

Conference Call January 17, 2018 Casino Q4 2017 Sales

Good morning, Ladies and Gentlemen, Happy New Year to everyone.

Thank you for joining this conference call on Casino's 2017 sales. As usual, we will focus as well on our Q4 activity.

Before we do that, let's have a look at our full year performance.

Contrary to last year, we have no major perimeter changes that would affect the 2016/2017 comparison.

We continue to report our sales under three usual segments.

Let's start with the FY performance.

Our 2017 sales amounted to 37.8 B€, 50% in French food retail, 44.7% in Latam food retail, and 5.3% in Non-food Online sales in France.

Our consolidated sales grew +5 % on a reported basis with a +2.2% positive impact of currency translation.

Group sales grew +2.4% on a comparable basis and +3.2% on an organic basis in a context of deceleration of inflation in Latam.

Our FY organic growth was supported by strong sales in Latam +6.4% and at Cdiscount +8.7%.

FY L-f-I in France were positive +0.8% and food gross sales under banner grew +1.7%. Our full year market share was stable. The combined Géant and Cdiscount non-food sales grew +4.2%.

After a strong Q3 in France, we finish the year on a softer note for the textile at Monoprix and Géant.

I will now detail the Q4 Sales performance

Total sales in Q4 reached 10 B€, 49% in France Retail, 45% in Latam Retail and 6% in Non-food Online sales in France.

Total growth was impacted by a negative impact of currencies of -2.7% and of perimeter for -0.1%, gasoline being almost neutral.

Organic growth reached +3.2% and comparable growth +2%. Q4 2017 is the sixth consecutive quarter where organic growth is superior to 3%.

I will now discuss the operations in France.

FOOD RETAIL FRANCE

Let's start with some remarks on food inflation and consumption in France during the fourth quarter of 2017.

- Food prices (data from INSEE) have continued to be better oriented. YoY they were up at the end of November by +1.6% and this is highest evolution since the fourth quarter of 2012.
- In the first two months of Q4, Food consumption was slightly up: +0.7% at constant prices (vs. 0.9%) in Q3. After a very strong Q3 (+4.9%), Textile was significantly negative in the fourth quarter (at -1.5% year on year).
- Going forward, advanced indicators remain positive with Household confidence level well above the mid-term average.

In France our Q4 sales amounted to 4.9 B€, growing 0.1% organically and +0,3% I-f-I. Reported sales are down 0.8% with a negative -0.7% in calendar and -0.3% of perimeter related to the transfer of 21 Supermarkets to Franchisees last year.

Over the year the I-f-I of our retail banners is +0.8% and gross sales under banner grew +1.7% for the food categories and +5.6% for non-food categories.

I will now discuss the evolution of our different banners.

Monoprix

Monoprix' organic growth was +1.2% in the 4th quarter, and +2.8% for the full year. Comparable sales were positive +2% for the full year and -0.5% in Q4.

During the 4th quarter the non-food sales were negative with textile impacted by abnormally mild conditions in October. Yet thanks to the good third quarter textile sales in Monoprix supermarkets are up year on year and over perform the market (3%).

Food sales grew again in the fourth quarter and over the year. 66% of the sales are done under our renewed loyalty program. Expansion remained strong especially for Naturalia with 24 new store opened in the year.

Casino Supermarché

Casino Supermarkets comparable sales were positive +0.6% on the back of a strong Q4 last year and up +1.5% over the year and +3.8% over two years.

Renovated stores, improved assortment in fresh and efficient commercial plans explained this performance. Supermarket Casino's market share in fresh increased +0.1 pt over the last Kantar period. The number of loyalty cards and the business they generate have increased significantly over the last 12 months.

Franprix

Thanks to the final roll out of the Mandarine concept, comparable sales were up +0.5% in the quarter and +1.3% over the year. Franprix application for smartphone has been downloaded 400.000 times and has been selected as the best food app in a major industry award. Traffic was up +1.8% in Q4 and +3.1% for the full year.

In Q4 sales grew organically +2.7%, with 51 new stores of which a couple of “Noé” pilots where new products and services have been successfully tested. 20 new Noé stores should open in 2018.

Convenience

Comparable sales for Proximity stores are positive +2% with a continuous rationalization of the network. Franchised stores continued to enjoy a positive evolution of their comparable sales +3.4%. Including openings (around 200 points of sales over the LTM) and transfer (130) Franchised sales are up high single digit.

Leader Price

LFL growth was positive at +0.2% over the year and +0.3% in Q4. Banner market share is negative in relation with closure of small LP express stores. A new concept is being developed with a stronger offer in fresh, organic and personal care products.

LFL sales at **Géant** grew +0.3% in Q4 2017.

Food sales increased +2.8% with a double digit growth for organic ranges. Drives sales continued to grow above 10% and loyalty rewards have been increased.

The reduction of non-food selling spaces continued in a context of continuous decline of sales in traditionally managed stores. On the contrary the four Cdiscount operated corners posted positive evolution.

Cdiscount

As you can read it in the press release, Cdiscount posted a good 4th quarter with a sales performance that was boosted by an excellent Black Friday.

Net sales amounted to 701 M€ million in Q4 2017: +9.2% on the back of +7.8% the previous year. Gross merchandise volume amounted to 1.1 B€ in this quarter (+7.9% I-f-I compared to the same period in 2016). Traffic grew +11.4% and there were 8.6 actives clients in Q4.

The loyalty scheme “Cdiscount à volonté” covers 32.3% of the GMV, a +647 bps. increase over the previous year. The number of products where shipping is free of charge for the clients has tripled.

Three new Cd corners were created in our Géant HM in Q4; 108 M€ of sales were achieved in the 4 corners in last quarter.

Delivery options have been improved. Cdiscount is the only company offering the same day delivery for large items (over 30 kgs) in the greater Paris area and in Lyon.

Cdiscount has continued to develop new businesses to enlarge its revenue base.

It has successfully launched additional services such as immediate consumer financing or the cheapest deregulated Electricity supply.

The % of Fulfillment for market place vendors has doubled and special services have been developed for them in several areas such as advertising, financing or shipping.

As per the panelist GFK, Cdiscount has kept on gaining market shares for technical products (+1.4 pt in value for the last known period).

I will now discuss our international activities.

LATAM RETAIL

Food sales in Latin America continued to grow at + 5.5% in organic and + 2.4% on a comparable basis. Forex was negative at -5.8% and total sales translated in € amounted to 4.5 B€.

In Brazil, GPA Food's sales recorded an organic growth of + 7.5% on the back of strong last quarter in 2016 (13.6%). LFL sales grew +3.9% in a context of significant deflation.

Multivarejo's sales were up +0.7% LFL over the year and down -0.6% in Q4 in relation with the deflation of food categories. Volumes have improved sequentially and market shares are positive.

Extra HM' comparable sales were positive with strong non-food sales. Volumes increased at Pao de Acucar in conjunction with several commercial initiatives and 50 stores renovations – accounting for 35% of the Banner's sales-. Extra Super markets enjoyed a volume recovery.

Assaí has delivered a remarkable performance with a FY organic growth of + 27.8%. This banner accounted for 43.5% of the total GPA sales, vs.36.2% in Q4 2016.

In Q4 2017 organic growth was +28.2% on the back of a very strong 36.7% last year. Comparable sales were up +10.7% with a strong uplift of converted stores and a better volumes than in Q3.

In the last quarter 8 HM have been converted in Assai with a total of 20 new stores openings in 2017. The banner has 126 stores at year end.

CONCLUSION

I would like to make the following closing remarks.

2017 was a year of improvement for our group with an increase of our sales in most of our business units and a stronger improvement of our profitability.

Reported sales grew +5% for the full year (vs. +2% in 2016) and organic sales +3.2% (on the back of +5.7%) in a context of lower inflation in Latin America.

In France, Food gross sales under banner grew +1.7% over the year and non-food gross sales were positive +5.6% thanks to the dynamism of Cdiscount.

When we review our different banners, it appears that three of them have a particularly strong profile:

- Franprix posted positive sales evolution with a good expansion in 2017. Its network is highly attractive for shoppers thanks to the success of recent renovations/innovations and there is a potential for 50+ new stores a year. Profitability is excellent.
- Monoprix keeps the same profile of solid organic growth (+2.8% in 2017) and strong margins. Recent initiatives such as the Ocado partnership highlight the continuous efforts to develop multi-channels models adapted to changing habits of shoppers. Expansion will continue this year.
- Casino SM have had a good 2017 year as well, both from an organic growth perspective (+1.5%) and from margins perspective, hence contributing with Franprix and Monoprix to a better balance of profits in France. Three franchisees joined us in 2017 and several others are expected to join Casino SM banner this year again.

Concerning the other banners,

- Hypermarkets sizes have been reduced for several years already and most of the plan has been done (75%). Cd Corners work well and four will be rolled out in this quarter plus one in a franchised store. Food sales in Hyper keep staying dynamic thanks to a good price positioning and efficient loyalty and promotional programs.
- Cd posted a strong growth again last year. Total reported sales increased +14.4% year on year, and 9.3% on a comparable basis. All commercial indicators were very positive. Operations are well under control, with Quality, Depth of the Assortment, Client experience and Shipping much better than last year. In 2018, traffic monetization through market place development and data projects will be top priorities.
- With a rationalized portfolio, Proximity comparable sales are now positive and margins are improving
- Leaderprice will roll out its new concept in 2018.

Abroad, our operations in Latam have continued to operate in a context of fast reduction of inflation and progressive improvement of the macro economic environment in Brazil and Argentina. This is expected to continue this year. Colombia on the contrary faced a softer environment.

The group has continued its assertive strategy to rebalance the store mix towards more discount stores. As a result, the full 2017 year performance is strong with organic sales growing +6.4% and comparable sales +3.1%

More specifically, Brazil achieved a +8.7% organic sales growth and +4.7% comparable sales expansion. The fourth quarter was in line with the third quarter even if the comparison base was higher.

- Assai has continued to grow above its market, on a comparable and on an organic basis.
- In Multivarejo, Extra HM market share improved, and volumes increased at Pao de Acucar thanks to renovation.

Our books are being closed as we speak and final results are not yet audited.

In France the estimated 2017 trading profit (excluding Cdiscount) should be above 550 M€ in 2017 growing more than 10% vs. last year. The contribution of real estate development will be close to the level of last year (90 M€).

Retail trading profit should be above 460 M€. It is important to mention that the

- Sales of French retail banners were impacted in the fourth quarter by adverse weather conditions affecting textile, for HM and Monoprix
- At the same time, we have increased our investment for the recruitment of loyal customers, especially for Casino banners (HM & SM),
- Lastly we have incurred additional costs to launch our data monetization project with revenues now expected in 2018.

At group level, we can confirm that our estimated unaudited 2017 trading profit for the group is around 1.240 B€, equivalent to a +20 % growth vs. last year.

In 2018, we expect our total consolidated sales and group profitability to continue to expand.

Thank you

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