

## Conference Call April 14, 2016

### Casino Q1 2016 Sales

Good morning, Ladies and Gentlemen, and thank you for joining this conference call dedicated to Casino Group's Q1 2016 Sales.

I will comment the quarterly performance at group level and then for each for our four reporting segments.

Given the disposal of our stake in Big C Thailand which occurred on March, 21<sup>st</sup> and considering our current process to sell our operations in Viet Nam, we no longer report any sales for these activities, the result of which will be booked in the P&L under a unique line as "discontinued operations" till the effective disposal date. The group consolidated trading profit for 2016 will therefore exclude any contribution from Asia.

In order to show comparable numbers, we provide in the Q1 2016 sales press release a sequential comparison between Q4 2015 and Q1 2016, in which Q4 2015 numbers are restated excluding Asia.

#### **Let's start with Group sales**

In this bissextile year, and given the Easter shift from April to March, the **calendar effect** was quite positive in Q1 at Group level: +1.3%, of which +1% in France and +2.6% for International operations.

Ex calendar and petrol, **total Group sales** amounted to 9.7 bn€. They grew organically by +1.5% in Q1 2016 (vs. -0.2% in Q4 2015) with better performances for our French and Latam food retail segments than in Q4 2015.

For Food Retail operations, we report indeed a good momentum in our key markets. France grew organically +2.9%, slightly above the pace of H2 last year. Latam retail was up +8.3% organically; this is 260 bps above the fourth quarter of 2015, with comparable sales up 3.7% (vs. 1.3%).

Latam Electronics and E-commerce were still affected by the poor macro environment in Brazil and posted declines in sales, slightly less important than in the previous two quarters.

After the strong depreciation of Latam currencies against the Euro that occurred in H2 2015, Forex continued to weigh negatively on Q1 sales, with a global impact of -14.3% on total group sales. This explains the negative evolution of reported Sales against last year.

Given those various evolutions, our sales mix has been rebalanced, with France accounting now for 47% of the sales, Latam Food retail for 34%, Electronics for 11% and E-commerce for 8%

*I will now go across each of these four segments and will start with the performance of our Retail operations in France, excluding e-commerce.*

## **FRANCE RETAIL**

Let's start with a couple of remarks on our trading environment in the first quarter of 2016.

- As expected, market deflation was much lower in the first quarter than last year. YoY FMCG prices were negative in modern trade -0.3% in February, of which -0.1% for food categories and -1.1% for Personal and Home care.
- During the last quarter, relative pricing policies of major French food retailers have not changed significantly. Our value stores, Leader Price and Géant have kept their excellent price positioning.
- If we look at the French food market, consumption at constant prices over the first two months of 2016, was flat against the last quarter of 2015.
- Finally, all our banners, except one, have positive client evolutions in comparable stores. Including expansion, we post a global increase of traffic of +2.2% for the Casino Banners in France.

Let's talk first about **Géant**

In the Hyper format which accounted for 24% of our French retail sales, lfl sales were up +4% a solid performance consistent with the recovery in sales which started in H2 last year. Volume growth of and traffic continued to be positive and in line with our plans.

Food sales were positive +4.7% on a comparable basis and market share was up +0.2% in the last Kantar report.

Non-food sales were positive in Q1. Géant now offers excellent permanent prices thanks to the continuous improvement of its assortments for Home furnishing and textile. In these product families, we leverage our group brands created by our Latam subsidiaries such as Finlandek or Architect.

### **Leader Price**

Total sales at LP were positive in Q1 +6.2% (net of the transfer of some stores to non-consolidated Master franchisees). LP accounted for 14% of French sales.

Organic growth reached +7.2%, very similar to what was achieved in Q4 last year, with a good level of expansion, solid wholesale activities and strong like for likes. The banner gained market share again: +0.1 pt. in Kantar P2.

Lfl sales were up +4.5%, acceleration from H2 2015, with a very good traffic momentum. LP has excellent prices which attract clients and the banner is focusing now on the conversion of its footfall through better promotions and improved assortment.

### **Monoprix**

Monoprix total sales which accounted for 23% of French grew again +3.3%. As you probably remember, since Q4 2015, the apparel on-line platform Monshowroom is now owned by Monoprix and is considered as a change in perimeter for this group.

Adjusted for calendar, organic sales grew +2.3% (*versus +0.9% in Q1 2015*), supported by the high number of net openings (70 since Q2 2015, of which 12 in the last quarter).

Lfl sales were slightly negative at -0.4%. Stores in the Paris area (around 40% of the network) still suffer from the aftermath of the December attacks.

Food sales were almost flat on a comparable basis. Non-food performed well in Home and leisure, and was slightly negative for textile.

### **Supermarchés Casino**

This banner accounted for 17% of our French retail sales in Q1 2016.

Our lfl sales were flat as in the previous quarter with positive traffic supported by our new loyalty program. Fresh categories for which we offer permanent rebates performed well in that context.

We are happy to report a positive organic growth at +1.9%. This results from the opening of 6 new stores and the integration of 5 new franchisees since Q2 2015.

### **Franprix**

Lfl sales and market share at Franprix were flat with positive evolution of traffic. New concept “Mandarine” is now in place for more than 300 stores.

Organic growth was negative in the quarter. It was still impacted by the last store disposals requested by the regulator and done last year and by transfers either to other banners.

**Casino’s Convenience and other businesses** accounted for 14% of our French sales in Q1 2016.

For our **convenience stores** lfl sales were up +2.3%. Most of our LPE (around 400 stores) have opened since a year now. Traffic was positive in the quarter. Vival and Spar franchises continued to perform well and to increase their footprint with 65 stores, joining their network in January 2016.

*I will now discuss our international activities.*

## **LATAM RETAIL**

In Q1, total sales of Latam Retail, a segment that includes GPA food in Brazil, Exito in Colombia and Uruguay, and Libertad in Argentina amounted to 3.3 bn€, or 34% of our total sales.

Organic growth was strong at +8.3% vs. +5.7% in Q4 2015. Lfl were up 3.7%.

Exitto will publish its sales and earnings in May. Growth accelerated in Q1 in its different geographies.

GPA Food sales in Brazil grew organically at +7.8% (+220 bp of sequential improvement, on the back of a solid growth in Q1 last year). Lfl were up +2.2% (vs. 0.2% in the previous quarter). The Assai cash and carry banner posted a +36.2% organic growth with lfl in the low teen area supported by a similar growth of the client base. Expansion in this format will continue at a rapid pace, with 12 to 15 stores scheduled to open this year.

Pao de Açucar and Proximity banners gained market share. A new promotional strategy has been launched at Extra, with progressive discounts and early results are encouraging.

## **LATAM ELECTRONICS**

In Q1 2016, Latam Electronics sales amounted to 1.1B€ (11% of the total group sales).

Sales were down organically at -12.7% with lfl down -11.8%. This is lower decline than in 2015 on the back of stable sales in the first quarter of 2015.

In a context of strong decline in discretionary spending, Viavarejo banners have reset their prices and simplified their assortment. 36 stores were closed with a total number of stores of 978 stores at the end of the quarter.

## **E-COMMERCE**

Cnova sales reached 731€ in Q1 (7.5% of total group sales stable year on year). As in previous quarters, there are very minor differences between our numbers and those published by Cnova mostly due to consolidation rules.

In Q1 2016, Gross Merchandise Volume amounted to 1.138 M€ growing +4.2% at constant parities. Volumes and sales were driven by excellent performances at Cdiscount (+18.3% and +15.3% respectively), which increased its market share of technical products by 1.5 pts to reach 30.3%.

## **CONCLUSION**

Our first quarter sales of 2016 show an improvement of our activities in all geographies in which we operate, and confirm the relevance of the commercial and expansion strategies implemented by the group different business units.

We can wrap up this around the following four points:

1/ For a third consecutive quarter, our French sales are significantly in positive territory, headline numbers growing at +2.8%. Comparable numbers are positive, with a good momentum for the value stores Géant and Leader Price. Organic growth is significant for Supermarket and convenience stores, except at Franprix, a banner impacted by disposals and deconsolidation of less profitable stores.

The sales realized in Q1 are consistent with our plans and we can confirm the profitability and cash flow guidance for 2016 we gave for our French operations in our 2015 results release, last march.

2/ In Brazil, GPA continues to optimize its format mix and to refine its commercial strategies. Cash and carry is very dynamic and will continue to expand. A new management at Multivarejo is focusing its effort on promotions. Via Varejo is leveraging its unique size to gain market share.

3/ Other Latam operations are developing according to plans.

4/ For Cnova, the picture is more balanced. Cnova Brazil is facing a tough environment. The new management has launched a “back to basics” program aimed at improving the shopping experience. In France, Cdiscount volumes and sales grow at a very steady pace, reaping the benefits of several commercial initiatives implemented for a couple of quarters: increase of market place and expansion of fulfilment, pick up points, loyalty programs, etc.