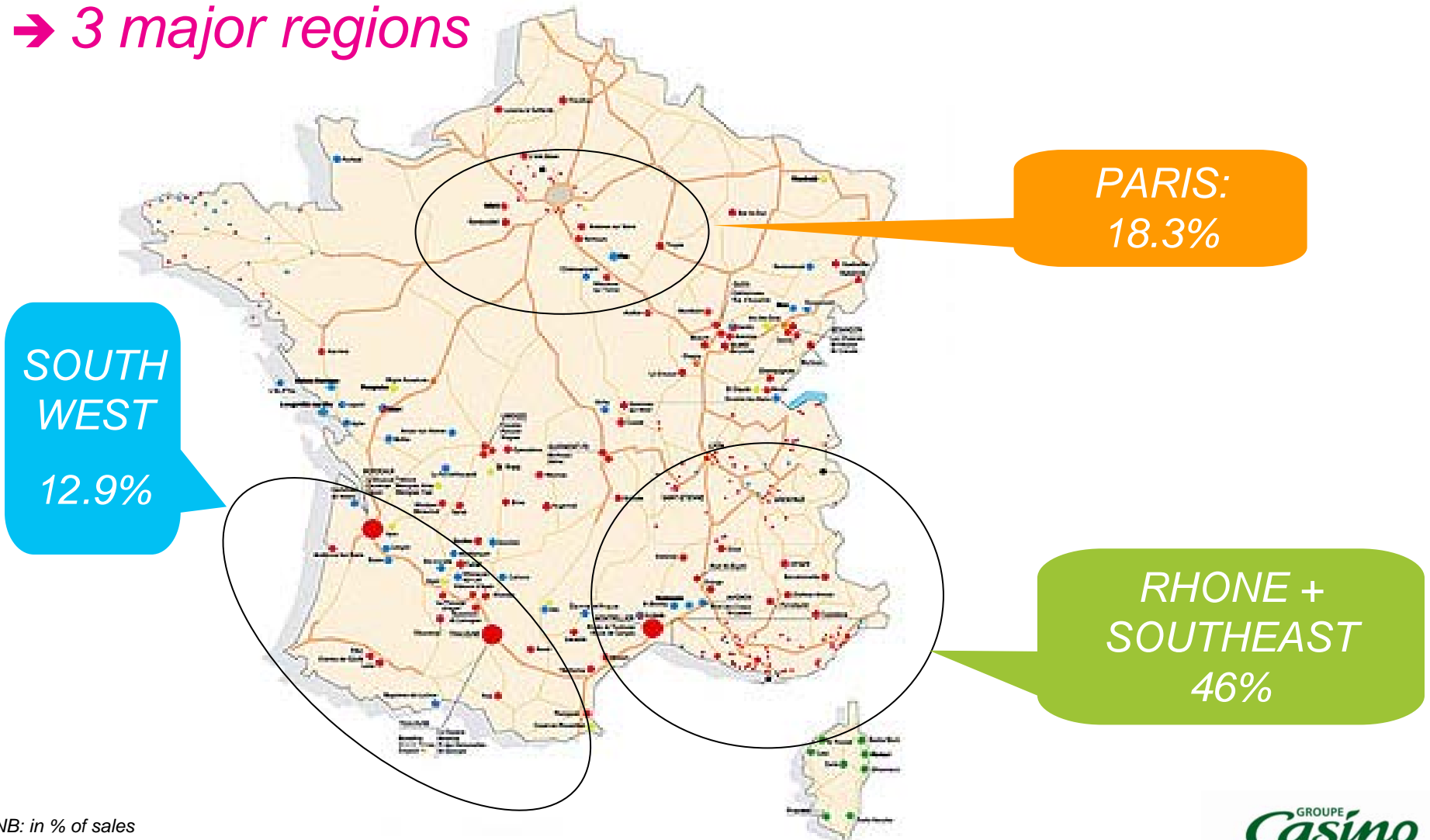


156

*Source: TNS Worldpanel Référence 2007, LTM at 17 June 2007

CASINO SM LOCATIONS

→ 3 major regions



NB: in % of sales

AT 31 DECEMBER 2007

→ Number of SM		379
	of w. Franchised	53
	of w. Affiliates	17
	Gas stations	140
→ 2007 banner sales excl. VAT		€3,714 m
→ Sales by product family	Food	92%
	Non-food	8%
→ Average retail space:		1,550 sq.m
→ Average basket:		€23.4
→ Employees:		10,100

Overview

STRATEGIC OBJECTIVES

Segmentation

Differentiation

Expansion

Results

STRATEGIC OBJECTIVES AND ACTION PLAN

ACTIONS IMPLEMENTED

Portfolio segmentation:

- Retail space
- Locations

Differentiation:

- The private label
- Product offering
- Concept
- Excellence

Expansion:

- Acquisitions
- Extensions
- Newbuilds

OBJECTIVES

Respond locally while maintaining the banner's recognised strengths

Reduce overheads and improve profitability

A competitive pricing policy
A differentiating portfolio of products and services

Build market share
Drive down costs

Overview

Strategic objectives

SEGMENTING THE STORE BASE

Differentiation

Expansion

Results

SEGMENTING THE STORE BASE

→ 1 - To establish our place:

- Among the supermarket concepts
- Among the hypermarkets, discount stores and specialised fresh-food outlets

→ 2 - To satisfy new consumer expectations

- Faster shopping
- Evolving eating habits (ready-to-eat, snacks, etc.)

SEGMENTING THE STORE BASE

→ 3 - To address issues related to our SM portfolio

- 800 to 4,000 sq.m in retail space
- Urban vs. rural
- Upper upper vs. lower socio-professional categories
- Competitive landscape
- Sales: €5m to €40m

→ 4 - To meet financial needs

- Capex
- Productivity
- Local pricing policy / margins

SEGMENTING THE STORE BASE

→ While preserving our values:

- Fresh groceries every day
- Respect for customers
- Reasonable shopping times
- An enjoyable shopping experience

Making life easier every day

THE BANNER'S FUNDAMENTALS

— 2 CORE STRENGTHS —

The private label

Produce section



Identity Fundamentals

SERVICE

NON-FOOD

PRICES

ASSORTMENT

4 CONCEPT LEVELS

	EXPRESS	SELF SERVICE	FULL SERVICE	CASINO HYPER
In-store PREPARATION	NO	YES	YES	YES
In-store SERVICE	NO	NO	YES	YES
NON-FOOD Over-represented	NO	NO (urban) YES (rural)	NO (urban) YES (rural)	YES

Overview

Strategic objectives

Segmenting the store base

DIFFERENTIATION

Expansion

Results

CREATING DIFFERENTIATION THROUGH

→ THE PRIVATE LABEL

→ THE PRODUCT OFFERING

→ THE IDENTITY CONCEPT

→ OPERATING EXCELLENCE

CREATING DIFFERENTIATION THROUGH

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THE CASINO BRAND

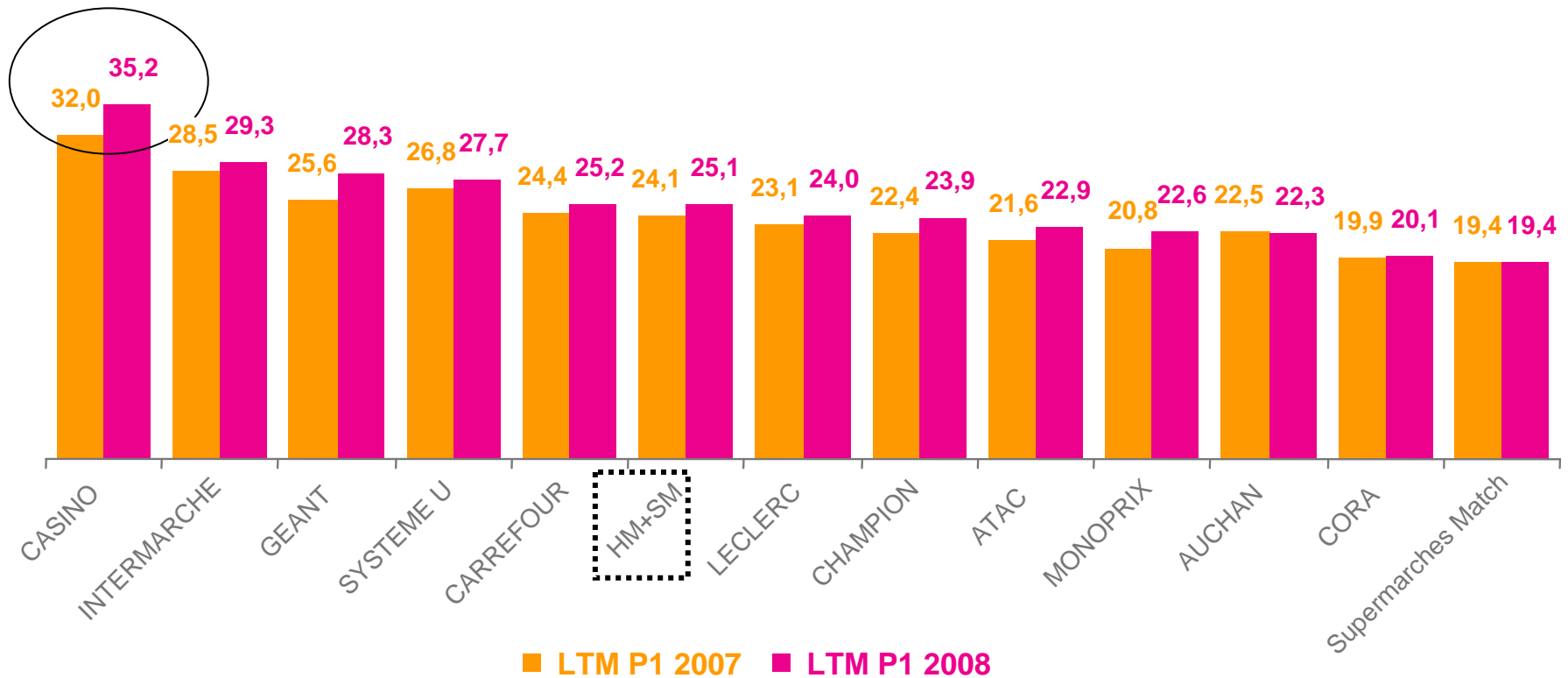
THE PRIVATE LABEL

- One of the banner's strengths
- Primary projection of our price image
- Strong potential for differentiation
- Major consumer expectation
- High-quality image

CASINO SM IS THE BANNER WITH THE HIGHEST PERCENTAGE OF SALES FROM PRIVATE LABELS

THE PRIVATE LABEL

PRIVATE-LABEL CONTRIBUTION TO BANNER SALES TOTAL FMCG-REFRIG. PROD.



Source: TNS Worldpanel consumer panel

INVESTOR DAY 08

CREATING DIFFERENTIATION THROUGH

→ THE PRIVATE LABEL

→ THE PRODUCT OFFERING

→ THE IDENTITY CONCEPT

→ OPERATING EXCELLENCE

CUSTOMER INTELLIGENCE

THE PRODUCT OFFERING

→ In partnership with dunnhumby, adapting the product offering to each store's customer profile and enhancing loyalty

- Gourmet
- Health conscious
- Traditional
- Time conscious
- Standard
- Price sensitive

SM in Paris 16th

- Gourmet: 48%
- Price sensitive: 3%

SM in Lyon

- Gourmet: 4%
- Price sensitive: 54%



THE PREMIUM OFFERING

THE PRODUCT OFFERING

- Differentiate our offering
- Improve the product mix for stores serving higher-income customers
- Improve profitability

THE PREMIUM OFFERING

THE PRODUCT OFFERING



A NEW FRUIT AND VEGETABLE CONCEPT

THE PRODUCT OFFERING

➔ **Objective: become the industry benchmark**

- ➔ By developing the store's fruit and vegetable section as a "specialised" concept
- ➔ By improving the offering with a broader, deeper assortment
- ➔ By making the section more professional

A NEW FRUIT AND VEGETABLE CONCEPT

THE PRODUCT OFFERING



A NEW FRUIT AND VEGETABLE CONCEPT

THE PRODUCT OFFERING



CREATING DIFFERENTIATION THROUGH

→ THE PRIVATE LABEL

→ THE PRODUCT OFFERING

→ THE IDENTITY CONCEPT

→ OPERATING EXCELLENCE

THE CONCEPT

THE IDENTITY CONCEPT

- 3 types of concept:
 - ➔ Operations
 - ➔ Offering
 - ➔ **IDENTITY**

Customers want choices, prices, services and a friendly welcome. But at the same time, they want a comfortable, contemporary shopping experience.

➔ **An opportunity to create differentiation.**

“The Ménilmontant supermarket in Paris”

THE MÉNILMONTANT SUPERMARKET IN PARIS

THE IDENTITY CONCEPT



THE MÉNILMONTANT SUPERMARKET IN PARIS

THE IDENTITY CONCEPT



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THE IDENTITY CONCEPT



CREATING DIFFERENTIATION THROUGH

→ THE PRIVATE LABEL

→ THE PRODUCT OFFERING

→ THE IDENTITY CONCEPT

→ OPERATING EXCELLENCE



OBJECTIVES

OPERATING EXCELLENCE

- Translate the banner project into **operating excellence** that guarantees future success
- Deliver **superior performance** in business basics in **every store, every day**
- Build **excellence in management**

BUILDING A CONTRACT OF EXCELLENCE

OPERATING EXCELLENCE

→ Key success factors

- Clearly defined priorities on which teams can focus their energy, so as to improve business performance

→ The basics

- Everyday initiatives that are easy to implement, monitor and measure

→ The key performance indicators

- KPIs must be simple, easy to understand and indisputable



THE 4 KEY SUCCESS FACTORS

OPERATING EXCELLENCE

→ Themes for 2006/2007

- Fruit and vegetables
- Shorter checkout times
- Replenishment and no products past their sell-by dates
- Cleanliness and upkeep

→ Themes for 2008

- Bakery goods
- Seafood

THE CUSTOMER PROMISE

OPERATING EXCELLENCE

Casino
supermarchés



To make sure you enjoy your shopping experience, your store team is committed to:

- 1 Doing everything we can to reduce check-out queues
- 2 Selling the freshest, highest quality fruit and vegetables.
- 3 Keeping the store clean and tidy at all times.
- 4 Always stocking your favorite items.
- 5 Removing products from the shelf well before their sell-by date.
- 6 Not charging for an item if the cash register doesn't display the price or if the scanned price is different from the shelf price.
- 7 Guaranteeing "satisfaction or double your money back" for all Casino-brand and fresh products.

Overview

Strategic objectives

Segmentation

Differentiation

EXPANSION

Results

EXPANSION

→ Growing the store base

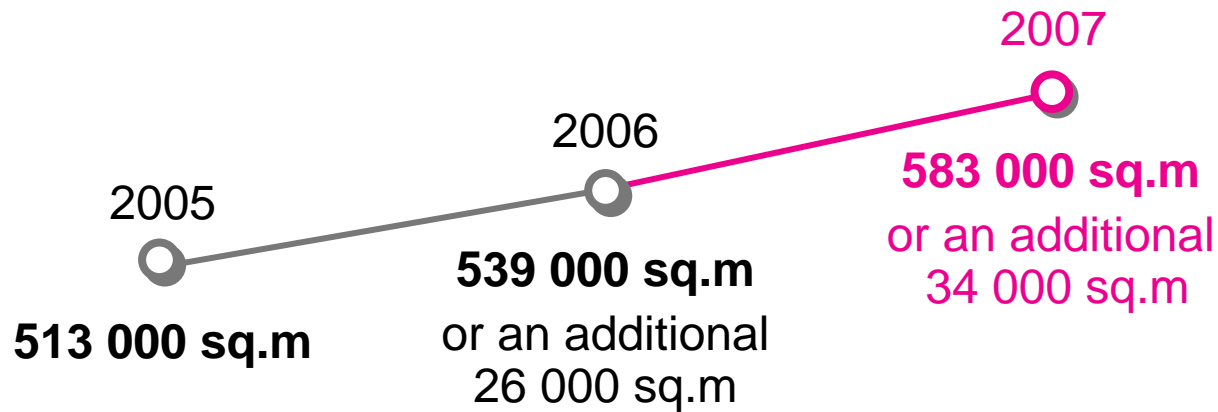
➡ **SM food space** ⇨ 2,000 sq.m / 2,500 sq.m per store

- 2007 ⇨ 28 SMs expanded

→ Newbuilds / acquisitions

- 2007: an additional 11 SMs

FAST EXPANSION





Projet 2008

Casino Supermarchés

2008 PROJECT

→ 5 ambitions:

Customers

Employees

Franchisees

Economics

Local

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Strategic objectives

Segmentation

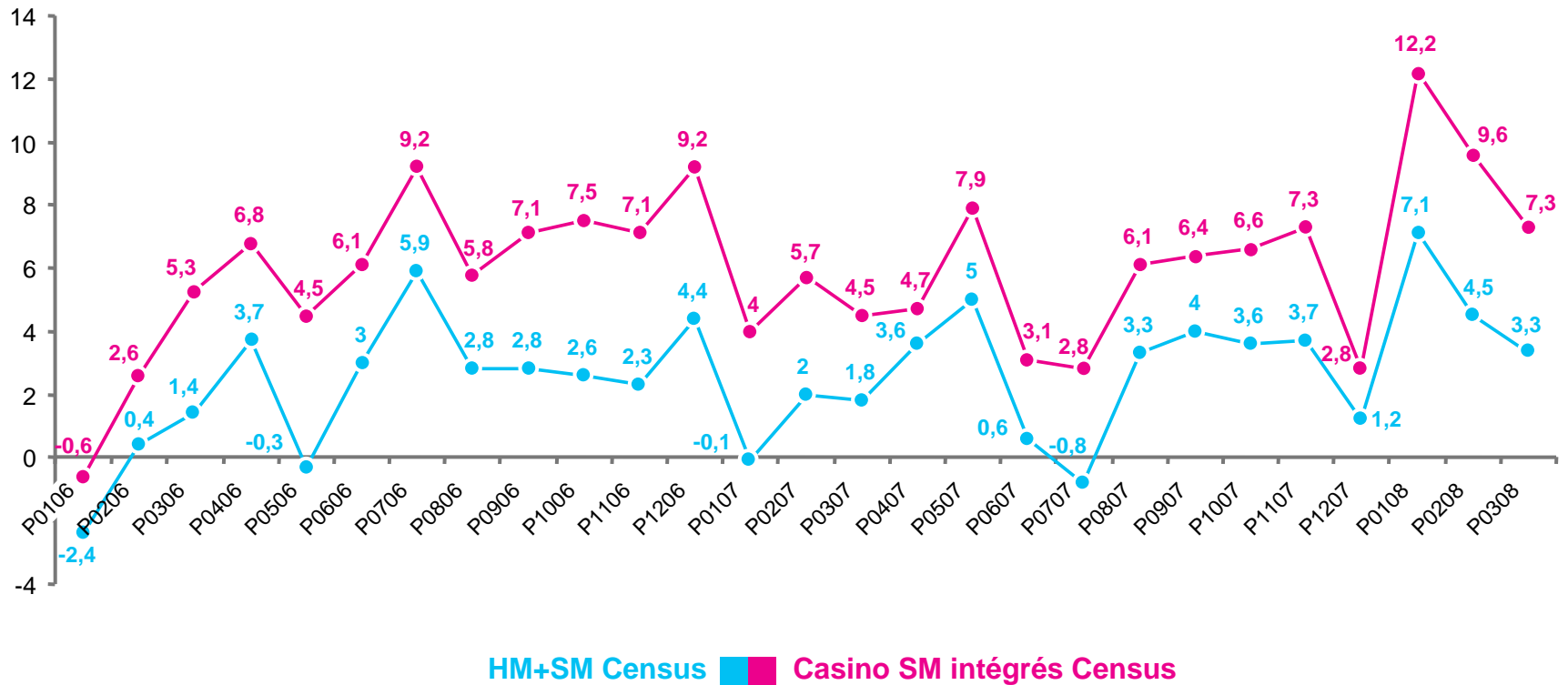
Differentiation

Expansion

RESULTS

BANNER SALES VS. THE MARKET, BY PERIOD

— SALES BY PERIOD, P01 2006 TO P03 2008 —
 FMCG-REFRIG. PRODUCTS*



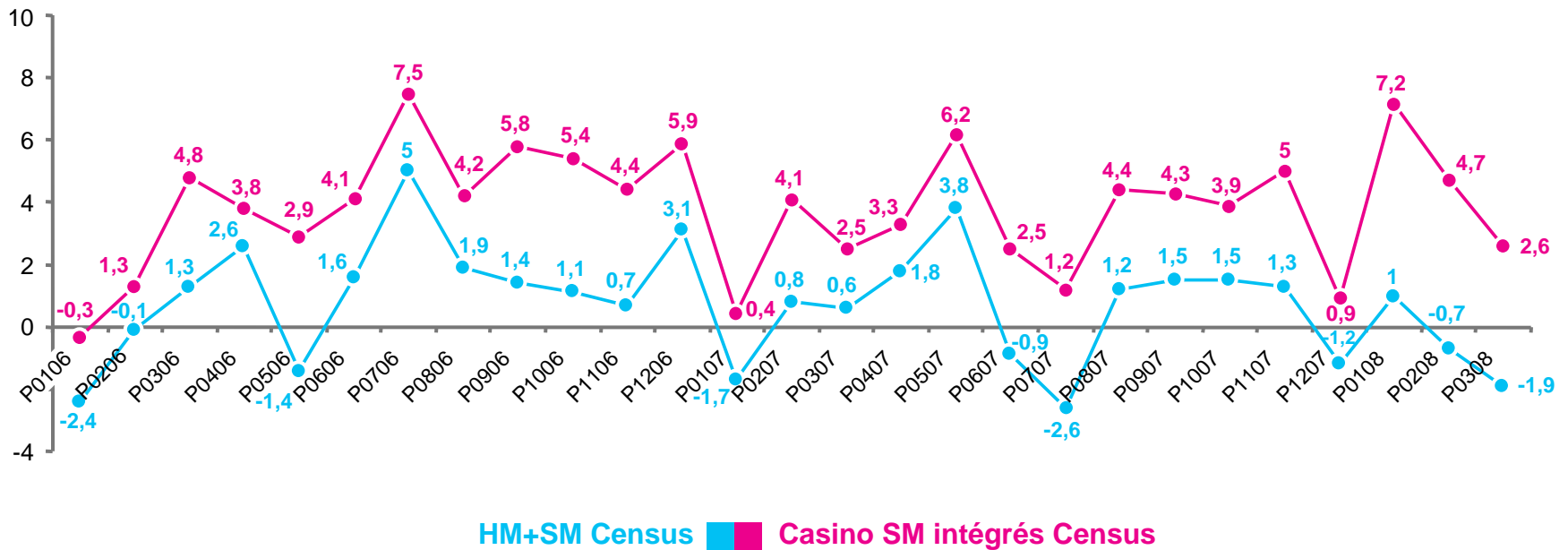
HM+SM Census ■ Casino SM intégrés Censu ■

Source: IRI

* Excluding wine and seasonal chocolates

BANNER VOLUMES VS. THE MARKET, BY PERIOD

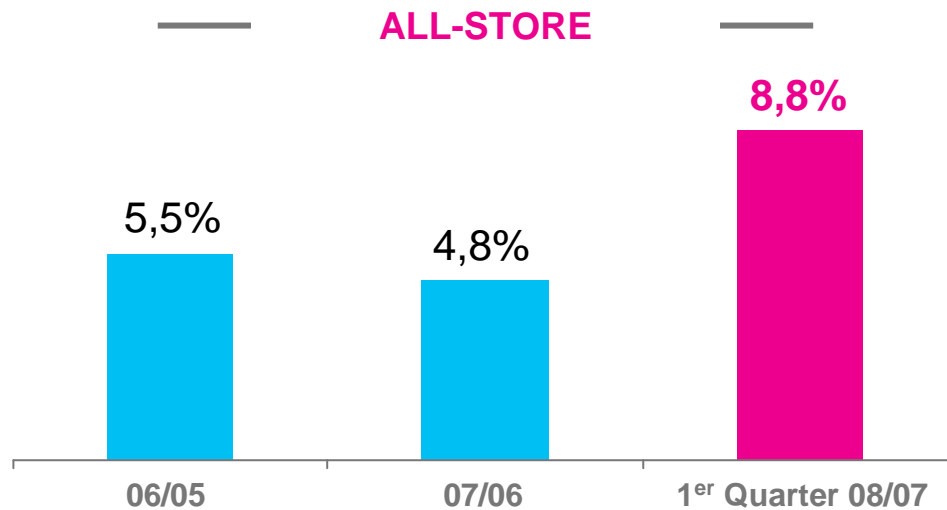
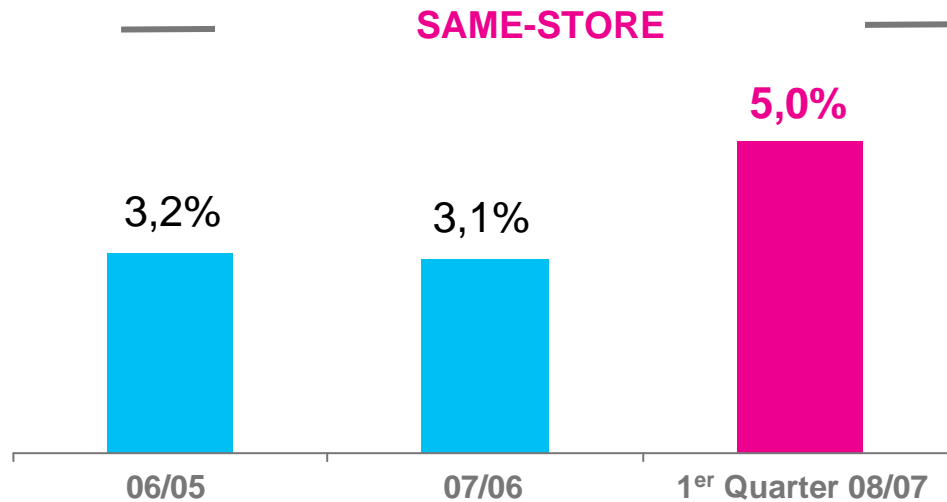
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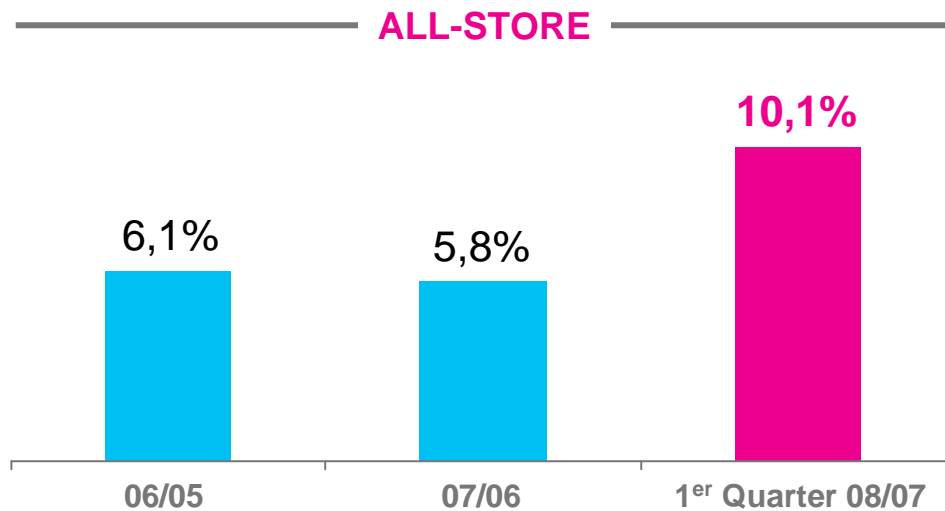
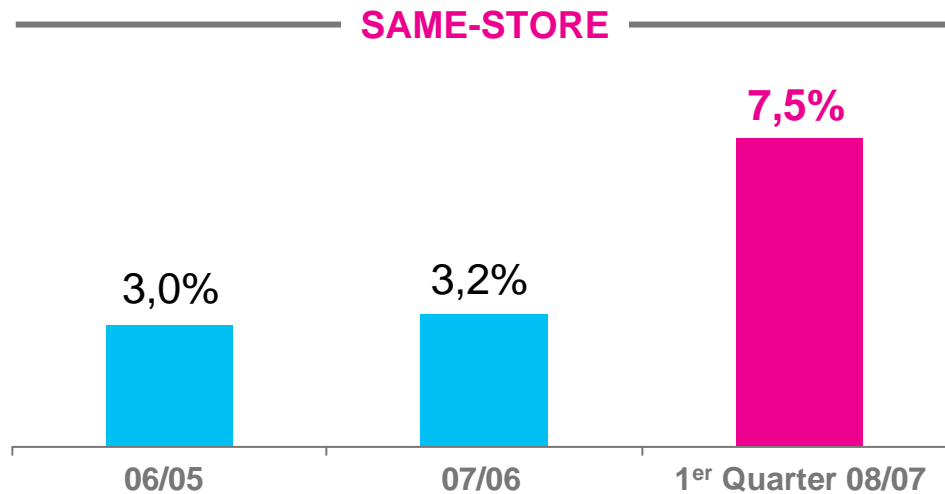
* Excluding wine and seasonal chocolates

NET SALES EXCLUDING PETROL



CASINO SM

NET SALES INCLUDING PETROL

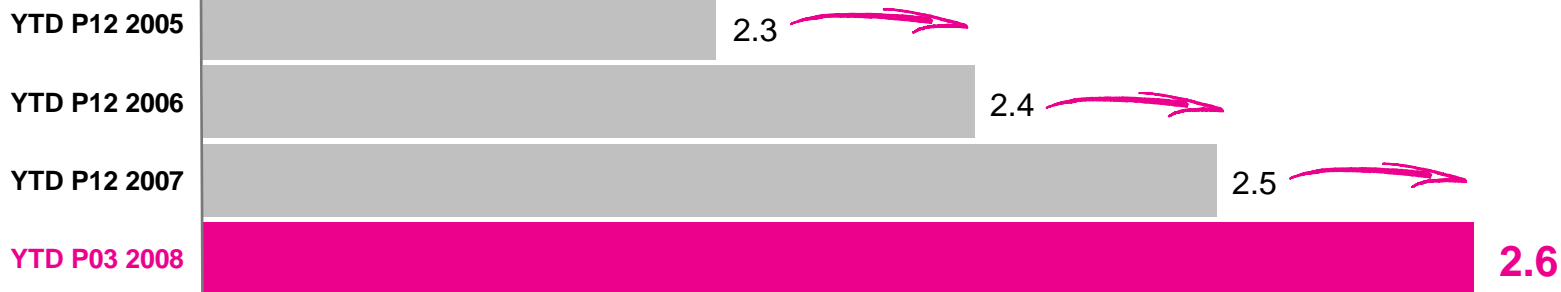


**CASINO SM
+ STATIONS**

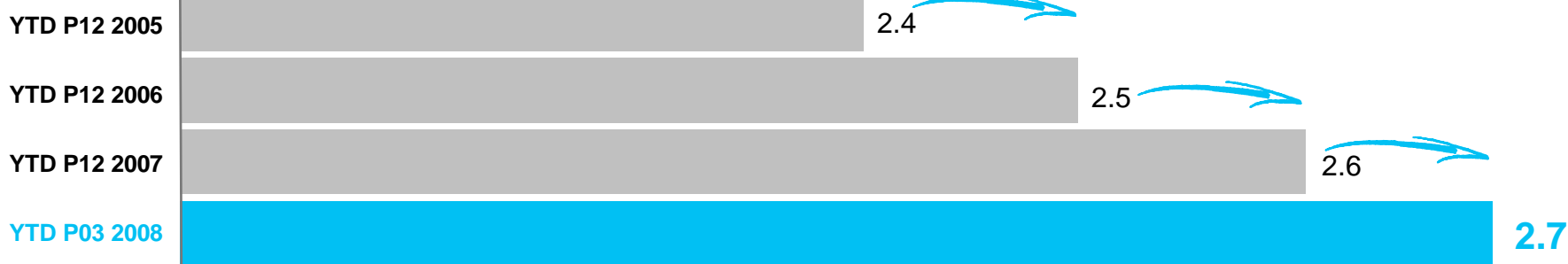
MARKET SHARE

MARKET SHARE

Market share, volumes



Market share, sales



Source: IRI