

Conference Call July 17, 2018

Casino Q2 2018 Sales

Good morning, Ladies and Gentlemen, and thank you for joining this conference call dedicated to Casino Group's Q2 2018 Sales.

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

As already mentioned in Q1, our sales are now reported under IFRS 15, with a retrospective application of the standard in 2017. The 2017 sales numbers have been restated accordingly and are disclosed in the appendix and all comparison between 2017 and 2018 are therefore established with the same revenue recognition.

Let's start with the Group Net sales

Comparable sales numbers continued to improve in Q2 and grew +3.2% at group level on the back of a +3.0 % in Q2 2017. As we will see it when I detail the different segments, this is driven by strong performances of our major banners in France and in Brazil.

Ex calendar and fuel, total Group net sales grew organically by 5.2% in Q2 2018 above the previous quarter (+3.1%) with a sequential improvement for our French operations on a like for like basis and a positive acceleration in Latam.

Fuel had a +0.4% impact on sales, and calendar was negative -1.2% in the quarter with the shift of Easter to March this year and changes in national holidays in May in France.

Total sales amounted to 8.9 Bn€, a 3% decline explained by a -7.6% currency impact and the negative calendar.

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 wrap-up on our trading environment in the second quarter of 2018.

- As expected, food inflation continued to increase moderately. According to INSEE, YoY food prices were up +1.9% in the last quarter after a +1.2% in Q1. This is the highest level of food inflation for the last five years.
- Consumption at constant prices over the first two months of Q2 2018, was negative: -1.6% on the back of a solid +2.2% last year.

In this environment, our performances are good and above the market growth. Gross sales under banner, adjusted for calendar grew +2.6% in Q2.

Net sales amounted to 4.8 B€ and grew +1.8% l-f-l, of which +2.5% in food on the back of similar levels last year, with a positive customer traffic and increase of the basket side. Over two years, l-f-l sales are up +3.7%.

Business trends were sustained for Hypermarkets, Monoprix and Casino supermarkets. Géant gained +0.1 pt. of market share in the last reporting period. Across the Casino banners, the Casino Max mobile app, which offers many benefits to our loyal customers, has been downloaded 1.1 M times and our Scan express solution is already available in 100 stores.

Monoprix reported a +1.4 % l-f-l growth and an increase of its traffic by 1.6%. Food sales were up +2.7%, with dynamic promotions and extension of the organic ranges. Stores in Paris outperformed the rest of the network. Naturalia grew double digit and on-line sales, which represent 5% of the total Monoprix revenues, were up double digit.

Several multichannel initiatives were rolled out in Q2, such as the one hour delivery and the click and collect. Partnerships with Ocado and Amazon are progressing according to initial plans and lastly the acquisition of Sarenza, the shoes and textile on line specialist, was completed at the end of April.

Franprix had a good performance in the last quarter, with sales up +1% organically and +1.3% l-f-l. Customer traffic rose by +2.0%. Franprix app has been downloaded 832.000 times as of the end of the quarter. Several new innovative concepts are being tested, such as a new Beauty and Well-being concept called “le drugstore Parisien”. All in all, 12 new stores opened in H1.

Supermarchés Casino grew organically and l-f-l by +1.4% (on the back of +2.3% last year). Market share, which does not cover fresh products, was stable. Loyal clients account now for 62% of total sales. Lastly, sales of our 111 franchisees grew +3.5%, a sign of the attractiveness of the Casino Supermarket banner.

Géant Hypermarkets reported a fifth consecutive quarter of growth, with l-f-l sales up +2.8% and a +0.1 pt market share gain. Food sales were again very dynamic at +4.3%, boosted by efficient commercial initiatives, higher penetration of organic ranges and drive sales. Non-food sales are still negative but were supported by the success of the Cdiscount corners which are available now in 21 Géant Hypermarkets and generate positive impact for the sales of other non-food products.

In **convenience**, sales advanced +3% organically and +0.2% l-f-l. with a strong +6.4% growth for the franchised sales. Marketing initiatives have been launched and the Casino Max loyalty program is being rolled out fast and already covers 40% of the network as of the end of June.

Leader Price reported +2.2% l-f-l sales, a third sequential improvement with better traffic. Organic sales and market shares are still impacted by store closures and the renovation of stores in connection with on-going roll-out of the Next concept. As of today, 70 stores have been renovated. Assortment is currently improved especially with a clear focus on Organic and Health and Wellness products. Digital promotion are now live on the banner app.

E- Commerce

Cdiscount GMV reached 760 M€ in Q2 2018, growing +14.3% of which +9% was organic.

Net sales grew +14.0% of which +6.4% was organic.

Organic GMV and sales exclude sales of technical goods in Casino's stores in relation with the multichannel agreement of June 2017, but take into account the corners sales. Business benefited from the successful French days and the FIFA world cup.

Monetization revenues grew by 29%. These revenues are related to services to market place vendors, or generated by advertising and commissions on different offers (financial services, energy, travel).

The market place now accounts for 36% of the GMV and is expanding thanks to the fulfilment service available for vendors.

CDAV, Cdiscount's loyalty program, accounted for 34.8% of GMV. The benefits offered to its subscribers are continuously enhanced. CDAV clients are 3 times more active than the other clients.

Cdiscount Corners are in place in 21 Géant stores and a full roll out will be implemented in the rest of the Hyper markets by the end of 2018.

Lastly, new services have been launched in the quarter, and shipping of products to four European countries has started.

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

LATAM FOOD

In Q2 2018 organic sales were up by +9.7% with 1-f-1 up +4.4%, a strong sequential improvement vs. Q1. Total sales were impacted by a -17.1% forex impact.

In Brazil Net sales of **GPA** were up +11.7% in organic and +4.7% on a comparable basis with a -2.8% deflation for the food categories.

- **Assai** continued to show impressive trends, with a +23.7% organic growth driven by recently converted stores and despite continuing deflation and the truck drivers strike. Under the Assai banner, recently converted stores generate 2.3 times more sales than under the Extra banner. Traffic was positive and the banner gained 2pt in market share over the last available periods. Several commercial initiatives were launched successfully and the loyalty card Passai is now used by 335.000 clients. Assai accounts for 45% of GPA sales, vs. 40% a year ago.

- **Multivarejo** sales have been in a positive trajectory since the end of Q1 this year and comparable sales were up +5.8% with a 100 bp market share gain according to Nielsen in April and May, with positive volumes.

The **Extra** banner has increased its loyalty program and launched digitalized and personalized promotions. The loyalty app has been downloaded 6 Million times and the clients using it generate 35% more sales than the others.

Non-food sales were positive at Extra with a double digit growth in the context of the Football world cup.

Around 20 Extra supermarkets will be converted in Compre Bem stores, which will help them better compete with small regional players.

Pão de Açúcar supermarkets and proximity stores performed quite well during the quarter.

In **Columbia**, both comparable and organic sales were positive and improved sequentially since Q1.

CONCLUSION

During the second quarter, both our group organic and comparable growths accelerated, despite a high comparison base in France and a continuing deflation of food prices in Brazil.

This good performance is the result of several strategies that have been implemented carefully across the banners for several quarters.

More specifically,

1/ **In France**, our comparable food sales grew +2.5%, a trend well above the market which is probably only slightly positive. Our outperformance is explained by several reasons.

- Casino has a unique footprint, both in terms of geographies and of mix of formats. In Q2 we benefited from our exposure to the Paris market and to the most dynamic regions in France for demographics or tourism, such as the southern part of our country. This trend can be measured in the strong traffic growth of almost +2% we had in our urban formats such as Franprix and Monoprix during the quarter. Our performance in Paris was excellent.
- Our mix of stores is well adapted to the continuous migration of clients from the large stores to the smaller supermarkets and convenience stores.
- For each of our differentiated formats, many initiatives have been implemented, such as the extension of the snacking offer at Franprix or the strengthening of the fresh and organic ranges, which are expanding at +30% in the Hyper and Supermarkets.
- After several quarters of tests, we see that new food distribution channels are very important in the growth equation. In that respect, Drive sales, Food E-commerce sales and direct Home delivery from stores grew above 10%.
- Lastly, our original business model is acknowledged by players in our industry. Since the beginning of the year, we gained 11 new franchisees: one Hypermarket and 10 supermarkets.
- Current trading in France over the last four weeks is above the Q2 performance

2/ For **Cdiscount**, in the second quarter of 2018 the GMV growth was strong, as the site has reached a significant size in our home market. Cdiscount has few rivals with the same reach or comparable multi-channel strategies.

The development of the market place, which is a priority to increase the EBITDA, was a success. We now target to increase the share of the market place in the total GMV. The evolution of the model is rapid with additional growth drivers such as international sales or new revenues from monetization, without additional capex.

3/A third feature of the quarter is the fast improving situation in **Latam**, with positive signs in Columbia, and significantly better results in Brazil. At +9.7%, organic growth is going back to levels not achieved since 2015.

The recovery in Retail sales at GPA is driven by a clear improvement in Hypermarkets, Pao de Acucar and convenience with efficient new loyalty programs and better promotions.

4/ In view of the estimated and unaudited H1 results the group already confirms all its annual financial objectives.

Thank you

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