

Conference Call January 14, 2016 Casino Q4 2015 Sales

Good morning, Ladies and Gentlemen, and thank you for joining this conference call on Casino's Q4 2015 Sales.

As you can read in the press release we issued this morning, our Q4 performance confirmed the trends we saw in Q3 with a good performance of Retail operations both in France and in Latin America.

AT THE GROUP LEVEL

Let me first highlight the headline numbers. **Total Group sales** in Q4 2015 amounted to 11.8bn€.

Overall, **Forex** had a negative impact on total group sales of -11.7% (*comparable to Q3*) mostly due to the depreciation of -24.6% of the *Brazilian Real* and -19% of the *Colombian Peso* against the €.

There was no **calendar effect** this quarter (flat vs. LY and sequentially). The perimeter had a positive impact of +0.9% (Mostly Super Inter and Disco).

At constant scope of consolidation and currency rates, both the **organic growth and the LFL**, adjusted for calendar and fuel at -0.3% and -2.7%, respectively, are comparable to Q3.

ViaVarejo & Nova Sales were impacted by the reduction of discretionary spending in Brazil. Excluding these activities group organic growth was +3.5% in Q4 vs +3.2% in Q3.

Our two largest segments, **France** and **Food Retail in Latam** which account together for **73%** of total sales, continued to grow satisfactorily in the Q4.

- In **France (42% of total sales)**: Organic sales grew +2.7% and LFL +1.4% driven by the solid performances of Géant, Leader Price, Monoprix and our Convenience stores
- In **Latam (31%)**: organic growth for food retail at +5.7% improved sequentially (+5.2% in Q3), with LFL up +1.3%

Three segments posted negative organic growth in Q4:

- In the **Electronics** segment (11% of total group sales) organic sales were down -14.8% during the quarter vs. -22.8% in Q3,
- In **Asia** (8% of total group sales), revenues declined by -2.4%,
- **E-commerce** (8% of total group sales): organic sales were down -8.1% while the gross merchandise volume (GMV) was up +2.1%,

I will now discuss the changes for each of these five segments and will start with the performance of our Retail operations in France (excluding e-commerce).

FOOD RETAIL FRANCE

Let's start with some remarks on food inflation and consumption in France during the fourth quarter of 2015.

- Food prices (data from INSEE excluding Fresh) were almost flat YOY in November (-0.3%). The stabilization trend for food prices previously highlighted is confirmed. The market is progressively moving away from the low point of deflation reached at the end of the first quarter of 2015. Indices show that most retailers have kept their prices stable or increased them, and we expect this behavior to continue. As you know, our price indices for HM and Discount stores continue to be among the most attractive.
- According to Banque de France data, the food retail market was positive in October and softer in November. Our different banners outperformed their respective markets.

In Q4, sales for the France Retail segment amounted to €M 4,942, representing 42% of our total sales.

Organic growth was up +2.7% in Q4 (vs. 2.6% in Q3), comparable sales grew +1.4% and customer traffic grew by +1.9%. Each French BUs posted positive or flat LFL in the fourth quarter of 2015.

It is worth mentioning that these results were achieved on the back of a more demanding base as comparable sales had improved sequentially in the last two quarters of 2014 by +2%.

The sales were supported by several initiatives such as the commercial repositioning at Géant and Leader Price, the launch of new concepts at Franprix and at Leader Price Express, and a greater focus on the in-store execution (with a reduction of out of stocks and queuing time at check-outs).

Let's be a little more specific and start with **Géant**

As anticipated, Géant grew its sales by +3% in LFL. The banner has continued to gain market share.

Leader Price

The banner performed well in Q4 with a solid +7.5% organic growth and +3% on LFL. Sales were impacted by the transition to franchise of 103 stores for -3.6%. Its market share increased by +0.1pt in the last Kantar P12 and the customer traffic grew by +6.7% in this quarter.

Monoprix

As you know, November attacks have impacted city center stores, especially in Paris. Despite this context, Monoprix posted a good performance in Q4 with a +2.8% organic growth and expansion was steady with 42 openings. LFL sales were positive in food (+0.4%) and were almost flat for non-food (-0.6%). Home furnishing sold well and offset the decrease of textile sales, which is explained by the exceptionally mild winter conditions.

Franprix

LFL sales were positive during the quarter supported by the private label development and the success of the new "Mandarine" concept. Organic growth was impacted by renovations and store disposals. In renovated stores, traffic has grown significantly. The market share was stable in the last Kantar P12.

Supermarchés Casino

SM LFL sales were flat and the traffic was slightly positive. Organic sales were impacted by transfer of stores to Monoprix.

Casino's Convenience

Convenience formats kept on growing this quarter at a very fast pace with LFL sales at +6.1% supported by LPE stores expansion. Franchisees continued their rapid expansion.

I will now discuss our international activities.

LATAM RETAIL

In Q4, sales for the Latam Retail segment amounted to €M 3,705 representing 31% of our total sales. Total growth was impacted by negative Forex as in previous quarters.

Organic growth improved vs. Q3 at +5.7% with positive LFL (at +1.3%).

In Brazil, despite the economic slowdown, GPA performed well in Q4 2015:

Organic growth for **food sales** was up at +5.3% (ex-petrol and calendar).

Assaí, which represents 30% of GPA food sales in Q4, posted excellent sales, outperforming its market: +27.8%; over the year 7 stores were opened.

LFL sales at **Multivarejo** were resilient in food.

Pao de Açucar and proximity banners grew their market share. 62 Extra stores were renovated in 2015 (35 HM and 27 SM) representing approximately 25% of the banner's sales.

On a standalone basis, that is to say excluding the consolidation of GPA sales, **Exito** accelerated its growth in Q4 with organic sales at +6.6% and LFL sales at +4.1% with a good performance in Uruguay and Argentina. Customer traffic grew sequentially.

LATAM ELECTRONICS

In Q4 2015, Latam Electronics sales amounted to €M 1,286 (11% of total group sales).

Via Varejo launched several action plans to increase its competitiveness and its promotional efficiency which resulted into a lower decline in this quarter: Organic and LFL sales were down respectively by -14.8% and -15.2% (vs. -22.8% and -24.7%).

The company will continue to focus on operational excellence to improve productivity in stores and in DC and will strengthen its commercial strategy.

ASIA

The total sales amounted to €M 984 (8% of group sales) and grew +3% thanks to a positive impact of Forex. Organic sales and LFL were down by -2.4% and -5.3%.

In Thailand, organic sales declined more slowly sequentially. Food volumes grew in this quarter and LFL sales were positives in December despite of the low prices context. Real estate activity was up with a +4.8% increase of rental income.

I move now to our last segment e-commerce. As you now Cnova has published their sales last Tuesday, January the 12th January.

E-COMMERCE

GMV amounted to €1,327 million for Q4 2015: +2.1% on a constant currency basis. The marketplace share of total GMV was 24.3% and net sales amounted €876 million in this quarter.

Traffic rose +16.3% y-o-y to 492 million visits during the 4th quarter 2015 (Cdiscount France +14.6%; Cnova Brazil +11.2% compared to the same period in 2014). Mobile share of traffic continued to close in on our goal of 40%, reaching 38.6% at the end of 2015.

The number of Click-&Collect pick-up points, one of our unique competitive advantages, especially in France, increased +17.3% to 21,916 y-o-y.

AS A CONCLUSION

I would like to make the following comments:

After two years of significant price investment, our revenues in France have recovered, and all banners enjoyed a good sales momentum during the last two quarters. The group market share has started to increase from the middle of 2015. The price repositioning of Géant hypermarkets and of LP discount stores has fuelled the volume growth.

French trading profit and EBITDA in H2 2015 will be significantly higher than in H2 2014 thanks to retail activities, with an improvement of margins.

Purchasing partnership agreements with Intermarché and Dia will continue to support the performance. For French activities, Casino expects to generate in 2016 an EBITDA of around € 900 million and trading profit should exceed € 500 million.

As we speak, the accounts closing process is under way and final consolidated financial statements will be published on March the 9th, before market.

Concerning the group trading profit in 2015, relevant reports from analysts are those that have updated their forecasts with recent estimates for Viavarejo and Nova and with the current FOREX. Most of them get to 1.5 B€ which is a realistic estimate at this stage. For French operations, a 340 M€ in 2015 is a reasonable assumption as well.

A list of questions concerning Casino has been brought to our knowledge yesterday. Most of them are a reiteration of subjects raised in December to which we already answered. We note that the real concern of yesterday's letter is whether there is a true recovery in our French retail operations. As illustrated by the trading we have just published for Q4 2015, we are very confident that it has taken place and that our commercial strategies will continue to deliver strong results in 2016.

Thank you

Antoine Giscard d'Estaing
Group CFO