

# Deutsche Bank Consumer and Food Retail Conference



- A **favourable format mix** in France
  - A business portfolio heavily weighted towards proximity and discount
  - Unrivalled presence in the convenience format
  - A leading position in the e-commerce segment with Cdiscount
- **N°1 French retailer in terms of private label penetration rate**
  - Leadership confirmed in 2008, with a greater increase than the market in the share of private label
  - Ongoing sustained innovation strategy
- Increasingly effective marketing with **dunnhumby**
- A presence in international markets (35% of total sales) concentrated in **high potential countries** (Brazil, Colombia, Thailand)
  - Leadership positions
  - Banners with deep local roots
- A value-creating business model, based on both **Retailing and Property**

## France

International

Financial performance

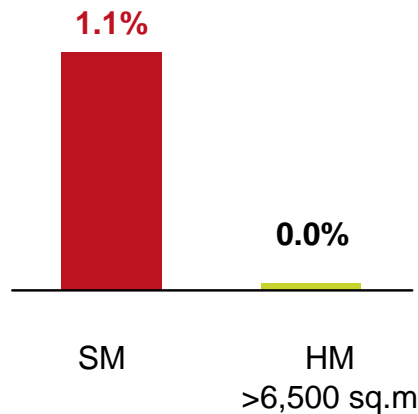
Conclusion

Appendices

# FRANCE: STRUCTURAL TRANSFORMATION OF THE RETAILING UNIVERSE

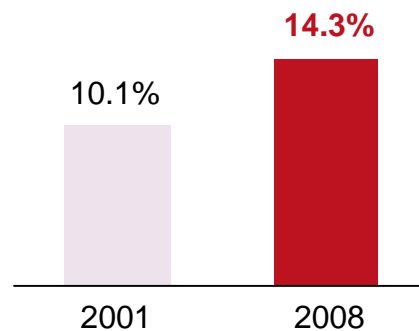
## French market

### Same-store sales growth CAGR 2001-2008



Source: Nielsen

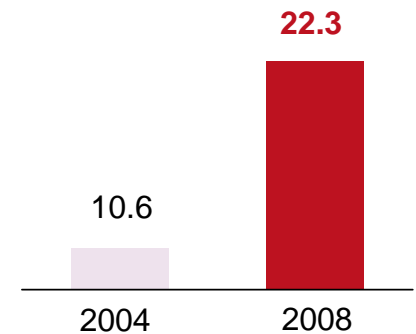
### Market share of discount



Source: TNS Worldpanel

### E-commerce

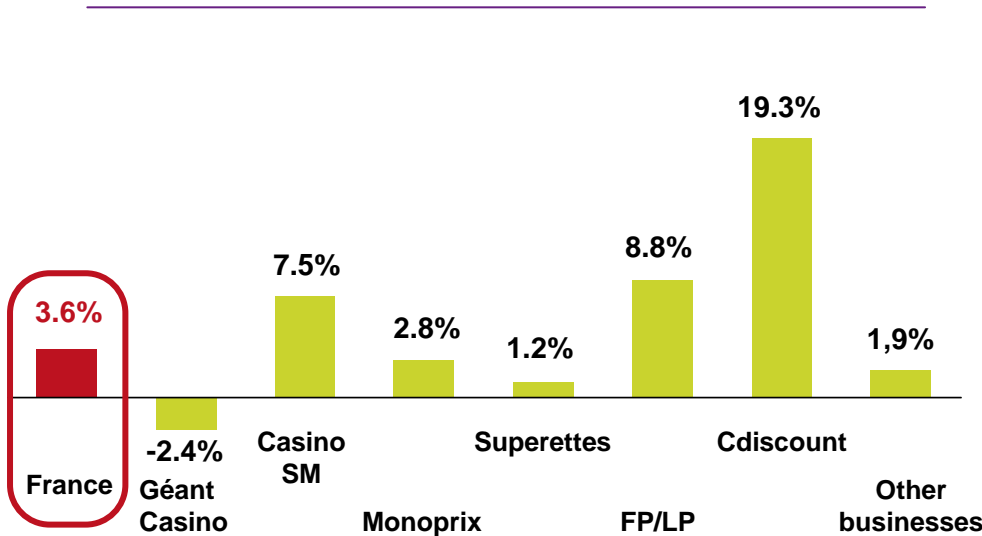
Change in number of on-line buyers (m)



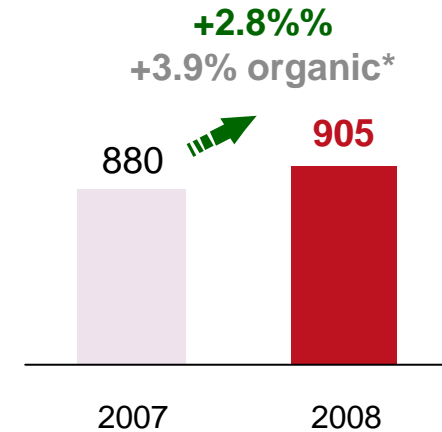
Source: Fevad/Mediamétrie

- Continuation of **consumer spending trends** observed in recent months ...
  - ▶ Higher price sensitivity and focus on limiting basket size
  - ▶ Emphasis on faster, more convenient shopping (nearby stores)
  - ▶ Decline in non-food sales and resilient food sales
  
- ...driving **structural transformation** of the French retailing universe
  - ▶ Shopper traffic shifting from hypermarkets to convenience and discount formats
  - ▶ Strong expansion of non-food e-commerce
  - ▶ Shift in mix towards private labels and value lines

Growth in net sales 2008 vs. 2007



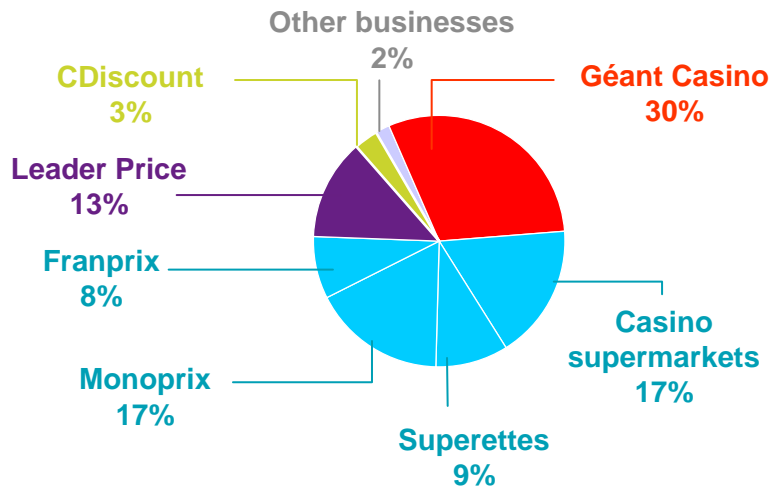
Trading profit



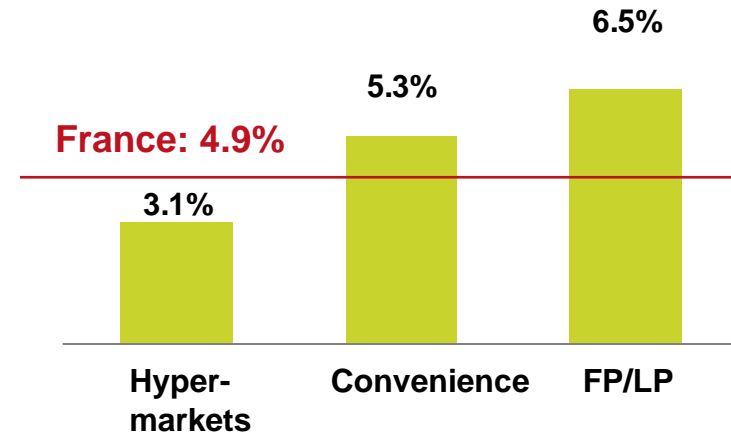
- **Robust sales growth** up 3.6%, led by the **convenience and discount** formats
- **Trading profit** up 2.8% and **3.9% on an organic basis**
- **Trading margin** stable over the year at 4.9%
  - ▶ Favourable brand and product mixes
  - ▶ Ongoing rationalisation of non-food product portfolio
  - ▶ Effective cost-cutting plans

\* Based on a comparable scope of consolidation and constant exchange rates, excluding the impact on trading profit of asset sales to the OPCI property funds (negative impact of €12.1m)







Banner sales by format - 2008



Operating Margin by format - 2008



- More than 2/3 of banner sales generated by **Proximity and Discount** formats...
- ... which are the **most buoyant** and also the **most profitable** formats

	Banner	N° of stores <sup>1</sup>	Positioning
Supermarket		369 <sup>2</sup>	Urban and rural locations
		380	City-centre banner
Convenience		1,911	City centres and suburban locations
		1,685	Rural locations
		916	City centres and suburban locations
		712	Paris and Parisian region

- ❶ A **targeted positioning for each banner**, in line with increasingly personalized shopper lifestyles and needs
- ❷ A strong presence in both **urban and rural areas**
- ❸ A **competitive edge in Convenience**
  - Unrivalled coverage in France with more than 7,000 stores
  - A low capital intensive model mostly based on franchise
  - High density of network enabling a cost-effective logistics

## ❶ **Casino Supermarket:** fair prices, quality and convenience

- ▶ Focus on private label: 50% of food offering
- ▶ Enhancement of fresh sections
- ▶ Further expansion of the store base
- ▶ Continuing market share gains : +0.1pt in Q109  
(on the back of 0.1pt gains in the last three years)



## MONOPRIX

## ❶ **Monoprix:** a citymarket concept targeting busy and urban shoppers

- ▶ High quality, diversified food offering including a broad range of private labels
- ▶ Contemporary, differentiated non-food offering (35% of sales in cosmetics, apparel, household/leisure products)
- ▶ Assertive expansion strategy: opening of Citymarché and Monop' stores, integration of Naturalia





marché franprix  
à deux pas, tout est là !

## ❶ A strong **convenience store** concept

- ▶ A well balanced mix of national brands and the Leader Price private label to satisfy families' day-to-day needs
- ▶ Easy store access
- ▶ Shopping time optimisation
- ▶ Flexible opening hours

## ❷ A model offering **high return on capital employed**

- ▶ Robust, resilient profitability
- ▶ Cash-efficient model



## ❸ **Major expansion potential**

- ▶ In the Greater Paris area and in other large French cities (in particular in the Rhone Valley and the Mediterranean coast)
- ▶ 1,000 stores by end 2012 (712 at end March 09)

## SUPERETTES: MEETING EVERY SHOPPERS' FOOD NEEDS IN STORES RANGING FROM 12 to 800 sq.m

### Three banners, each with a specific positioning

- Comprehensive food offering
- 50% of sales in private label, 50% in fresh products
- Services (tobacconist, news stand, photo...) in Vival and Spar



### Proven franchising expertise

- More than 4,000 franchised stores at year-end 2008 (vs. none ten years ago)
- Ongoing recruitment of new affiliates, demonstrating the model's appeal

### Continuous expansion

- Deployment of new concepts: Vending (L'Express by Casino, Petit Casino 24), stores-in stores in airports and train stations
- Ongoing optimisation of the store base (c. 400 openings and 340 closures in 2008)





## Discount formats enjoy **strong development potential**

- ▶ Shoppers are increasingly price sensitive
- ▶ Rising market share (14.3%), but still lagging some comparable European countries

## A **differentiating concept**

- ▶ 100% private label
- ▶ Comprehensive food offering with 3,500 articles
- ▶ Well-lighted, simple and efficient stores

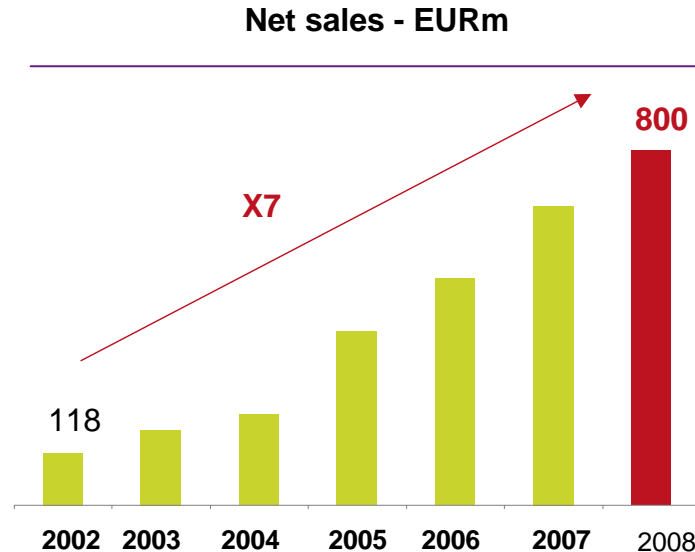
## A **low price-low cost** model

- ▶ Fast SKU turnover allowing competitive purchasing conditions and lean stocks
- ▶ Optimised in-store and supply chain costs

## A **profitable, cash-efficient business model** based on a dual structure : wholesaling/retailing

## Strong expansion potential: **1,000 stores** in medium term (vs 540 at 31/03/09)





## France's leading B to C company in e-commerce

- Most visited site, with 10 million visitors in December 2008<sup>(1)</sup>
- Highest purchase penetration rate, at 40%<sup>(2)</sup>

## Very strong growth in the last six years with sales now reaching €800m

- Very attractive price positioning and fast customer response
- Development of new shopping universes
- Low cost structure

## Additional Cdiscount sales offset the decline in Géant Casino's non-food sales

(1) Médiamétrie survey

(2) Baromètre Fevad-Médiamétrie/Netratings June 2008

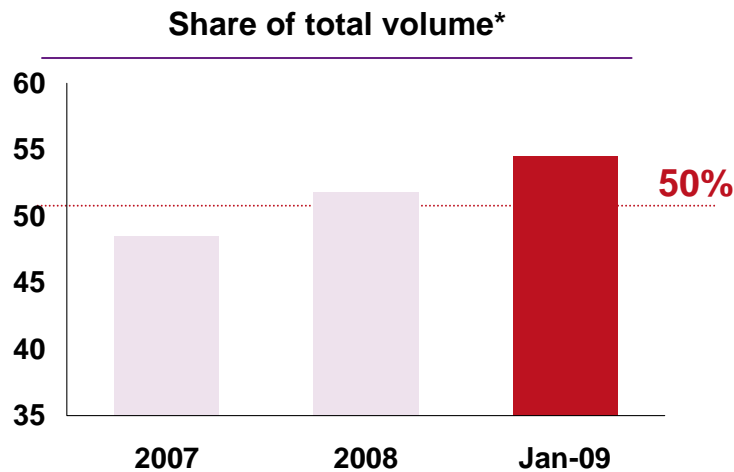
## ☛ Differentiating the customer value proposition

- ☛ Private label
- ☛ Fresh food sections
- ☛ New concepts in non-food
- ☛ Increasingly personalised marketing through dunnhumby

## ☛ Improving return on capital employed

- ☛ Optimising the cost base
- ☛ Increasing global sourcing in non-food
- ☛ Reallocation of retailing space to non-food sections with higher net sales and margin potential
- ☛ Lowering capital employed in hypermarkets by reducing surfaces in favour of Mercialis (Alcudia programme)





- A sustained growth momentum with **double-digit growth over the past 3 years**
- **Over 50% of FMCG/refrigerated product volumes**
- An **attractive price positioning**
- An **increasingly segmented offer** aligned with consumer expectations
  - ▶ Over 500 new references introduced in 2008
  - ▶ Successful launch of Casino Délices
  - ▶ Forthcoming launch of Casino Famili
- A key driver of **banner competitiveness and customer loyalty**

\* Sales of private label and value line FMCG/refrigerated products in all formats (Géant, Casino supermarkets and superettes)

## Stepped up initiatives

### Price

- Low price commitment in hypermarkets for **3,500 products\*** representing 50% of FMCG/refrigerated product volumes and **67% of price-sensitive shoppers' basket**

### Communication



Personalized statements

### Assortment: product innovation

- Successful launch of Casino Délices
- Development of **theme lines** (Casino Bio organic range, fair trade, etc.)

## New areas of application

### Promotional offers

- Implementation of a more efficient **promotional policy**

### Assortment: rationalised line-up

- Elimination of **low-margin products** without affecting sales

\* Since mid-January 2009

Before



**ALCUDIA**

**LE PUY**

(Extension and renovation)



After



● An **asset portfolio** valued at over **€2bn**

- Mainly comprising neighbourhood shopping centres located in the most dynamic areas
- And presenting a significant reversionary and development potential
- Doubling in value since 2005 IPO

● Ramp-up of **Alcudia deployment**

- An ambitious project for the refurbishment and extension of the Group's retail sites in France
- Illustrating the dual value-creating Retail-Property management model

France

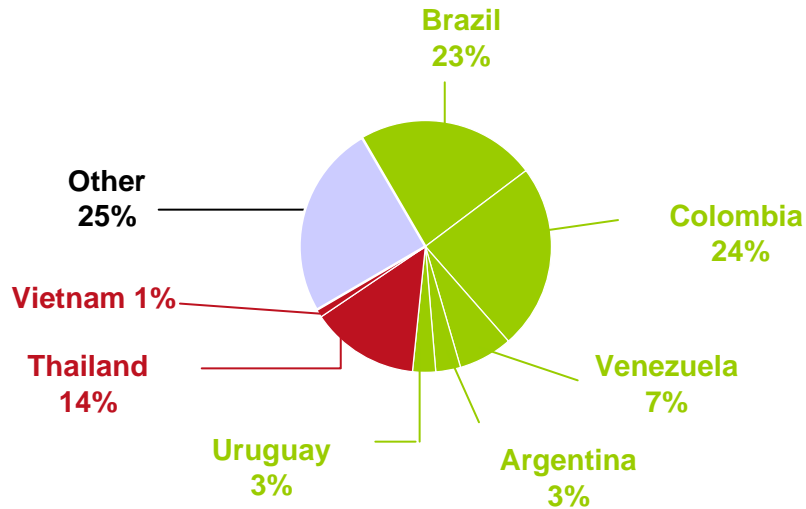
## **International**

Financial performance

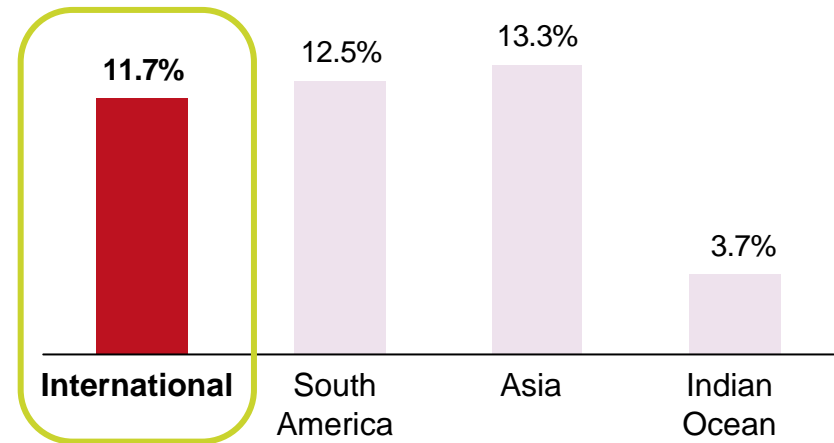
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Revenue by country  
(% of total international revenue)



Organic growth in net sales  
2008 vs. 2007



3/4 of international sales in **South America and Asia**, two regions with strong growth potential

- ▶ Large and young population
- ▶ Fast growing economies
- ▶ Formal distribution still in a minority

Expansion driven by **hypermarkets** and **supermarkets**, the two fast-growing formats in developing markets

- ▶ 296 hypermarkets and 901 supermarkets out of the Group's 1,460 store base\* in international markets

## NEW INITIATIVES TO EXTEND THE CUSTOMER BASE AND STRENGTHEN MARKET POSITIONS

- ❑ **Strengthening Private labels** to enhance price image
  - ▶ BIG C: segmentation of private label lines (mass, hard discount, specialty products)
  - ▶ Exito: expansion of assortment in particular in non-food (Arkitect for women, CMX for children)
  - ▶ CBD: Creation of an umbrella brand “Qualità”
  
- ❑ Tailored direct marketing thanks to **customer loyalty programmes**
  - ▶ 6 million cardholders in Colombia, 1.7 million in Thailand
  
- ❑ Growth opportunity in **e-commerce**
  - ▶ extra.com.br already accounting for 1.7% of CBD total sales
  
- ❑ **New store concepts** to meet different consumers’ profiles
  - ▶ Brazil: Extra Facil (convenience), Assai (cash & carry)
  - ▶ Thailand: Mini Big C (convenience), Pure (Health & Beauty)

## ● Brazil's **2<sup>nd</sup> largest food retailer** with 13.3% market share<sup>1</sup>

- ▶ Total sales of €6.7bn
- ▶ A multi-banner portfolio well tailored to the needs of consumers' different socio-economic backgrounds
- ▶ 597 stores with strong positions in Sao Paulo & Rio de Janeiro, the two most vibrant states
- ▶ EBITDA margin: 7.5%

## ● **Focus on market share and profitability**

- ▶ A commercial strategy combining aggressive promotional policy and adequate product mix
- ▶ Effective cost cutting plans
- ▶ Rationalisation of the banner portfolio and targeted expansion
- ▶ Selective acquisitions



<sup>1</sup> Source: ABRAS

## ❶ **N°1 position** in every retailing format: hypers, supers and discount

- ▶ 42% market share
- ▶ Total sales: €2.4bn
- ▶ Nationwide footprint with 262 stores strategically located across 50 cities
- ▶ EBITDA margin: 7.6%

## ❷ **Enhancing profitability while strengthening leadership**

- ▶ Ramp up of cost-cutting plan, maximisation of synergies with Carulla
- ▶ Developing the private label offer and loyalty programs
- ▶ Further development of consumer finance: Exito Card N° 3 after Visa and Mastercard
- ▶ Expansion in small to medium size cities and ongoing banner portfolio rationalisation





- ❶ **N°2 with 27% market share<sup>1</sup>** on large trading format
  - ▶ Total sales: €1.5bn
  - ▶ 66 hypermarkets and 65 shopping centres
  - ▶ High level of EBITDA margin: 9.6%
- ❷ **Two strong pillars** contributing equally to EBIT growth
  - ▶ “Thainess” and competitive price positioning: key success factors of the retail business
  - ▶ Shopping centers: a significant and steady source of growth
- ❸ **Strong potential for profitable growth**
  - ▶ Expansion in both stores and shopping centres in line with the dual retail-property management model
  - ▶ Better address customer needs through development of private labels and customer intelligence
  - ▶ Focus on operational excellence: working capital improvement and cost structure optimisation



<sup>1</sup> in number of stores

France

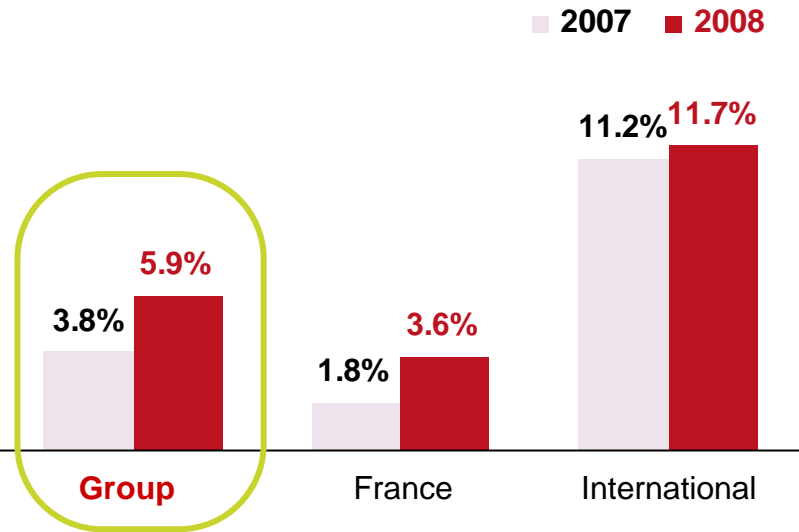
International

**Financial Performance**

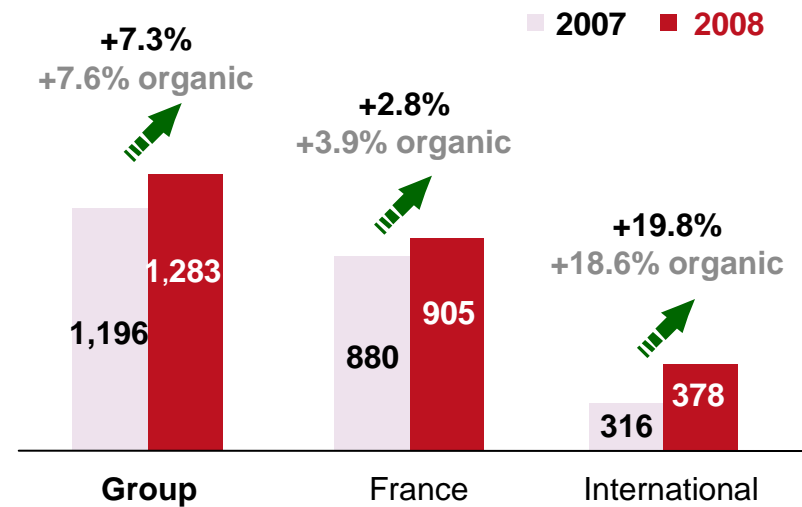
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## Organic Sales growth\*



## Trading profit in €millions



- **Faster organic growth\*, up 5.9%** vs. 3.8% in 2007
  - ▶ 3.6% increase in France, led by the convenience and discount formats
  - ▶ Continued robust organic growth in international markets, up 11.7%
  
- **Sustained 7.6% organic growth in trading profit**
  
- **+7 bps improvement in trading margin** on an organic basis\*
  - ▶ Trading margin in France stable (up 1 bp)
  - ▶ Trading margin from International operations up 26 bps

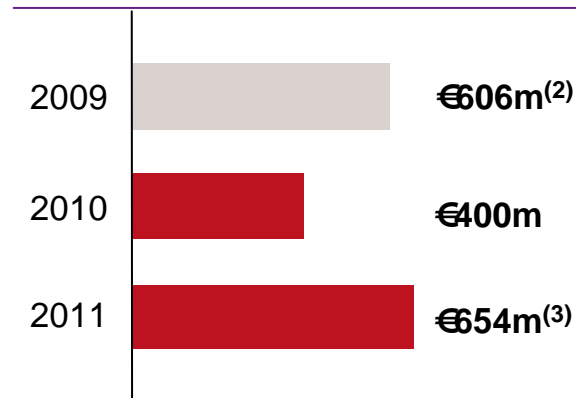
\* Based on a comparable scope of consolidation and constant exchange rates, excluding the impact of asset sales to the OPCI property mutual funds

<i>In € millions</i>	31 Dec. 2006	31 Dec. 2007	<b>31 Dec. 2008</b>
Equity	5,972	7,124	<b>7,037</b>
Net debt	4,390	4,410	<b>4,851</b>
<i>Of which minority shareholders' put options</i>	889	706	<b>626</b>
Net debt/EBITDA	2.8 x	2.5 x	<b>2.5 x</b>
Net debt/equity	74%	62%	<b>69%</b>

- **Net debt/EBITDA** ratio at **2.5x in 2008**
- **Improved financial flexibility** following deferral of the exercise date for the Monoprix call and put options

- At 31 December 2008, the Group had €1,543m in cash and over €2bn in unused and available confirmed lines of credit....
- ... compared to upcoming maturities of bonds and private placement notes

**Maturities of bonds and private placement notes**



- Improved liquidity position** following the Issue of €1.2bn worth of bonds in 2008, €500m in January and €250m in May 2009

(1) Unused and available confirmed lines of credit of Casino Guichard Perrachon and Monoprix (at 50%)

(2) Of which €569m in bonds and €10m in private placement notes

(3) Of which €254m in private placement notes

- Improved operating efficiency **in the stores**
- Strengthened goods **purchasing synergies**
- Rationalised **assortments**
- Lower **supply chain costs**
- Lower **overheads**

Savings of over €150m expected in 2009

### ◀ Optimised WCR

- ▶ Reduction in inventories: 3 days by end-2010 (of which 2 days by end-2009)
- ▶ Offsetting most of the effect of new legislation in France requiring faster payment of supplier invoices

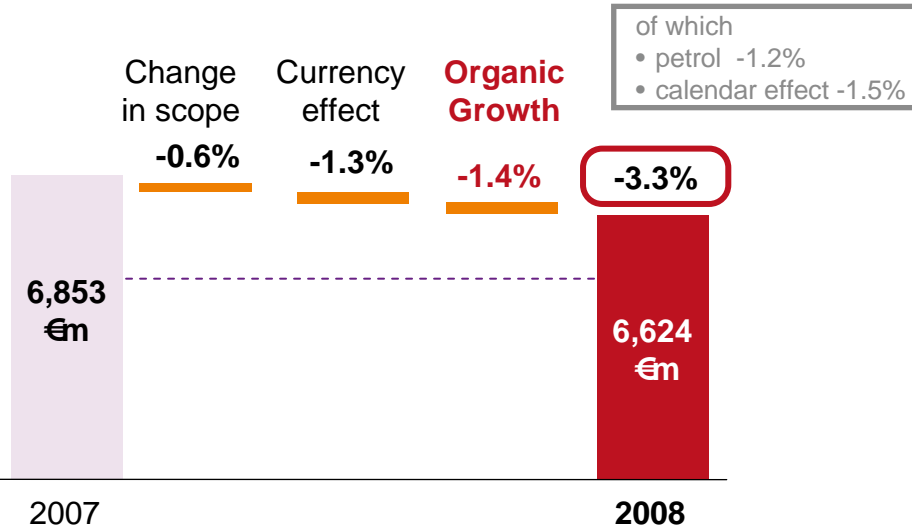
### ▶ **Selective capital expenditure strategy**, focused on the most buoyant formats and countries

- ▶ Development of the cash-efficient Franprix and Leader Price formats
- ▶ Ongoing expansion at Monoprix and Casino supermarkets
- ▶ Sustained expansion in Brazil and Vietnam
- ▶ Capital expenditure to be scaled back in Colombia and Thailand after very high spending in 2007 and 2008

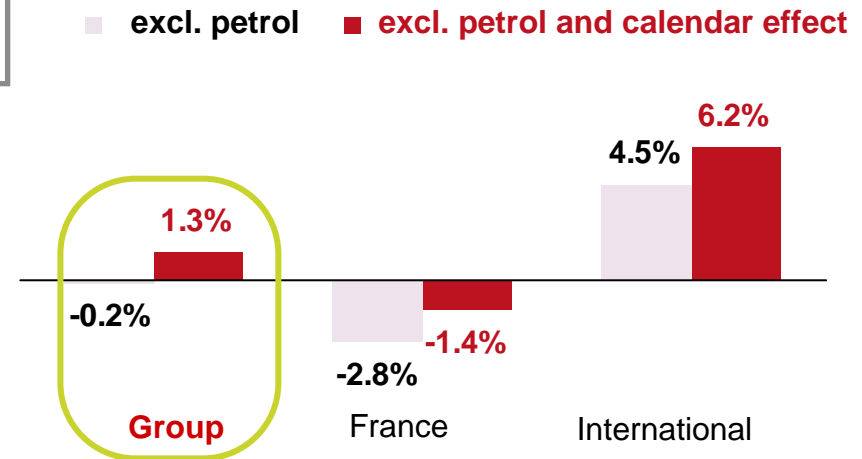
### ◀ Optimised capital employed

- ▶ Closure of unprofitable stores
- ▶ Lower capital employed in hypermarkets by reducing surfaces in favour of Mercialys

## Reported Net Sales



## Organic sales growth



- ❖ **Organic sales growth** excluding petrol sales and restated for calendar effect **+1.3%**
- ❖ **France organic sales** growth excl. petrol -2.8%
  - ▶ A satisfactory performance by Franprix-Leader Price and the supermarket banners (Casino Supermarchés and Monoprix), with sales virtually unchanged for the period
  - ▶ Very strong growth at Cdiscount (+18.5%)
  - ▶ A carefully managed promotional strategy at Géant Casino in a more competitive environment
- ❖ A continuing robust organic growth in sales for **International operations +4.5%** (excl. petrol)
  - ▶ both in South America (+5.6%) and Asia (+7.5%)

France

International

Financial performance

**Conclusion**

Appendices

- The Group's **business model** is **well aligned** with a changing environment
- In 2009, in a context of economic crisis, the Group will step up and accelerate its operating action plans in order **to improve each banner competitiveness**
- The Group will significantly enhance its **financial flexibility** by
  - ▶ the improvement of free cash flow generation
  - ▶ and the implementation of a €1 billion asset disposal programme by the end of 2010
- The Group's objective is to **improve the net debt/EBITDA ratio at end-2009** and bring the ratio **down to below 2.2x at end-2010**

France

International

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<i>In € millions</i>	<b>2007</b>	<b>2008</b>	<b>Change</b>
Géant Casino hypermarkets	6,299	<b>6,150</b>	-2.4%
Convenience stores	6,569	<b>6,881</b>	4.7%
<i>Casino supermarkets</i>	3,224	3,466	7.5%
<i>Monoprix</i>	1,780	1,830	2.8%
<i>Superettes</i>	1,565	1,585	1.2%
Franprix/Leader Price	3,915	<b>4,260</b>	8.8%
Other businesses	1,131	<b>1,267</b>	12.1%
<b>FRANCE</b>	<b>17,915</b>	<b>18,558</b>	<b>3.6%</b>
South America	4,686	<b>6,077</b>	29.7%
Asia	1,536	<b>1,590</b>	3.5%
Other	836	<b>2,479</b>	n.s
<b>INTERNATIONAL</b>	<b>7,057</b>	<b>10,146</b>	<b>43.8%</b>
<b>GROUP</b>	<b>24,972</b>	<b>28,704</b>	<b>14.9%</b>

<i>In € millions</i>	<b>2007</b>	<b>Margin</b>	<b>2008</b>	<b>Margin</b>
Géant Casino hypermarkets	171	2.7%	189	3.1%
Convenience stores	373	5.7%	361	5.3%
Franprix/Leader Price	271	6.9%	276	6.5%
Other businesses	65	5.8%	79	6.3%
<b>FRANCE</b>	<b>880</b>	<b>4.9%</b>	<b>905</b>	<b>4.9%</b>
South America	192	4.1%	254	4.2%
Asia	82	5.3%	80	5.1%
Other	42	5.0%	44	1.8%
<b>INTERNATIONAL</b>	<b>316</b>	<b>4.5%</b>	<b>378</b>	<b>3.7%</b>
<b>GROUP</b>	<b>1,196</b>	<b>4.8%</b>	<b>1,283</b>	<b>4.5%</b>

## PUTS INCLUDED IN NET DEBT

*in € millions*

Company	% capital	Value at 31 Dec. 2007	Value at 31 Dec. 2008	Exercise period
Franprix-Leader Price	Franprix Holding 95% → 100%	420	420*	Various dates
	Leader Price Holding 75% → 100%			
	Majority-owned franchised stores	98	56	
Exito	Carulla Vivero put (77.5% to 100%)	148	111	2010→2014
Uruguay (Devoto)		11	12	At any time →2021
Assai (CBD)	60% → 100%	29	26	2012→2014
<b>TOTAL</b>		<b>706</b>	<b>626</b>	

\* The arbitration board should issue its ruling by the end of 2009

## PUTS RECORDED OFF-BALANCE SHEET

*in € millions*

Company	% capital	Value at 31 Dec. 2007	Value at 31 Dec. 2008	Exercise period
Monoprix	50% → 100%	850	1,200 <sup>(1)</sup>	2012-2028
Franprix-Leader Price	Minority-owned franchised stores	335	236	Various dates
Uruguay (Disco)		44	49	At any time →2021
Sendas (CBD) <sup>(2)</sup>	57.4% → 100%	91	55	At any time
<b>Off-balance sheet</b>	<b>TOTAL</b>	<b>1,320</b>	<b>1,540</b>	

(1) Casino and Galeries Lafayette have signed an addendum to their strategic agreement of March 2003, deferring the exercise period for Casino's call option on 10% of Monoprix's capital and Galeries Lafayette's put option on 50% of Monoprix's capital until 1 January 2012. All the other terms and conditions are unchanged. The put option exercise price is based on an independent valuation of Monoprix.

(2) Put option on CBD, shares taken into account on a 34.7% basis

## MARKET VALUE OF LISTED INVESTMENTS

Company	Share price 2 June 2009	Market value 100%	% held	Casino stake	Net debt at 31 Dec. 2008 <sup>(1)</sup>
Mercialys	€21.09	€1,884m	50.4%	<del>€950m</del>	€13m
CBD (Brazil)	BRL37.3	€3,167m	34.8%	€1,101m <sup>(2)</sup>	€116m
Exito (Colombia)	COP12,760	€1,231m	60.8%	<del>€748m</del>	€403m
Big C (Thailand)	THB40.5	€668m	63.2%	<del>€422m</del>	€32m
Super de Boer (Netherlands)	€2.88	€330m	57.1%	€189m	€57m
<b>TOTAL</b>				<b>€3,409m</b>	

(1) On a 100% basis, except for CBD on a 34.8% basis

(2) Based on preferred share price

## NUMBER OF STORES

<b>France</b>	<b>31 Dec. 2008</b>	<b>31 March 2009</b>
Géant Casino hypermarkets	131	129
Casino supermarkets	401	391
Franprix supermarkets	702	712
Monoprix supermarkets	377	380
Leader Price	530	540
Superettes	6,092	6,100
Other	368	283
<b>TOTAL France</b>	<b>8,601</b>	
<b>International</b>		
Argentina	65	65
Uruguay	52	52
Venezuela	60	42
Brazil	597	600
Thailand	79	77
Vietnam	8	8
Indian Ocean	51	51
Colombia	264	262
Netherlands	305	303
<b>TOTAL International</b>	<b>1,481</b>	<b>1,460</b>