

Conference Call October 13, 2016 Casino Q3 2016 Sales

Good morning, Ladies and Gentlemen, and thank you for joining this conference call on Casino's Q3 2016 Sales.

As you can read it in the press release, we report a significant growth of +6.7% for our total sales after several quarters of decline due to adverse forex variations and negative sales in electronics in Brazil. This is our highest growth since Q2 2013.

We report a solid **+2.9%** organic growth.

Total Group sales in Q3 2016 amounted to 10.4bn€.

Overall, **Forex** had a positive impact on total group sales of +4.1% (vs. -8.3% in Q2) mostly due to the rerating of the LATAM currencies against the Euro.

The **calendar effect** was slightly positive at Group level at +0.4% (vs -0.9% in Q2) and in France: +0.3%.

At constant scope of consolidation and currency rates, **the lfl** growth, adjusted for calendar and fuel was +1.7%.

I will now discuss the performances of our 4 different segments and will start with our operations in France.

FOOD RETAIL FRANCE

Let's start with the usual remarks on food inflation and consumption in France during the third quarter of 2016.

- **Food prices** (data from INSEE) excluding Fresh were slightly down YOY in August. As in the previous months, indices show that most retailers have kept their prices stable for a while. We continue to expect a moderate inflation in the coming quarters.
- **Food consumption** was slightly positive in July (+0.7%) and stronger in August (+1.7%). Non-food categories (apparel and home furnishing) stayed under pressure with negative trends during the summer. As per Institut Français de la Mode (IFM), Textile sales were negative -6.6% in August, and -1.8% on a cumulative basis YTD.

Consolidated total sales in France amounted to 4.8bn in Q3 and were impacted by two factors:

- Closure of loss-making stores (282 out of 10 521), mostly at LP and at Casino Proximité,
- Transfer of underperforming small and medium stores notably, at LP, FP and Casino Proximité to franchisees

These two events impact reported and organic sales.

Closures of small loss-making stores have an impact of -0.6% on total French retail sales.

Transfers of store to franchisees have a negative impact of -0.9% on total French retail sales. The franchise model is very efficient for smaller stores and discount stores. In Q3 we have continued to rebalance our portfolio to increase the number of franchised stores.

This model has been developed with strong partners for many years. It offers more flexibility and is therefore favourable for volume growth and profitability.

As of today, 49% of LP stores are operated under franchise, 44% for FP and 79% for Casino Proximity. We consider the current proportion to be the right balance for these banners.

Taking into consideration the estimated sales of the franchisees to final consumers, the gross sales under group's banners increased +0.7% in the third quarter, as you can read it in the appendix of the press release, a number more meaningful than total sales. YTD change for total volume is +2.1%

Concerning, the gross sales under banner, it is important to stress that the most profitable part is the food part which accounts for c.85% of the total.

In Q3 2016, gross food sales grew +1.4% and +2.5% on a cumulative basis. This translates into positive market share gains: +0.1% on a cumulative basis. We are among the few operators in France to gain market share.

Last remark, since the comparison base was high for this quarter, it is interesting to measure the Lfl performance over two years. Lfl sales in Q3 2016 grew +1.8% after +0.3% in Q2.

As a reminder, calendar effect in France was +0.3% in Q3.

Géant

LFL sales at Géant grew +0.3% in Q3 2016.

Food sales increased +1.8%, comparable to Q2, on the back of a strong +5.6% in Q3 2015. Fresh products grew by +4.3%.

Non-food sales were negative with a low performance of seasonal products and textile.

The banner increased its market share by +0.1pt in the last period of Kantar.

In the coming quarters, Géant will continue to roll out its plans to improve its assortment, reduce the non-food spaces and optimize its operational processes.

Leader Price

Total sales at LP were impacted by 2 business decisions:

- the transfer of stores to our franchisees (-3.9%);
- the closure of 71 non performing stores (-1.9%).

Both decisions have a positive impact on the profitability of Leader price.

As you know, we consider the franchise operational model to be well adapted to certain geographies or competitive situations.

At LP, this operation model has been developed for many years with strong partners that operate often more than 50 stores each.

Since we only record the wholesale turnover with these franchisees, such transfers impact the published sales.

The gross sales for LP's banner, defined as the total of our consolidated sales and the sell-out of our franchisees, is almost stable YoY at 657 M€ in the quarter. It would be positive without the store closing plan.

Let's discuss now our Supermarket and convenience formats and start with the largest banner.

Monoprix

Monoprix total sales increased by +1.1% and +0.8% organically. LFL sales over two years were almost stable.

The cumulative market share year-to-date was stable. Monoprix has an efficient expansion strategy which delivered good results again: 10 new stores were opened in the 3rd quarter contributing to a LTM increase of 89 stores in all banners. Monoprix is the banner where we prioritize our Capex, focusing the expansion on City centers.

Food sales improved progressively during the summer with increasing volumes;
Non-food sales declined with the impact of unfavorable weather conditions and lower tourist traffic in Paris during the summer. Textile sales were less negative than the overall market.

Supermarchés Casino

We recorded a good performance at Casino SM.

Lfl sales increased sequentially to reach +2.8%, traffic was up by 2.4%. Volumes were positive with an excellent performance for fruits and vegetables. The new loyalty card delivers good results. Organic growth reached +4.5%, supported by the opening of 1 store and 7 new franchises since Q3 2015.

Franprix

Over two years, LFL sales were positive (+0.5% vs -3.6% in Q2) as a result of Mandarine renovations. As of end of August, 45% of the total network of stores (853 stores) had been renovated.

Casino's Convenience

Convenience store sales posted a +6.0% growth over two years, thanks to the transformation of the network.

We have continued to optimize our stores' portfolio and reduced the number of stores we manage directly.

As a result: Consolidated sales are negative, but lfl of integrated stores improved sequentially. On the other hand, franchised sales increased strongly and gross sales are therefore positive +1.0%.

I will now discuss our international activities

LATAM RETAIL

In Q3, sales for the Latam Retail segment amounted to 3.9bn€, representing 37% of our total sales.

Organic sales enjoyed a high growth this quarter at +13.2% (+140bp better than Q2 2016) and grew +8.2% lfl (vs. 7.1% in Q2 2016).

Total sales growth was +20.8% and this is also due to the favorable impact of foreign exchange.

Exitto Group (excluding GPA's sales in Brazil) maintained its strong growth in Q3 2016. The good performances in Colombia, Uruguay and Argentina, illustrate the relevance of our various commercial strategies.

In Brazil, monthly inflation has been slowing down. September inflation was the lowest since July 2014.

In Q3, GPA Food recorded an acceleration of its growth with +14.0% in organic (vs. +11.4% in Q2 2016) and +8.3% for lfl (vs. +6.3% in Q2 2016). Excluding non-food product families, GPA food sales increased +17.1% organically and +10.8 % lfl. This growth is significantly above food inflation. Inflation measured by the index IPCA reached its lowest level in September at +0.1% (8.5% over the last twelve months)

- **Assai**, which contribute to 37% of GPA food sales, delivered a strong performance with a very high organic growth +45.8%, driven by sustained lfl sales and dynamic expansion.
- **Multivarejo** recorded a growth of lfl sales of +1.8% during this quarter (vs; +0.9% in Q2 2016). **Extra hypermarkets** posted a significant sequential growth for food sales at +6.1%: +340bp vs Q2 and +850bp vs Q1, driven by its new promotional strategy. Pão de Açúcar's and convenience formats kept their strong development and growth.

LATAM ELECTRONICS

The macroeconomic slowdown in Brazil continues to weigh negatively on the Consumer confidence, with lower purchases of durable goods.

In Q3 2016, Latam Electronics sales, amounted to 1.1bn€ (10.8% of total group sales, increasing by +14.8%; lfl sales grew by +2.0%. This growth was driven by the solid performance of services and financial services, and the right focus on the Technology category. Given the continuous decline of the market for furniture and Home appliances, the positive net growth of Via Varejo suggests that it continues to gain structural market shares.

Organic growth was slightly negative at -0.4% vs. last year, given some store closures during H2 2015 and in Q1 2016.

E-COMMERCE

In France, we have focused on the improvement of CDiscount's profitability: we have reduced B2B sales which were less profitable.

The priority on our site was given to the marketplace sales and we have closed some small, underperforming specialized websites. Comparing sales to last year, we focus on our sole remaining website in France, Cdiscount.

Cdiscount website sales grew +5.6% in Q3, with contrasting performances in July and the rest of the quarter. July sales were down due to weather effects and tragic events in France, whereas growth in August and September averaged +9.8%, close to our 10% target.

Marketplace performance was very good at +19% on average in Q3, with MP sales reaching 33.3% of GMV, an improvement of + 347pb compared to the 3rd quarter of 2015.

Cdiscount reached 8 million active customers in Q3 and the number of our "CDiscount à volonté" subscribers has doubled compared to last year.

Cnova Brazil showed a significant decline of its business especially due to the economic slowdown, which penalized non-food sales as mentioned for Via Varejo. Marketplace share was at 21.2%, an increase of +926pb.

AS A CONCLUSION,

I would like first to mention that we confirm our objectives in France:

- A recurring trading profit in excess of € 500 million
- Free Cash Flow (before dividend and coupons of the hybrids in 2015 and before 2016 interim dividend): over € 550 million
- Net Capex: around € 350M

The most relevant KPI to measure the impact of our commercial performance on trading profit are the gross sales under banner in food. As stated before, the gross sales under banner in food were positive +1.4% in Q3 and +2.5% on a cumulative basis, and this is consistent with our commercial targets set up for this year.

At the end of Q3 2016, the YTD unaudited trading profit of French Retail operations is well ahead of last year and is fully consistent with our full year objective.

Our Super Market sales grew well, thanks to continuous expansion at Monoprix, the success of Mandarine transformations at Franprix and good execution at Casino SM. Commitment of the teams to deliver is strong.

HM have performed well in food and market share are positive. LP global volume of business is almost stable and its profitability has strongly recovered.

For international operations, we continue to record very strong sales numbers in Brazil thanks to the new commercial strategies at Extra, and excellent results for the other banners. The recovery in food sales at Extra is very significant leading to +10.7% lfl growth of the combined food sales.

For Electronics, Via Varejo is maintaining the right balance between sales growth and profitability, and is preparing the integration of the Nova Brazil off line business, with strong operational synergies to be expected.

Cdiscount commercial indicators are all positive. The market place penetration is high and will be important for its profitability. In the coming quarters, its profits will also benefit from the purchasing agreement with Steinhoff.

The group has strongly improved its balance sheet with significant disposals, and has entered in a phase of simplification, as shown with the E-commerce reorganisation.

Thank you

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