

Group Casino Q1 2018 Sales

Analysts Conference Call - April 17, 2018

Antoine Giscard d'Estaing, CFO

Good morning, Ladies and Gentlemen, and thank you for joining this conference call dedicated to Casino Group's Q1 2018 Sales.

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

Given the disposal process started by GPA for its Electronics business Viavarejo, we no longer report any sales for these activities.

Let's start with the technical elements impacting Group sales

With the Easter shift from April to March in 2018, the calendar effect was positive in Q1: 1.1% at Group level. Currencies had a negative impact in the quarter of -7.7% at group level.

Ex calendar and petrol, total Group sales amounted to €8.9bn.

Sales grew organically by +3.1% in Q1 2018 (vs. +3.2% in Q4 2017) with a good quarter for all our French banners while operations in Brazil were still impacted by food deflation.

Given those various trends and the currency changes, our sales mix has been rebalanced, with French Food retail and E-commerce accounting now for 55% of the total turnover and Latam Food retail for 45%.

I will now go across each of these 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 2018.

- As expected, market inflation has started to increase. According to INSEE, food prices were up +1.5% over the last 12 months, with an acceleration in March
- Consumption at constant prices over the first two months of 2018, was up +0.3%. March showed an acceleration after a slow start of the year.

Overall Casino Q1 2018 sales numbers are satisfactory for several reasons:

- Our total l-f-l growth was +1.3% in Q1 2018, with food sales under banner growing +1.9%
- All banners posted positive l-f-l growth in the quarter between +0.9% (LP) and +2.1% (Géant) and organic growth was significant for Monoprix, Franprix and Géant.

Let's review first the Business units we operate in, the Supermarket and Convenience formats, which account for 63% of our French sales.

Monoprix posted a +1.2% growth in their l-f-l sales in Q1.

Food categories performed well. Food sales were supported by the private labels and the continuous improvement of the various delivery options (Home delivery, Click and collect). Omnichannel sales grew double digit. The banner is actively preparing additional options for its clients with its very important partnerships signed in the recent quarters. Monoprix is developing the Ocado smart platform project with the ambition to cover most of the Northern part of France for next day delivery of large size baskets. This project is running according to its schedule. In March 2018, another important agreement was signed to develop the Monoprix offer for Amazon Prime clients in Paris for the same day delivery.

Organic sales of Monoprix were up +2.6% with 7 stores openings.

Supermarchés Casino grew organically +1.2% on top of a very strong quarter last year, with +1.4% growth in same-store sales. This growth was sustained by the success of the private labels and a renovation of 64 stores with a priority on fresh and gourmet offerings. Sales of franchised partners in SM grew +5% and 3 new affiliates joined us.

Franprix same-store sales grew +1%, thanks to a positive footfall. Organic sales were up +1.9% with 10 store openings in Q1 and a first outlet in Brussels. Several innovations have been launched such as a first 24/7 store in Paris, with an ambition for longer opening hours in 50 stores at the end of the current quarter. End of March, the Franprix App had been downloaded by 635.000 clients.

The **Proximity** sales were up +4% organically, and +1.1% l-f-l. Franchised networks Vival and Spar continued to perform very well with sales up +9.2%. The Petit Casino banner has continued to improve its assortment and services and several pilots, with a focus on Fruit and Vegetable, were tested.

Géant sales grew +4.2% with a strong evolution of the l-f-l at +2.1% of which +4.2% in Food, supported by the fresh and organic ranges and the drives. These evolutions generated a +0.1 pt market share gain in a context of a global reduction of selling spaces by -0.6%. Non-food sales were globally negative but the first 11 Cdiscount corners posted good results, as I will explain it when I discuss the Cdiscount sales.

Leader Price showed a +0.9% sales evolution thanks to grocery and fresh categories. As of end of March, 35 stores have been renovated under the new Next concept.

I will now discuss our E-commerce segment which consists of Cdiscount.

E- Commerce

GMV at Cdiscount reached €854M in Q1 2018, growing +6.1%. Market place sales accounted for 32.5% of volumes sold, with an increase of 81% in the number of products available. 40 million different products are now available.

Traffic reached 240 million visits in the first quarter of this year with mobile representing now 60% of the traffic. Unique monthly visitors reached 20 million. Cdiscount now has 8.6 active clients and the “Cdiscount à volonté” clients increased by a third. They generate a third of the GMV and enjoy now a free access to newspapers and magazines.

Cdiscount has intensified its omni-channel strategy, with 11 corners in Géant stores, where products sold enjoy a strong uplift. 20 corners should be active at the end of the second quarter.

Finally, Cdiscount has diversified its service offer in several areas such as immediate consumer credit, leasing, furniture assembly, or deregulated electricity supply. The website has enlarged its BtB services with an open advertising platform dedicated to its partners.

Let's discuss now our Food retail activities in Latam which comprise Grupo Exito and GPA (excluding Viavarejo).

LATAM FOOD

In Q1 organic sales were up +4.9% with l-f-l up +1.9%, in a context of fast deceleration of inflation.

Exito organic growth was supported by strong comparable numbers in Uruguay and solid expansion in Colombia.

GPA organic sales were up +5.7% and +2.2% on a same-store basis, despite a -4% food deflation.

- Assai continued to show impressive trends: a double digit volume growth, +9.4% l-f-l growth and +25.2% organic with 10 stores converted over the last twelve months. Assai accounts for 45% of total sales (700bps more than a year ago) and is gaining 3.8 points in volume market share according to Nielsen. For the full year, Assai targets 20 new stores, including 5 conversions of Extra HM.
- Multivarejo l-f-l sales (-2% ex calendar) were impacted by strong deflation of Food at home (from +4.6% in Q1 2017 to -4%) in Q1 2018 and the fire of a refrigerated Distribution Center which impacted the supply of around 500 stores in January and February. Thanks to more targeted promotions and a better loyalty programme l-f-l sales have started to turn positive in March at +3.9% ex calendar.

CONCLUSION

As a conclusion, I would like to underline several positive signs in our Q1 sales.

1/ Casino organic growth was once again in Q1 2018 above three percent, a growth level that we have achieved constantly since early 2016 and that reflects the quality of our mix, both in terms of geographies and in channels.

2/ While Food retail is continuously changing with shoppers asking for more quality, more diverse offers and increased services, the different Casino banners stay at the forefront of

innovation, with differentiated formats and unique strategic partnerships. The adoption of the Ocado Smart platform and the availability of Monoprix's products for Amazon prime clients are two major initiatives to become very soon a real omni-channel food retailer. With such projects, we are confident that we will improve significantly our reach to our existing clients and get new clients, and generate profitable growth.

3/ In Q1 2018, all French banners posted solid comparable sales numbers and we anticipate those trends to continue in the second quarter, and in H2 2018, as they are the results of commercial plans steadily rolled out across the banners. The attractiveness of our models is shown by a growing number of new franchise partners that joined us. The full year impact of the agreements signed for new HM and SM in 2017 is around €100M of additional sales under banner, and we expect to continue to recruit new franchisees in 2018.

4/ For our Hypermarkets Géant, which account for 24% of our French sales, the recent remodelling and the focus on fresh and organic products have delivered excellent results. We continue to propose very attractive prices across all product ranges. The first Cdiscount corners have shown good results and we will continue their roll out.

5/ Cdiscount has launched many initiatives to enlarge its revenue base, beyond its successful market place, with new services offered to its vendors and its clients.

6/ In Latam, where we generate 45% of our Group sales, we see positive trends after a tough year in Colombia in 2017 and a massive shift in the mix of formats in Brazil. Better macro-environment, and execution of rigorous actions plans will support our operations and drive profitability.

With all these elements, we confirm the set of guidance that we gave on March 8th, for underlying trading profit, cash flow and net financial debt in 2018

Thank you

