ANNUAL FINANCIAL REPORT AT 31 DECEMBER 2018

This document is a free translation into English of the original French "Rapport Financier Annuel au 31 décembre 2018", hereafter referred to as the "Annual Financial Report at 31 December 2018". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

Financial highlights

The Casino Group's key consolidated figures for 2018 were as follows:

(€ millions)	2017	2018	Reported change	Organic change
Consolidated net sales	**37,490**	**36,604**	-2.4%	+4.7%[1]
Gross margin	**9,490**	**9,305**	-2.0%	
EBITDA[2]	**1,900**	**1,865**	-1.9%	+6.7%[3]
Net depreciation and amortisation	**(688)**	**(656)**	-4.7%	
Trading profit	**1,213**	**1,209**	-0.3%	+9.8%[3]
Other operating income and expense	**(480)**	**(375)**	+21.9%	
Net financial expense, o/w:	**(446)**	**(465)**	-4.3%	
Net finance costs	***(367)***	***(327)***	*+10.9%*	
Other financial income and expenses	***(78)***	***(138)***	*-75.9%*	
Profit before tax	**286**	**369**	+28.8%	
Income tax	**(48)**	**(204)**	n.m.	
Share of profit of equity-accounted investees	**13**	**17**	+36.0%	
Net profit/(loss) from continuing operations	**251**	**182**	-27.6%	
o/w Group share	***108***	***(45)***	*n.m.*	
o/w Minority interests	***143***	***227***	*+58.0%*	
Net profit/(loss) from discontinued operations	**47**	**(21)**	n.m.	
o/w Group share	***(7)***	***(9)***	*-33.2%*	
o/w Minority interests	***54***	***(11)***	*n.m.*	
Consolidated net profit/(loss)	**298**	**161**	-45.9%	
o/w Group share	***101***	***(54)***	*n.m.*	
o/w Minority interests	***198***	***215***	*+8.9%*	
Underlying net profit, Group share[4]	**351**	**318**	-9.4%	-2.0%[5]

(1) Based on a comparable scope of consolidation, constant exchange rates, excluding fuel and calendar effects.
(2) EBITDA = Trading profit + amortisation and depreciation expense.
(3) Based on a comparable scope of consolidation, constant exchange rates, excluding the effect of hyperinflation.
(4) Underlying net profit corresponds to net profit from continuing operations adjusted for the impact of other operating income and expenses, the impact of non-recurring financial items, and income tax expense/benefits related to these adjustments (see p18).
(5) At constant exchange rates.
Note: Comparative information for 2017 has been restated to reflect the application of IFRS 15, as indicated page 5.

Recent events

- On **24 January 2018**, the Casino Group announced a success €200 million bond issue, adding to its existing bond debt maturing in June 2022. The new bond issue raised the total nominal amount of the paper from €550 million to €750 million.
- On **19 February 2018**, Monoprix announced that it was in exclusive negotiations to acquire Sarenza. Following the partnership deals recently signed by the banner, notably with Ocado, this acquisition aims to complete Monoprix's offering and position it as an omni-channel lifestyle leader (Fashion, Home, Beauty). The planned acquisition is a seamless fit with Monoprix's digitalisation strategy. Sarenza is a leading online shoe retailer and is among France's favourite online banners. The transaction combines the forces of the Monoprix network, its Fashion, Home and Beauty offerings and its teams with the e-commerce know-how of Sarenza to create a truly unique omni-channel Lifestyle leader. The acquisition of Sarenza was completed on 30 April 2018.
- On **26 March 2018**, the Casino Group announced that Amazon and Monoprix had joined forces to bring grocery items sourced from Monoprix to the customers of Amazon Prime Now service in Paris and the inner suburbs in 2018. The service was officially launched in Paris on 12 September 2018. Grocery items sourced from Monoprix are available on the Amazon Prime Now app and website through a dedicated virtual store.
- On **3 April 2018**, the Casino Group and Auchan Retail announced that they had entered into exclusive talks to build, in compliance with competition rules, a strategic partnership enabling them to jointly negotiate their purchases in France and abroad with their main multi-national food and non-food suppliers.
- On **11 June 2018**, following a review of its business portfolio, the Group announced the launch of an asset disposal plan covering non-core assets, in particular real estate assets, for a value of €1.5 billion. This plan, which complements the planned disposal of Via Varejo, was originally intended to be completed half in 2018 and half in 2019. In fact, the entire plan was completed in January 2019 and, based on indicative offers already received, it has now been increased to at least €2.5 billion with the upcoming disposals due to be completed by Q1 2020. It will enable Casino to pay down its debt more rapidly and pursue the successful deployment of the business model based on innovation, digital solutions and partnerships.
- On **29 June 2018**, the Casino Group, Auchan Retail, Metro and the Schiever Group announced a plan to cooperate in developing new generation central purchasing organisations. The organisations will be set up in France and internationally under the Horizon name and will centralise purchases of both branded and private label products. The Horizon International Services alliance with Auchan Retail, Metro and Dia was officially deployed on 6 March 2019.
- On **25 July 2018**, Casino's Board of Directors authorised the definitive disposal of a block of Mercialys shares representing 15% of its capital, through a total return swap entered into with CA-CIB which will sell the shares over a period of 2.4 years.
- On **3 September 2018**, the Casino Group noted Standard & Poor's decision to downgrade its credit rating by a notch to BB with a negative outlook. While observing that Standard & Poor's had not taken into account the €1.5 billion asset disposal plan, the Group affirmed that the cost of its bond debt and its liquidity position were unaffected by the downgrade.
- On **28 September 2018**, the Casino Group signed a synallagmatic agreement on the sale of 55 Monoprix store properties for a net amount of €565 million. A second synallagmatic agreement was signed on 17 October 2018, for the sale of 14 Monoprix store properties to AG2R La Mondiale for €180 million. On 21 December 2018, the Group announced that the sales had been completed for a total of €742 million.
- On **12 October 2018**, the Casino Group, Tikehau Capital and Bpifrance announced the signing of an agreement for the acquisition by Tikehau Capital and Bpifrance of shares in GreenYellow, Casino's subsidiary dedicated to solar energy and energy efficiency solutions.

The transaction was completed on 18 December 2018 through a €150 million capital increase that gave Tikehau Capital and Bpifrance a 24% stake in GreenYellow.

- On **15 October 2018**, the Casino Group announced the signing of a partnership with the Quattrucci family whereby 12 stores specialised in fresh products would join the Casino Group. Since 2019, the stores have been supplied by the Casino Group; seven have been converted to the "Marché frais Géant" banner and the other five to the "Marché frais Leader Price" banner.

Business report

The comments contained in the Annual Financial Report reflect comparisons with 2017 for profit from continuing operations and in accordance with IFRS 5 are restated for the planned disposal of Via Varejo. In light of the new standards applicable from 1 January 2018, IFRS 15 has been applied for the first time in the 2018 consolidated financial statements and the comparative information for 2017 has been restated on the same basis to permit meaningful year-on-year comparisons. The 2018 financial statements reflect the limited retrospective application of IFRS 9, which relates to financial instruments, and IAS 29, which relates to hyperinflation in Argentina. The prospective application of the amendments to IFRS 2 resulted in the reclassification to non-controlling interests at 1 January 2018 of a €5 million debt in the Latam Retail segment. Organic and same-store changes exclude fuel and calendar effects.

Main changes in the scope of consolidation

- Acquisition of Sarenza on 30 April 2018 (Monoprix)
- Various store disposals and acquisitions during 2018 by Franprix-Leader Price

Currency effects:

Currency effects were unfavourable in 2018, with the Brazilian real and Colombian peso losing an average -16.3% and -4.3% against the euro, respectively, compared with 2017.

Continuing operations (€ millions)	**2017**	**2018**	**Reported change**	**Organic change**
Net sales	37,490	**36,604**	**-2.4%**	**+4.7%[(1)]**
EBITDA	1,900	**1,865**	**-1.9%**	**+6.7%[(2)]**
Trading profit	1,213	**1,209**	**-0.3%**	**+9.8%[(2)]**
Underlying net profit, Group share	351	**318**	**-9.4%**	**-2.0%[(3)]**

- 2018 highlights are outlined below.

In France, the retail businesses enjoyed strong sales momentum. Same-store sales growth was 1.3% and organic growth was 1.2%, with all formats contributing to the increase. Total gross sales under banner rose by 2.8%[(4)] over the year.

The Group continued to focus on the most buoyant formats, categories and geographies. Over 60% of net sales were generated by the 7,500 premium and convenience stores and around 60% were concentrated in France’s three most dynamic regions[(5)]. This year, net sales of organic products by the various banners and the dedicated Naturalia format represented some €1 billion, representing an increase of more than 16% over 2017. The Group pursued the development of its e-commerce business, which accounted for 18%[(6)] of the business in France, driven by Cdiscount, which reported 9.3%[(7)] organic growth in gross merchandise volume. The acquisition of Ocado technology and Monoprix’s partnership with Amazon Prime Now enabled the Group to strengthen its position in food e-commerce. The Group also continued to digitalise customer relationships, with an ecosystem of mobile apps already totalling more than 10 million downloads and a range of digital solutions that enhance the customer experience (Scan & Go, mobile payment, couponing, etc.). The Group also moved up a gear in the development of its new businesses. Its energy subsidiary GreenYellow, which had an installed photovoltaic capacity of 190 MWp as of end-2018, set up the Reservoir Sun joint venture with Engie and opened up its capital to reference investors through a €150 million capital increase.

(1) Based on a comparable scope of consolidation, constant exchange rates, excluding fuel and calendar effects.
(2) Based on a comparable scope of consolidation, constant exchange rates, excluding the effect of hyperinflation.
(3) At constant exchange rates.
(4) Total gross sales under banner including Cdiscount.
(5) Ile-de-France, Rhône-Alpes and Côte d’Azur regions.
(6) Online sales under the banners and Cdiscount’s GMV.
(7) Data published by the subsidiary. The organic changes include sales and services at “corners” (stores-within-stores) but exclude sales made in Casino Group’s hypermarkets and supermarkets, and 1001Pneus (acquired in October 2018). The overall impact of their exclusion represented -1.1 points and -1.7 points for GMV and net sales respectively.

The Data and Data Center business continued to be deployed, with €41 million in net sales generated in 2018 from data-related services supported by a database with more than 30 million profiles.
The Group was rated A1+ and ranked number one in its sector by the non-financial rating agency Vigeo Eiris in December 2018.
The Group has completed its €1.5 billion asset disposal plan and achieved in January 2019 the objective announced on 11 June 2018. In light of the plan's implementation ahead of schedule and the indicative offers received for other assets, the Group has raised its objective for the disposal of non-strategic assets in France to at least €2.5 billion, to be achieved by the first quarter of 2020.
A major store base streamlining plan (closures and disposals of loss-making stores) was initiated at the end of 2018, for an increase in trading profit on full-year basis (from 2020) of €90 million (integrated stores). Sales agreements have already been signed for €149 million. Most of the plan will be completed in the first half of 2019. The plan is self-funded; proceeds from the disposals finance the cost of closures, with a net gain for the Group.
France Retail's trading profit was €579 million, up 8.4% on an organic basis compared with 2017. Trading profit from the retail business came to €518 million, representing organic growth of 15.7%.

Outside France, in Latin America, the Group's business rebounded strongly in an environment shaped by improved economic conditions. Net sales rose 8.9% on an organic basis and 4.5% on a same-store basis. GPA delivered a very good performance, with sales up 10.6% on an organic basis. The pace of organic growth at Éxito (excluding GPA Food) accelerated to 4.2%.
Within GPA Food, Multivarejo (Hypermarkets, Supermarkets, Convenience) staged a strong recovery. Extra Hypermarkets maintained positive momentum. Same-store sales accelerated at Extra Supermarkets, lifted by conversions to the new Mercado Extra and Compre Bem formats. Pão de Açúcar pursued its programme of store renovations, which led to increased sales in the stores concerned. Same-store sales by the Convenience network rose sharply, thanks to the change of marketing strategy. Multivarejo pursued its digital transformation, with its "Meu Desconto" mobile app downloaded 7.5 million times. Assaí (Cash & Carry) accounted for 47% of GPA Food's annual sales in 2018. Helped by its robust marketing model and dynamic expansion programme, the banner delivered another very good performance, reporting more than 20% growth for the sixth year running.
Éxito continued to develop the Cash & Carry format in Colombia. Surtimayorista enjoyed very strong growth, with net sales up 47.8%[1]. Nine stores were converted to the banner during the year. Deployment of Éxito's Carulla Fresh Market concept dedicated to fresh products continued during the year. The hypermarkets reported a sequential increase in same-store sales, with the new Éxito Wow format helping to drive growth. Expansion of retail-related businesses continued, particularly property development, with a portfolio that now totals 735,000 sq.m. Lastly, growth in Éxito's omni-channel business in Colombia was a strong 33.4%[1].

- As at 31 December 2018, Casino in France[2] had €5 billion in liquidity, composed of a gross cash position of €2.1 billion and confirmed undrawn lines of credit of €2.9 billion with an average maturity of 2.4 years that easily cover upcoming debt repayments. Casino Group consolidated net debt stood at €3.4 billion at year-end 2018 versus €4.1 billion at year-end 2017. For Casino in France[2], net debt came to €2.7 billion at year-end 2018, versus €3.7 billion at year-end 2017, due to the impact of the asset disposal plan. Free cash flow from continuing operations amounted to €1.2 billion before dividends and financial expenses.

- **Consolidated net sales** amounted to €36,604 million in 2018, representing an increase of 4.7% on an organic basis and a change of -2.4% after taking into account the negative impact of currency movements. Exchange rate fluctuations and the effects of hyperinflation had a -7.2% negative impact, while changes in the scope of consolidation had a 0.2% positive impact.

[1] Data published by the subsidiary.
[2] Casino Group holding company scope, including the French businesses and the wholly-owned holding companies.

- **Organic sales growth**, excluding fuel and calendar effects, was 4.7% in 2018:
    - **In France**, food retail sales excluding fuel and calendar effects were up 1.2% on an organic basis.
        - **Franprix** reported organic sales growth of 1.5%. The banner's market share held firm during the year[1].
        - **Monoprix** sales were up 1.7% on an organic basis. Its market share was stable[1].
        - **Casino Supermarkets** reported a 1.6% organic rise in sales. They maintained their market share[1].
        - **Géant Hypermarkets** increased the pace of organic growth to 2.2%. They expanded their market share[1] by 0.1 point.
        - The **Convenience** network delivered organic growth of 4.1%.
        - **Leader Price** sales were down -0.5% on an organic basis.
    - **E-commerce** grew organically by 2.6%.

    - **In Latin America**, sales were up 8.9% on an organic basis, excluding fuel and calendar effects.
        - At **GPA Food**, net sales rose 10.6% on an organic basis, driven by the continued success of Assaí and the recovery at Multivarejo.
        - At **Éxito** (excluding GPA Food), organic growth accelerated strongly, to 4.2% from 1.2% in 2017.

- **Consolidated trading profit** came to €1,209 million, an increase of 9.8% on an organic basis and a change of -0.3% including the negative impact of currency movements. Excluding tax credits, trading profit was up 8.2% as reported and 18.0% on an organic basis.
    - In France, trading profit amounted to €579 million, up 7.9% compared with 2017. This included €518 million in trading profit for the retail business versus €449 million in 2017, reflecting organic growth of 15.7%. Property development trading profit stood at €61 million, compared with €87 million in 2017.
    - E-commerce trading profit improved over the year. EBITDA rose by €29.8 million.
    - Latam Retail trading profit amounted to €644 million, a year-on-year variation of -9.7% as reported and a 7.1% increase on an organic basis. Excluding tax credits in Brazil, trading profit was up 22.3% on an organic basis.

- **Consolidated trading margin** increased by 7 bps to 3.3%. In comparison to 2017 figures:
    - Trading margin for the France Retail segment increased 18 bps to 3.0%.
    - The E-commerce trading margin improved by 124 bps to -0.7% from -1.9% in 2017.
    - Trading margin for the Latam Retail segment was 4.1% versus 4.2% in 2017.

[1] *Kantar P02 2019 data, cumulative annual average.*

FRANCE RETAIL

(€ millions)	**2017**	**2018**
Net sales	**18,799**	**19,061**
EBITDA	**882**	**914**
EBITDA margin	*4.7%*	*4.8%*
Trading profit	**536**	**579**
Trading margin	*2.9%*	*3.0%*

France Retail net sales totalled €19,061 million in 2018 versus €18,799 million in 2017, reflecting organic growth of 1.2% and same-store growth of 1.3% excluding fuel and calendar effects.

Over the full year, the following can be noted per format:

- **Monoprix** saw sales rise by 1.7% on an organic basis and 1.1% on a same-store basis. This good performance was driven by 2.6% same-store growth in food sales. Sales of organic products were up 12.3%. Customer traffic grew by 1.2% on a same-store basis, reflecting dynamic activity levels in Paris. Monoprix pursued its multi-channel strategy. Online sales continued to grow rapidly, lifted by the integration of Sarenza and the ramp-up of Amazon Prime Now. Since September 2018, Amazon Prime Now customers in Paris and the inner suburbs can purchase selected Monoprix food products (Monoprix, Monoprix Gourmet, Monoprix Bio, La Beauté Monoprix, etc.) via a dedicated virtual store. The Monop'Easy app has been rolled out across the entire store base. Monoprix pursued its ambitious expansion programme in 2018, opening 37 stores including 24 Naturalia units.

- **Casino Supermarkets** continued to grow, with sales up 1.6% on an organic basis and 1.3% on a same-store basis. The banner maintained its focus on a more quality-oriented model, with the ramp-up of stores converted to the new concept and 21.2% growth in sales of organic products. In line with its innovation-led strategy, the new "4 Casino" store concept was unveiled in central Paris – a place to eat, relax and shop where digital services enhance the shopping experience – and the first store open 24/7 was opened in Lyon. Casino Supermarkets also pursued the development of its e-commerce business, with 95% of stores offering an innovative solution (drive-through, home delivery, etc.). Last year's dynamic performances by franchisees and the 12 new franchisees signed up during the year attest to Casino Supermarkets' attractiveness.

- **Franprix** enjoyed good momentum in 2018, reporting organic growth of 1.5% and same-store growth of 1.2%. Customer traffic was up 2.4% for the year. The banner continued to strengthen its private label, organic ranges and innovative initiatives. It also stepped up the development of restaurant and snack services. The banner pursued the deployment of stores that are 100% autonomous for part of the week. There were 55 such stores as of end-2018. A new beauty and wellness concept, named "Le Drugstore Parisien" started to be deployed in Paris, delivering a very good performance right from its launch. The success of the mobile app, which has been downloaded 1.1 million times, and the 41 prizes awarded to the banner in 2018, attest to its innovation-led approach. Seven additional independent retailers joined the network and the first Franprix store was opened outside France, in Brussels.

- Sales by the **Convenience** network rose 4.1% on an organic basis and 1.7% on a same-store basis, driven by the banner's strong sales dynamic and the success of its loyalty programmes, including the Casino Max app rolled out to all integrated stores. The banner restructured its offering, focusing on fresh and organic products, qualitative services (bulk, juice machines, fresh-cut fruits and vegetables) were developed and a new green grocery store format, "Un Tour au Jardin", was trialled in Lyon. The Convenience business also continued with the optimisation of its integrated store base and the rapid development of its franchise network.

- **Leader Price** reported 1.8% growth in same-store sales this year. The banner continued to convert its stores to the new Next concept, with the 112 units converted as of end-2018 outperforming the other stores in the network. The banner also continued to restructure its offering, by expanding the organic and fresh product ranges, adding service counters, revamping its product packaging and rolling out the Sooa beauty and wellness brand.

- **Géant Hypermarkets** delivered 2.2% organic growth and 1.9% same-store growth. This performance was driven by a 3.4% increase in food sales, led by organic products (up 26.9%) and fresh products. The 49 hypermarkets featuring Cdiscount "corners" outperformed the other stores in the network. The banner grew its e-commerce sales by 16.5% over the year, by leveraging the operational excellence of its drive-through service and the ramp-up of the Casino Max app. Sunday opening and sales events also contributed to the banner's healthy sales trend. One additional independent retailer joined the banner's network in 2018.

The trading profit of the France Retail segment increased 7.9% year on year, to €579 million. Trading profit for the retail business amounted to €518 million, reflecting organic growth of 15.7% that was attributable to an improved margin mix, the development of additional businesses (GreenYellow, data valorisation), the optimisation of the store base and the banner's success in signing up new store operators and franchisees. Property development trading profit stood at €61 million, compared with €87 million in 2017. Trading margin for the France Retail segment was 3.0% in 2018.

GreenYellow

As of end-December 2018, GreenYellow had an installed photovoltaic capacity of 190 MWp. Several major contracts were won during the year. In the fourth quarter, GreenYellow signed a 50 MWp contract in Brazil, contracts in Thailand for a total of 18 MWp at 34 sites and a partnership agreement with IBL, the leading Mauritian group active in several sectors targeted by GreenYellow (retail, manufacturing, hospitality, etc.) for the deployment of energy efficiency and solar power solutions at IBL facilities. In October, GreenYellow and Engie signed an agreement for the creation of the "Reservoir Sun" joint venture with the objective of deploying up to 50 MWp in 2019. Also during the year, a contract was signed with AccorHotels to manage its energy purchases, optimise its energy contracts and monitor energy use at its 1,400 hotels in France. GreenYellow currently has projects representing 200 MWp in the pipeline(1).

(1) *All projects currently being examined.*

E-COMMERCE (CDISCOUNT)

(€ millions)	**2017**	**2018**
GMV (Gross Merchandise Volume) as published by Cnova	**3,304**	**3,646**
EBITDA	(10)	19
o/w Cdiscount group	*(7)*	*22*
o/w Holding companies	*(4)*	*(2)*

In E-commerce, gross merchandise volume (GMV) totalled €3.6 billion, representing organic growth of 9.3%[(1)] in 2018.
This performance was led by:

- Ongoing expansion of the marketplace, which contributed 34.3% of GMV. The number of references available on the marketplace rose 37% compared with 2017. "Fulfillment by Cdiscount" contributed 21% to GMV, up 30% over the year.
- A 23% increase in monetisation revenues, driven by the advertising and financial services sectors among which "Coup de Pouce" instant loan offer up 67%. Four new commission-based B2B2C services were successfully launched in 2018 (travel, energy, ticketing and leasing).
- The strong performances delivered by the Cdiscount corners, located in 49 stores as of end-2018.
- The success of the sales events organised during the year, including Black Friday, French Days and events to mark the banner's anniversary.

Cdiscount continued to develop its "Cdiscount à Volonté" (CDAV) loyalty programme, for which the number of members rose 23% over the year. A new and enhanced offer is available for €29. In addition, a delivery service operated directly or through partner marketplaces has been deployed in 19 European countries.

The banner consolidated its status as the number two player in terms of monthly unique visitors via computer or mobile phone, extending its lead over its closest competitor[(2)]. In the fourth quarter of 2018, the number of monthly unique visitors totalled 21 million[(2)], representing over a third of the French population. 2018 confirmed the growing popularity of the mobile app, which accounted for 63% of customer traffic.

E-commerce EBITDA improved significantly, representing a positive €19 million in 2018 versus a negative €10 million in 2017, reflecting a quarter-on-quarter acceleration. The recovery was attributable to monetisation initiatives deployed throughout the year, action in progress since the beginning of the third quarter to reinvigorate the marketplace and tight control of operating costs.

[(1)] Data published by the subsidiary. The organic changes include sales and services at "corners" (stores-within-stores) but exclude sales made in the Casino Group's hypermarkets and supermarkets, and 1001Pneus (acquired in October 2018). The overall impact of their exclusion represented -1.1 points and -1.7 points for GMV and net sales respectively.
[(2)] Mediamétrie/Fevad at 5 February 2019.

LATAM RETAIL

(€ millions)	2017	2018
Net sales	**16,782**	**15,577**
EBITDA	**1,029**	**932**
EBITDA margin	*6.1%*	*6.0%*
Trading profit	**713**	**644**
Trading margin	*4.2%*	*4.1%*

Latam Retail net sales were €15,577 million in 2018, up 8.9% on an organic basis and 4.5% on a same-store basis excluding fuel and calendar effects.

In Brazil, GPA Food put in an excellent trading performance, with 10.6% organic sales growth and 5.0% same-store growth.

- **Multivarejo** (Hypermarkets, Supermarkets, Convenience) staged a recovery, reporting same-store growth of 3.6%(1). Extra Hypermarkets maintained good momentum this year. Same-store sales growth accelerated at Extra Supermarkets, lifted by conversions to the new Mercado Extra and Compre Bem formats. The converted stores have been delivering solid growth. Same-store sales by the Convenience network increased steadily over the year, thanks to the new marketing plan (revamped assortment, exploitation of sales event synergies with Extra and Pão de Açúcar and steps to strengthen the private label). Pão de Açúcar remained on a positive trajectory, helped by the programme of store conversions to the "Generation 7" format. The converted stores are enjoying significantly faster growth than the rest of the store network. The banner also deployed a new wine store concept "Pão de Açúcar Adega", combining a specialised store, an e-commerce platform and a mobile app. Multivarejo also focused on repositioning its private labels, which are increasingly in demand among customers of its hypermarkets, supermarkets and convenience stores, deploying a total of 500 new private-label products this year. The banner pursued the roll-out of its digital solutions based on the "Meu Desconto" app, which had been downloaded 7.5 million times as of end-2018.

- **Assaí** (Cash & Carry) reported organic growth of 24.2% and same-store growth of 8.1%(1) (enjoyed its sixth consecutive year of above-20% growth), thanks to its powerful sales model and dynamic expansion programme. The Cash & Carry stores opened during the last 12 months achieved the best sales per sq.m. performances for the past five years. The banner, which accounted for 47% of GPA Food's sales in 2018, continued to develop its loyalty programme, with 600,000 Passaí cards issued. At end-2018, the network comprised 144 Cash & Carry outlets, with a total of 18 outlets opened during the year including two converted from Extra hypermarkets.

Éxito continued to develop the Cash & Carry format in Colombia. The Surtimayorista banner, which reported sales up by a strong 47.8%(1) in 2018, opened nine stores during the year by converting existing stores. These stores doubled their sales following their conversion. The Group continued to deploy Carulla Fresh Market, the concept dedicated to fresh products. The hypermarkets reported a sequential increase in same-store sales driven by the new Éxito Wow format. Éxito continued to develop its complementary businesses, such as property development with the delivery of the Viva Envigado and Viva Tunja projects in October 2018. The property network now totals 735,000 sq.m. Lastly, the Group pursued its omni-channel strategy with sales growth of 33.4%(1) in Colombia. Deployment of the Carulla and Éxito mobile apps underscored the banner's digital transformation.

(1) *Data published by the subsidiary.*

Latam Retail trading profit amounted to €644 million, a year-on-year change of -9.7% as reported and an increase of 7.1% on an organic basis. Excluding tax credits, Latam Retail trading profit was up 22.3% on an organic basis. The segment's trading margin was 4.1% in 2018. GPA reported a trading margin of 4.2% versus 4.3% in 2017. Trading margin at Éxito (excluding GPA Food) was 4.0% compared with 4.1% in 2017.

Overview of the consolidated financial statements

Pursuant to European Commission regulation 1606/2002 of 19 July 2002, the consolidated financial statements of the Casino Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union as of the date of approval of the financial statements by the Board of Directors and applicable at 31 December 2018.

These standards are available on the European Commission's website: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en

The accounting policies set out in the notes to the consolidated financial statements have been applied consistently in all periods presented, after taking account of the new standards, amendments to existing standards and interpretations and the application of IAS 29 to Libertad as from 1 January 2018 following the classification of Argentina as a hyperinflationary economy.

Sales

Consolidated net sales amounted to €36,604 million in 2018 versus €37,490 million in 2017, representing a change of -2.4% after taking into account the negative impact of currency movements and an increase of 4.7% on an organic basis.
Changes in consolidation scope had a positive impact on sales of 0.2%. The currency effect and hyperinflation had a negative impact of -7.2%.
A more detailed review of changes in net sales can be found above in the review of each of the Group's three business segments.

Trading profit

Consolidated trading profit amounted to €1,209 million in 2018 compared with €1,213 million in 2017, representing a change of -0.3% including the negative impact of currency movements and an increase of 9.8% on an organic basis. Excluding tax credits, trading profit was up 8.2% as reported and 18.0% on an organic basis.

Changes in scope of consolidation are almost stable on consolidated trading profit in 2018. The currency effect and hyperinflation had a -10.2% negative impact. A more detailed review of changes in trading profit can be found above in the review of each of the Group's three business segments.

Operating profit

Other operating income and expenses amounted to a net expense of €375 million in 2018 versus a net expense of €480 million in 2017.

In France, other operating income and expenses represented a net expense of €263 million, corresponding mainly to :

- Restructuring costs incurred to complete the major store transformation plans (conversion to the "Next" concept at Leader Price, "Mandarine" concept at Franprix, and Proximité). These expenses also include non-recurring expenses recognised in 2018 in relation to closures of loss-making stores, which will be more than offset by the proceeds from disposals of other loss-making stores in 2019.

Net other operating expense of €480 million in 2017 mainly comprised costs related to:

- Reductions in Géant retail space

- Roll-out of the “Mandarine” concept
- Overhaul of food services
- Streamlining of the Convenience network

Net financial expense and profit before tax

Net financial expense totalled €465 million in 2018 (€446 million in 2017), reflecting:

- Finance costs, net of €327 million versus €367 million in 2017.
- Other net financial expenses of €138 million, compared with other net financial expenses of €78 million in 2017.

Profit before tax came in at €369 million in 2018, an increase of 28.8% compared with €286 million in 2017.

Net profit, Group share

Income tax expense amounted to €204 million in 2018, up sharply from the prior year due to non-deductible non-recurring expenses recorded in 2018 and a €60 million benefit recorded in 2017 in relation to the reimbursement of the tax on dividends. Excluding non-recurring items, the effective tax rate was 27.0% (20.6% in 2017).

The **Group's share of profit of equity-accounted investees** was €17 million (€13 million in 2017).

Minority interests in profit from continuing operations came to €227 million compared to €143 million in 2017. Excluding non-recurring items, underlying minority interests were €277 million in 2018 versus €247 million in 2017.

Consolidated net profit (loss) from continuing operations, Group share came to a loss of €45 million, versus a profit of €108 million in 2017.

Consolidated net profit (loss), Group share was a loss of €54 million versus a profit of €101 million in 2017).

Underlying net profit from continuing operations, Group share was €318 million versus €351 million in 2017, a 9.4% decrease due to the 7.4% negative currency effect and the higher effective tax rate. Net profit restatements to establish underlying net profit can be found in the notes.

Diluted underlying **earnings per share** stood at €2.49, versus €2.72 in 2017, a decline of -8.6% that was mainly due to the impact of currency effects in Latin America and the change in the tax rate. At constant exchange rates, the figure rose by 0.2%. Diluted earnings per share includes the dilutive effect of the TSSDI deeply-subordinated perpetual bonds.

Financial position

Casino Group net debt at 31 December 2018 stood at €3.4 billion versus €4.1 million at 31 December 2017. Excluding the impact of the Segisor operation, net debt was stable in e-commerce and Latam. The value of Via Varejo[(1)] was impacted by the currency effect.

For **Casino in France[(2)], net debt** was reduced sharply over the year, to €2.7 billion as at 31 December 2018, versus €3.7 billion a year earlier, due to the impact of the asset disposal plan.

[(1)] Latam Electronics operations (aggregated with the Via Varejo subsidiary) have been classified as discontinued operations since end-2016. They are recognised in the financial statements under cash and cash equivalents at their carrying amount. As a result, fluctuations in the corresponding currencies continue to have an impact on the Group’s net debt.
[(2)] Casino Group holding company scope, including the French businesses and wholly-owned holding companies.

Cash flow statement for the Group's continuing operations (€ millions)	2018
EBITDA	**1,865**
Non-recurring items	*(289)*
Other non-cash items	*(2)*
Cash flow	**1,574**
Change in working capital	(192)
Tax	(241)
Cash flow[(1)]	**1,141**
Investments (Gross capex)	(1,185)
Asset disposals	507
Net capex	(677)
Free cash flow[(1)], before disposal plan	**463**
Disposal plan	734
Free cash flow[(1)]	**1,197**
Free cash flow[(1)] excluding non-recurring items	**1,486**

[(1)] From continuing operations, before dividends paid in 2018 in respect of 2017 and 2018 to owners of the parent and holders of TSSDI deeply-subordinated bonds, and excluding financial expenses. See note on alternative performance indicator p18.

Free cash flow from continuing operations before dividends and financial expenses amounted to €1.2 billion this year. The change in working capital was -€192 million versus -€303 million in 2017.

Consolidated equity, Group share totalled €6,731 million compared with €7,555 million at end-2017.

At 31 December 2018, **Casino in France[(1)]** had a liquidity position of €5 billion, corresponding to a **gross cash** position of €2.1 billion and **confirmed undrawn credit facilities** of €2.9 billion with an average maturity of 2.4 years. Outstanding commercial paper at that date amounted to €221 million.

Casino has been rated Ba1 (negative outlook) by Moody's since 28 September 2018 and BB (negative outlook) by Standard & Poor's since 3 September 2018.

[(1)] Casino Group holding company scope, including the French businesses and wholly-owned holding companies.

Outlook

In light of the plans already carried out and the new initiatives under way, the Group has set the following objectives for 2019:

- Retail France: 10 % growth in trading profit for the retail business, €0.5 billion in free cash flow[(1)] and a further reduction in net debt;
- E-commerce (Cdiscount): a sharp improvement in EBITDA, driven by marketplace growth and monetisation revenues;
- Latin America: an increase in the EBIDA margin, of which more than 30 bps in the EBITDA margin in Brazil and an improvement in the EBITDA margin in Colombia.

After significantly transforming its operations in France over the past four years, the Group now draws on a model aligned with market trends and presents its objectives for 2019-2021:

- Open 300 premium and convenience stores by 2021;
- Increase in the share of buoyant formats with a reduced exposure to hypermarkets to 15% of gross sales under banner (vs. 21% in 2018);
- Become the number one in organic products in 2021, with net sales of €1.5 billion (vs. €1 billion in 2018);
- Increase the proportion of E-commerce sales to 30%[(2)] in 2021 (vs. 18%[(2)] at end-2018), thanks to the continued development of Cdiscount with a marketplace contribution above 50%, and faster digitalisation of customer relationships notably through mobile apps (already 10 million downloads);
- Leadership in grocery home delivery thanks to the Ocado and Amazon Prime Now partnerships;
- Develop new services businesses around the Group's assets:
  - Energy (GreenYellow): consolidate the leadership position in self-consumption in France with 950 MWp of installed capacity by 2021 (vs. 190 MWp at end-2018)
  - Data (3W.relevanC) and Data Center (ScaleMax): revenues of €130 million in 2021 (vs. €41 million in 2018).

Details of operating KPIs in France are available p19.

The Group has set the following financial targets for France for the period 2019-2021:

- Increase in the EBITDA margin and the trading margin for the retail business of 0.2pts per year;
- Growth in trading profit for the retail business of 10% per year;
- Free cash flow[(1)] of €0.5 billion per year;
- Gross retail CAPEX below €350 million per year, in line with amortisation.

[(1)] Before dividends paid to owners of the parent and holders of TSSDI deeply-subordinated bonds, and excluding financial expenses
[(2)] Online sales under the banners and Cdiscount's GMV.

Recent events

- On **19 January 2019**, the Casino Group announced that it had signed agreements to sell six Géant Hypermarkets in France to Leclerc adherents for a combined consideration of €100.5 million covering both the hypermarket properties and the businesses. These hypermarkets are located outside the Paris region and are among the least performing in the network. They represented combined net sales of around €150 million in 2018 and a total trading loss of around €8 million. The sales are expected to be completed in the first half of 2019. The agreements provide for the continuation of the employment contracts of the stores' staff.

- On **21 January 2019**, the Casino Group announced that it had signed an agreement with funds managed by Fortress Investment Group for the sale of 26 hypermarkets and supermarkets store properties (13 Géant Hypermarkets, 3 Casino Hypermarkets and 10 Casino Supermarkets) worth a total of €501 million, including €392 million to be received in the first half of 2019. Located primarily outside of Paris in the Group's traditional French operating regions, the 26 properties represent €31.8 million in annual rent, valued at a yield of 5.9% including transfer costs. The Casino Group will be involved in the value creation of this operation through a participation in the specific entity constituted by funds managed by Fortress, to acquire the portfolio in order to enhance its value and sell it on the market under the best possible conditions. Depending on the entity's performance, the Casino Group could receive up to an additional €150 million in the next few years. On completion of the transaction, the Group achieved its initial objective of disposing of €1.5 billion worth of non-core assets, set on 11 June 2018. The transaction was completed on 11 March 2019.

- On **14 February 2019**, the Casino Group announced the signature of an agreement with Compass Group providing for the sale of Casino's contract catering services, R2C. The transaction is expected to complet by the end of the first half of 2019, subject to consultation with the employee representative bodies and the approval of the French Competition Authority.

- On **15 February 2019**, the Casino Group signed agreements for the sale of integrated stores and stores operated by master franchisees valued at a total of €42 million. In the case of the integrated stores, these commitments represent a value of €25 million in sale proceeds and relate to the following: 17 stores (8 Leader Price, 8 Casino Supermarkets and 1 Casino Hypermarket) to be sold to Lidl, and the Géant Hypermarket business in Roubaix to be sold to a member of Groupement E. Leclerc, with the hypermarket property to be sold to the owner of the shopping mall. These 18 stores represented net sales of €88 million in 2018 for a trading loss of €12 million. At the same time, master franchisees of the Group have signed agreements to sell 16 stores (9 Leader Price and 7 Casino Supermarkets) to Lidl for a total of €17 million. These 16 stores represented net sales of €60 million in 2018 for a trading loss of €9 million. The agreements provide for the continuation of the employment contracts of the stores' staff, in accordance with the law. The disposals are expected to be completed in the first half of 2019, subject to prior consultation with the employee representative bodies and the fulfilment of the usual conditions precedent.

- On **28 February 2019**, the Casino Group signed agreements for the sale of two Géant Hypermarkets located in the towns of Nevers and Montauban to Groupement Les Mousquetaires for a total of €23.4 million covering the value of the hypermarket properties and businesses. These stores are among the least performing in the network. They represented net sales of some €36 million in 2018 for a trading loss of around €3.5 million. The agreements provide for the continuation of the employment contracts of the stores' staff, in accordance with the law. The disposals are expected to be completed in the first half of 2019, subject to prior consultation with the employee representative bodies, with whom a meeting was held on Wednesday, 27 February 2019, and the fulfilment of the usual conditions precedent.

- On **6 March 2019**, the Casino Group officially launched Horizon International Services, its alliance with Auchan Retail, Metro and Dia. Announced in June 2018, Horizon International Services is dedicated to selling services to suppliers that operate internationally. After obtaining the necessary clearance from the relevant competition authorities, Horizon International Services has been operational since 15 February 2019 and covers the 47 countries in Europe, Asia and South America in which these retailers operate.

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Appendix: Alternative performance indicators

The definition of key non-GAAP indicators are available on the Group's website (https://www.groupe-casino.fr/en/investors/regulated-information/), particularly the underlying net profit as below.

Underlying net profit corresponds to net profit from continuing operations, adjusted for (i) the impact of other operating income and expenses, as defined in the "Significant accounting policies" section in the notes to the consolidated financial statements, (ii) the impact of non-recurring financial items, as well as (iii) income tax expense/benefits related to these adjustments.

Non-recurring financial items include fair value adjustments to equity derivative instruments (such as total return swaps and forward instruments related to GPA shares) and the effects of discounting Brazilian tax liabilities.

Underlying profit is a measure of the Group's recurring profitability.

(€ millions)	2017	Restated items	2017 underlying	**2018**	**Restated items**	**2018 underlying**
Trading profit	**1,213**	**0**	**1,213**	**1,209**	**0**	**1,209**
Other operating income and expenses	**(480)**	480	0	(375)	375	**0**
Operating profit	**732**	**480**	**1,213**	**834**	**375**	**1,209**
Net finance costs	(367)	0	(367)	(327)	0	(327)
Other financial income and expenses[(1)]	(78)	(30)	(108)	(138)	47	(91)
Income tax[(2)]	(48)	(104)	(152)	(204)	(9)	(214)
Share of profit of equity-accounted investees	13	0	13	17	0	17
Net profit/(loss) from continuing operations	**251**	**347**	**598**	**182**	**413**	**595**
Attributable to minority interests[(3)]	143	103	247	227	50	277
Group share	**108**	**243**	**351**	**(45)**	**363**	**318**

[(1)] *Other financial income and expenses have been restated, primarily for the impact of discounting tax liabilities, as well as for changes in the fair value of total return swaps and forwards.*
[(2)] *Income tax has been restated for the tax impact of the restated items listed above.*
[(3)] *Minority (non-controlling) interests have been restated for the amounts relating to the restated items listed above*

Appendix 2: Main operating KPIs for France – Summary of 2019-2021 perspectives

	2018	2021
1. Mix		
Premium and convenience store openings[1]		**300**
Hypermarket gross sales under banner (share of total)	21%	**15%**
Net sales of organic products	€1.0bn	**€1.5bn**
2. E-commerce		
E-commerce (share of total)[2]	18%	**30%**
E-commerce volume of gross food sales under banner[3]	€300m	**€1bn**
Cdiscount GMV	€3.6bn	**€5bn**
3. Digitalisation		
Scan & Go deployment[4]	30%	**100%** (at end-2019)
4. New businesses		
Solar power installed capacity	190 MWp	**950 MWp**
Data and Data Center revenues	€41m	**€130m**
5. Cost-saving plans		
Cost savings		**€200m** (by 2020)

(1) Monoprix, Naturalia, Franprix and Supermarchés Casino.
(2) Online sales under the banners and Cdiscount's GMV.
(3) E-commerce food sales = E-commerce France excluding Cdiscount.
(4) Hypermarkets and supermarkets.

CASINO, GUICHARD-PERRACHON

CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated income statement

(€ millions)	Notes	2018	2017 (restated)(i)
CONTINUING OPERATIONS			
Net sales	5/6.1	**36,604**	37,490
Other revenue	6.1	**532**	555
Total revenue	**6.1**	**37,136**	**38,045**
Cost of goods sold	6.2	**(27,831)**	(28,555)
Gross margin	**5.1**	**9,305**	**9,490**
Selling expenses	6.3	**(6,679)**	(6,902)
General and administrative expenses	6.3	**(1,416)**	(1,376)
Trading profit	**5.1**	**1,209**	**1,213**
As a % of net sales		***3.3%***	*3.2%*
Other operating income	6.5	**423**	185
Other operating expenses	6.5	**(798)**	(666)
Operating profit		**834**	**732**
As a % of net sales		***2.3%***	*2.0%*
Income from cash and cash equivalents	11.3.1	**37**	81
Finance costs	11.3.1	**(364)**	(449)
Net finance costs	**11.3.1**	**(327)**	**(367)**
Other financial income	11.3.2	**122**	161
Other financial expenses	11.3.2	**(260)**	(239)
Profit before tax		**369**	**286**
As a % of net sales		***1.0%***	*0.8%*
Income tax (expense)/benefit	9.1	**(204)**	(48)
Share of profit of equity-accounted investees	3.3.3	**17**	13
Net profit/(loss) from continuing operations		**182**	**251**
As a % of net sales		***0.5%***	*0.7%*
Attributable to owners of the parent		**(45)**	108
Attributable to non-controlling interests		**227**	143
DISCONTINUED OPERATIONS			
Net profit/(loss) from discontinued operations	**3.5.2**	**(21)**	**47**
Attributable to owners of the parent	3.5.2	**(9)**	(7)
Attributable to non-controlling interests	3.5.2	**(11)**	54
CONTINUING AND DISCONTINUED OPERATIONS			
Consolidated net profit/(loss)		**161**	**298**
Attributable to owners of the parent		**(54)**	101
Attributable to non-controlling interests	12.8	**215**	198

Earnings per share

(€)	Notes	2018	2017 (restated)(i)
From continuing operations, attributable to owners of the parent	**12.10.2**		
▪ Basic		**(0.86)**	0.52
▪ Diluted		**(0.86)**	0.52
From continuing and discontinued operations, attributable to owners of the parent	**12.10.2**		
▪ Basic		**(0.95)**	0.46
▪ Diluted		**(0.95)**	0.46

(i) Previously published comparative information has been restated to reflect the retrospective application of IFRS 15 – *Revenue from Contracts with Customers* (Note 1.3).

Consolidated statement of comprehensive income

(€ millions)	2018	2017 (restated)[(i)]
Consolidated net profit/(loss)	**161**	**298**
Items that may subsequently be reclassified to profit or loss	**(791)**	**(1,303)**
Cash flow hedges and cash flow hedge reserve[(i)]	**19**	(40)
Foreign currency translation adjustments[(iii)]	**(796)**	(1,259)
Available-for-sale financial assets	**-**	(1)
Debt instruments at fair value through other comprehensive income (OCI)	**2**	-
Share of items of equity-accounted investees that may be subsequently reclassified to profit or loss	**(10)**	(15)
Income tax effects	**(6)**	13
Items that will never be reclassified to profit or loss	**(13)**	**(32)**
Equity instruments at fair value through other comprehensive income	**(2)**	-
Actuarial gains and losses	**(15)**	(40)
Share of items of equity-accounted investees that will never be subsequently reclassified to profit or loss	**(2)**	-
Income tax effects	**6**	9
Other comprehensive income/(loss) for the year, net of tax	**(804)**	**(1,335)**
Total comprehensive income/(loss) for the year, net of tax	**(643)**	**(1,037)**
Attributable to owners of the parent	***(392)***	*(525)*
Attributable to non-controlling interests	***(251)***	*(512)*

(i) Previously published comparative information has been restated to reflect the retrospective application of IFRS 15 – *Revenue from Contracts with Customers* (Note 1.3).
(ii) The change in the cash flow hedge reserve in 2018 was not material.
(iii) The €796 million negative net translation adjustment in 2018 arose primarily from the depreciation of the Brazilian and Colombian currencies (€693 million and €46 million, respectively). The €1,259 million negative net translation adjustment in 2017 mainly concerned the depreciation of the Brazilian and Colombian currencies, for €1,116 million and €89 million, respectively.

Changes in other comprehensive income are presented in Note 12.7.2.

Consolidated statement of financial position

ASSETS (€ millions)	Notes	31 December 2018	31 December 2017 (restated)[i]	1 January 2017 (restated)[i]
Goodwill	10.1	**8,690**	9,031	9,595
Intangible assets	10.2	**2,906**	2,879	3,109
Property, plant and equipment	10.3	**5,878**	7,289	8,123
Investment property	10.4	**497**	460	411
Investments in equity-accounted investees	3.3.3	**500**	575	609
Other non-current assets	6.9	**1,275**	1,199	1,075
Deferred tax assets	9.2.1	**553**	522	678
Total non-current assets		**20,299**	**21,955**	**23,599**
Inventories	6.6	**3,843**	3,815	3,939
Trade receivables	6.7	**905**	937	886
Other current assets	6.8	**1,437**	1,287	1,543
Current tax assets		**165**	138	130
Cash and cash equivalents	11.1	**3,730**	3,391	5,750
Assets held for sale	3.5.1	**7,061**	6,593	6,120
Total current assets		**17,141**	**16,161**	**18,368**
TOTAL ASSETS		**37,440**	**38,116**	**41,967**

EQUITY AND LIABILITIES (€ millions)	Notes	31 December 2018	31 December 2017 (restated)[i]	1 January 2017 (restated)[i]
Share capital	12.2	**168**	170	170
Additional paid-in capital, treasury shares, retained earnings and consolidated net profit/(loss)		**6,563**	7,385	8,272
Equity attributable to owners of the parent		**6,731**	**7,555**	**8,441**
Non-controlling interests	**12.8**	**5,288**	**5,468**	**5,986**
Total equity	**12**	**12,019**	**13,023**	**14,427**
Non-current provisions for employee benefits	8.2	**366**	358	312
Other non-current provisions	13.1	**483**	514	615
Non-current financial liabilities	11.2	**6,817**	7,229	7,733
Non-current put options granted to owners of non-controlling interests	3.4.1	**63**	28	41
Other non-current liabilities	6.10	**472**	489	627
Deferred tax liabilities	9.2.2	**636**	725	1,094
Total non-current liabilities		**8,837**	**9,343**	**10,422**
Current provisions for employee benefits	8.2	**11**	11	12
Other current provisions	13.1	**154**	162	163
Trade payables		**6,688**	6,664	6,936
Current financial liabilities	11.2	**2,211**	1,493	2,482
Current put options granted to owners of non-controlling interests	3.4.1	**126**	143	341
Current tax liabilities		**124**	88	54
Other current liabilities	6.10	**2,643**	2,509	2,727
Liabilities associated with assets held for sale	3.5.1	**4,628**	4,680	4,404
Total current liabilities		**16,584**	**15,750**	**17,118**
TOTAL EQUITY AND LIABILITIES		**37,440**	**38,116**	**41,967**

(i) Previously published comparative information has been restated to reflect the retrospective application of IFRS 15 – *Revenue from Contracts with Customers* (Note 1.3).

Consolidated statement of cash flows

(€ millions)	Notes	2018	2017 (restated)[(i)]
Profit before tax from continuing operations		**369**	**286**
Profit/(loss) before tax from discontinued operations	3.5.2	**(46)**	74
Consolidated profit before tax		**323**	**360**
Depreciation and amortisation expense	6.4	**656**	688
Provision expense	4.1	**221**	51
Losses/(gains) arising from changes in fair value	11.3.2	**45**	(47)
Expenses/(income) on share-based payment plans	8.3.1	**21**	18
Other non-cash items		**60**	(47)
(Gains)/losses on disposals of non-current assets	4.4	**(231)**	11
(Gains)/losses due to changes in percentage ownership of subsidiaries resulting in acquisition/loss of control		**(29)**	29
Dividends received from equity-accounted investees	3.3.1 / 3.3.2	**55**	101
Net finance costs	11.3.1	**327**	367
Non-recourse factoring and associated transaction costs	11.3.2	**81**	83
Gain on disposal of discontinued operations	3.5.2	**-**	-
Adjustments related to discontinued operations	3.5.3	**131**	387
Net cash from operating activities before change in working capital, net finance costs and income tax		**1,659**	**2,002**
Income tax paid		**(241)**	(114)
Change in operating working capital	4.2	**(192)**	(303)
Income tax paid and change in operating working capital: discontinued operations	3.5.3	**266**	(78)
Net cash from operating activities		**1,492**	**1,506**
Of which continuing operations		***1,141***	***1,123***
Cash outflows related to acquisitions of:			
▪ Property, plant and equipment, intangible assets and investment property	4.3	**(1,185)**	(1,247)
▪ Non-current financial assets		**(53)**	(39)
Cash inflows related to disposals of:			
▪ Property, plant and equipment, intangible assets and investment property	4.4	**1,241**	303
▪ Non-current financial assets		**31**	12
Effect of changes in scope of consolidation resulting in acquisition or loss of control	4.5	**(95)**	(69)
Effect of changes in scope of consolidation related to equity-accounted investees	4.6	**170**	(17)
Change in loans and advances granted		**(21)**	(47)
Net cash from/(used in) investing activities of discontinued operations	3.5.3	**(119)**	(97)
Net cash used in investing activities		**(30)**	**(1,202)**
Of which continuing operations		***89***	***(1,105)***
Dividends paid:			
▪ To owners of the parent	12.9	**(338)**	(346)
▪ To non-controlling interests	4.7	**(104)**	(52)
▪ To holders of deeply subordinated perpetual bonds	12.9	**(48)**	(47)
Increase/(decrease) in the parent's share capital		**-**	-
Transactions between the Group and owners of non-controlling interests	4.8	**232**	(117)
(Purchases)/sales of treasury shares	12.4	**(103)**	(11)
Additions to borrowings	4.9	**1,542**	1,589
Repayments of borrowings	4.9	**(1,346)**	(2,534)
Interest paid, net	4.10	**(424)**	(505)
Net cash used in financing activities of discontinued operations	3.5.3	**(167)**	(451)
Net cash used in financing activities		**(756)**	**(2,473)**
Of which continuing operations		***(588)***	***(2,022)***
Effect of changes in exchange rates on cash and cash equivalents of continuing operations		**(232)**	(333)
Effect of changes in exchange rates on cash and cash equivalents of discontinued operations		**(96)**	(148)
Change in cash and cash equivalents	**4.9**	**377**	**(2,651)**
Net cash and cash equivalents at beginning of period		**4,137**	**6,787**
• Of which net cash and cash equivalents of continuing operations	11.1	**3,236**	5,614
• Of which net cash and cash equivalents of discontinued operations		**901**	1,174
• **Net cash and cash equivalents at end of period**		**4,514**	**4,137**
• Of which net cash and cash equivalents of continuing operations	11.1	**3,592**	3,236
• Of which net cash and cash equivalents of discontinued operations		**922**	901

(i) Previously published comparative information has been restated to reflect the retrospective application of IFRS 15 – *Revenue from Contracts with Customers* (Note 1.3).

Consolidated statement of changes in equity

(€ millions) (before appropriation of profit)	Share capital	Additional paid-in capital(i)	Treasury shares	Deeply-subordinated perpetual bonds (TSSDI)	Retained earnings and profit for the year	Other reserves(ii)	Equity attributable to owners of the parent(iii)	Non-controlling interests(iv)	Total equity
As at 1 January 2017 (reported)	**170**	**3,992**	**(5)**	**1,350**	**4,412**	**(1,469)**	**8,450**	**5,990**	**14,440**
Effects of applying IFRS 15 (Note 1.3)	-	-	-	-	(9)	-	(9)	(4)	(12)
As at 1 January 2017 (restated)(*)	**170**	**3,992**	**(5)**	**1,350**	**4,403**	**(1,469)**	**8,441**	**5,986**	**14,427**
Other comprehensive income/(loss) for the year (restated)(*)	-	-	-	-	-	(626)	(626)	(710)	(1,335)
Net profit/(loss) for the year (restated)(*)	-	-	-	-	101	-	101	198	298
Consolidated comprehensive income/(loss) for the year (restated)(*)	**-**	**-**	**-**	**-**	**101**	**(626)**	**(525)**	**(512)**	**(1,037)**
Issue of share capital	-	-	-	-	-	-	-	-	-
Purchases and sales of treasury shares	-	-	-	-	(7)	-	(7)	-	(7)
Dividends paid/payable to shareholders(vi)	-	-	-	-	(346)	-	(346)	(69)	(415)
Dividends paid/payable to holders of deeply-subordinated perpetual bonds(vi)	-	-	-	-	(50)	-	(50)	-	(50)
Share-based payments	-	-	-	-	12	-	12	9	21
Changes in percentage interest resulting in the acquisition/loss of control of subsidiaries	-	-	-	-	-	-	-	1	1
Changes in percentage interest not resulting in the acquisition/loss of control of subsidiaries(vii)	-	-	-	-	31	(1)	30	54	84
Other movements	-	-	-	-	(1)	-	(1)	(2)	(3)
As at 31 December 2017 (restated)(*)	**170**	**3,992**	**(5)**	**1,350**	**4,144**	**(2,096)**	**7,555**	**5,468**	**13,023**
Effect of applying IFRS 9, IAS 29 and amendments to IFRS 2 (Note 1.3)	**-**	**-**	**-**	**-**	**32**	**(17)**	**15**	**25**	**40**
As at 1 January 2018	**170**	**3,992**	**(5)**	**1,350**	**4,177**	**(2,114)**	**7,570**	**5,493**	**13,063**
Other comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**(338)**	**(338)**	**(466)**	**(804)**
Net profit/(loss) for the year	**-**	**-**	**-**	**-**	**(54)**	**-**	**(54)**	**215**	**161**
Consolidated comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**(54)**	**(338)**	**(392)**	**(251)**	**(643)**
Issue of share capital	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Purchases and sales of treasury shares(v)	**(2)**	**(53)**	**(28)**	**-**	**(17)**	**-**	**(100)**	**-**	**(100)**
Dividends paid/payable to shareholders(vi)	**-**	**-**	**-**	**-**	**(338)**	**-**	**(338)**	**(103)**	**(441)**
Dividends paid/payable to holders of deeply subordinated perpetual bonds(vi)	**-**	**-**	**-**	**-**	**(48)**	**-**	**(48)**	**-**	**(48)**
Share-based payments	**-**	**-**	**-**	**-**	**8**	**-**	**8**	**11**	**19**
Changes in percentage interest resulting in the acquisition/loss of control of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(35)**	**(35)**
Changes in percentage interest not resulting in the acquisition/loss of control of subsidiaries(vii)	**-**	**-**	**-**	**-**	**31**	**-**	**31**	**174**	**206**
Other movements	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2)**	**(1)**
As at 31 December 2018	**168**	**3,939**	**(33)**	**1,350**	**3,759**	**(2,452)**	**6,731**	**5,288**	**12,019**

(*) Previously published comparative information has been restated to reflect the retrospective application of IFRS 15 – *Revenue from Contracts with Customers* (Note 1.3).
(i) Additional paid-in capital includes (a) premiums on shares issued for cash or for contributions in kind, or in connection with mergers or acquisitions, and (b) legal reserves.
(ii) See Note 12.6.
(iii) Attributable to the shareholders of Casino, Guichard-Perrachon.
(iv) See Note 12.8.
(v) See Note 12.4 for information about treasury share transactions.
(vi) See Note 12.9 for dividends paid and payable to holders of ordinary shares and deeply-subordinated perpetual bonds. Dividends paid and payable to non-controlling interests during the year primarily concern GPA for €46 million, Franprix-Leader Price for €24 million and Éxito for €19 million (2017: GPA for €31 million, Éxito for €15 million and subsidiaries in Uruguay for €8 million).
(vii) The €206 million positive impact corresponds for the most part to (a) the acquisition by Tikehau Capital and Bpifrance of shares in GreenYellow for €142 million (Note 2) and (b) the additional contribution of €85 million made by the private equity fund Fondo Inmobiliaro Colombia to the Viva Malls real estate trust created by Éxito in 2016. In 2017, the €84 million positive impact primarily concerned (a) the additional contribution of €80 million made by the private equity fund Fondo Inmobiliaro Colombia to the Viva Malls real estate trust and (b) the results of the public tender offer for Cnova N.V. shares, in the amount of €22 million, offset by the €15 million negative fair value adjustment to the NCI put on Disco shares.

CONSOLIDATED FINANCIAL STATEMENTS

DETAILED SUMMARY OF NOTES TO THE FINANCIAL STATEMENT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INFORMATION ABOUT THE CASINO, GUICHARD-PERRACHON GROUP

Casino, Guichard-Perrachon ("the Company") is a French *société anonyme* listed in compartment A of Euronext Paris. The Company and its subsidiaries are hereinafter referred to as "the Group" or "the Casino Group". The Company's registered office is at 1, cours Antoine Guichard, 42008 Saint-Étienne, France.

The consolidated financial statements for the year ended 31 December 2018 reflect the accounting situation of the Company and its subsidiaries, as well as the Group's interests in associates and joint ventures.

The 2018 consolidated financial statements of Casino, Guichard-Perrachon were approved for publication by the Board of Directors on 13 March 2019.

Note 1 Significant accounting policies

1.1 Accounting standards

Pursuant to European Commission regulation 1606/2002 of 19 July 2002, the consolidated financial statements of the Casino Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union as of the date of approval of the financial statements by the Board of Directors and applicable at 31 December 2018.

These standards are available on the European Commission's website: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en

The accounting policies set out below have been applied consistently in all periods presented, after taking account of the new standards, amendments to existing standards and interpretations listed below, and the application of IAS 29 to Libertad as from 1 January 2018 following the classification of Argentina as a hyperinflationary economy (Note 1.3.3).

Standards, amendments to standards, and interpretations adopted by the European Union and mandatory for financial years beginning on or after 1 January 2018

The European Union has adopted the following standards, amendments and interpretations which must be applied by the Group for its financial year beginning on 1 January 2018:
- IFRS 9 – *Financial Instruments*
- IFRS 15 – *Revenue from Contracts with Customers*
- Amendments to IFRS 2 – *Classification and Measurement of Share-based Payment Transactions*

The effects of applying IFRS 15 and IFRS 9 and the amendments to IFRS 2 are presented in Note 1.3.

The following texts have no material impact on the Group's financial statements:
- *IFRIC 22 – Foreign Currency Transactions and Advance Consideration*

This interpretation is applicable either retrospectively or prospectively. IFRIC 22 provides guidance on interpreting IAS 21 – *The Effects of Changes in Foreign Exchange Rates*. It clarifies the exchange rate to be used for advance consideration.
- *Amendments to IAS 40 – Transfers of Investment Property*

These amendments are applicable on a prospective basis. They provide guidance on transfers to or from investment property. They also clarify that the list of evidence of a change of use is a non-exhaustive list of examples.
- *IFRS Annual Improvements – 2014-2016 cycle*

The main standard concerned is IFRS 12 – *Disclosure of Interests in Other Entities*. These amendments are applicable on a retrospective basis. They clarify that IFRS 12 also applies to interests in subsidiaries, joint arrangements and associates classified as "held for sale" in accordance with IFRS 5 (except for the requirement to disclose summary financial information which does not have to be applied).

1.2 Basis of preparation and presentation of the consolidated financial statements

1.2.1 Basis of measurement

The consolidated financial statements have been prepared using the historical cost convention, with the exception of the following:

- assets and liabilities acquired in a business combination, which are measured at fair value in accordance with IFRS 3;
- derivative financial instruments and financial assets, which are measured at fair value. The carrying amounts of assets and liabilities hedged by a fair value hedge which would otherwise be measured at cost are adjusted for changes in fair value attributable to the hedged risk.

The consolidated financial statements are presented in millions of euros. The figures in the tables have been rounded to the nearest million euros and include individually rounded data. Consequently, the totals and sub-totals shown may not correspond exactly to the sum of the reported amounts.

1.2.2 Use of estimates and judgements

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that may affect the reported amounts of assets and liabilities and income and expenses, as well as the disclosures made in certain notes to the consolidated financial statements. Due to the inherent uncertainty of assumptions, actual results may differ from the estimates. Estimates and assessments are reviewed at regular intervals and adjusted where necessary to take into account past experience and any relevant economic factors.

The main judgements, estimates and assumptions are based on the information available when the financial statements are drawn up and concern the following:

- classification and measurement of Via Varejo's net assets, assets within France Retail segment and Mercialys shares in accordance with IFRS 5 (Note 3.5);
- valuation of non-current assets and goodwill (Note 10.5);
- recoverable amounts of deferred tax assets (Note 9);
- recognition, presentation and measurement of the recoverable amounts of tax credits or taxes (mainly ICMS, PIS and COFINS in Brazil) (Notes 5.1, 6.9 and 13);
- provisions for risks (Note 13), particularly tax and employee-related risks in Brazil.

1.3 Changes in accounting methods

1.3.1 Impact of first-time adoption of IFRS 15 – *Revenue from Contracts with Customers*

IFRS 15 defines the principles for recognising revenue and replaces IAS 18 – *Revenue*, IAS 11 – *Construction Contracts* and all related interpretations. The standard defines a single model for recognising revenue, in five steps. It introduces new concepts and principles regarding the recognition of revenue, in particular the identification of performance obligations and the allocation of the transaction price for contracts with multiple performance obligations.

The Group has decided to apply IFRS 15 from 1 January 2018 under the full retrospective approach, by restating comparative information. In view of the nature of the Group's businesses, the application of the standard had no material impact on the revenue and trading profit previously published by the Group.

Adoption of IFRS 15 has mainly led to reclassifications between net sales, other revenue, cost of goods sold and selling expenses. This mainly concerns certain services provided to suppliers, certain promotional offers granted directly by suppliers to end-customers, agent/principal qualifications in certain contracts and the presentation of rental revenue. Retrospective application of IFRS 15 to the 2017 financial statements led to a €332 million decrease in net sales and a €30 million decrease in trading profit (including €19 million in the France Retail segment and €10 million in the E-commerce segment) compared to the previously reported amounts.

The amended accounting policy applied to revenue is presented in Note 6.

1.3.2 Impact of the first-time adoption of IFRS 9 – *Financial Instruments*

IFRS 9 defines new principles covering the classification and measurement of financial instruments, the recognition of impairment provisions for credit risk on financial assets and hedge accounting.

The Group has applied IFRS 9 as from 1 January 2018 by recording the cumulative impact in opening equity at the transition date. The main individually non-material changes resulting from the application of IFRS 9 are as follows:

- In line with the new impairment model for financial assets (including contract assets), incurred losses recorded under IAS 39 have been replaced by lifetime expected credit losses. The Group has applied the simplified model for all these assets, in particular receivables from franchisees and tenants. With respect to continuing operations excluding equity-accounted investees, application of the new model led to a €51 million increase in provisions for asset impairment and a €35 million reduction in equity, net of tax.
- Credit card receivables (Brazil) have been classified as debt instruments at fair value through other comprehensive income, resulting in a €3 million reduction in trade receivables and a €2 million reduction in equity.
- Equity instruments previously classified as "Available-for-sale financial assets" have been reclassified mainly as equity instruments at fair value through profit or loss.
- Bond swaps have been restated, leading to a €19 million increase in debt and a €15 million reduction in equity, net of tax.
- With respect to equity-accounted investees (Mercialys, Banque du Groupe Casino and FIC), an €11 million reduction in equity, net of tax was recognised against equity-accounted investees, mainly due to the application of the new impairment model for financial assets.
- With respect to Via Varejo's discontinued operations, a €47 million reduction in equity, net of tax was recognised against assets held for sale, as a result of the application of the new impairment model for consumer finance receivables and to the classification of credit card receivables as debt instruments at fair value through other comprehensive income.

The table below shows the original measurement categories under IAS 39 and the new categories used as from 1 January 2018 under IFRS 9 for each class of financial assets. The financial liability categories are unchanged and are therefore not presented.

(€ millions)	Original classification (IAS 39)	New classification (IFRS 9)	Original carrying amount as at 31 December 2017 (IAS 39)(i)	New carrying amount as at 1 January 2018 (IFRS 9)
Equity instruments	Available-for-sale – at cost	**Fair value through profit or loss**	4	**4**
Equity instruments	Available-for-sale – at fair value	**Fair value through profit or loss**	32	**32**
Cash and cash equivalents	Held-for-trading financial assets	**Fair value through profit or loss**	4	**4**
Cash and cash equivalents	Loans and receivables	**Amortised cost**	3,386	**3,386**
Hedging derivative assets	Hedging instruments	**Fair value – hedging instruments**	98	**98**
Credit card receivables (Brazil)	Loans and receivables	**Debt instruments at fair value through other comprehensive income**	119(ii)	**116**(ii)
Trade receivables and other current and non-current assets	Loans and receivables	**Amortised cost**	2,170	**2,119**

(i) The original carrying amounts as at 31 December 2017 are presented in Note 11.4.1.
(ii) The original carrying amount and the new carrying amount under IFRS 9 of Via Varejo's debt instruments (reclassified as "Assets held for sale" and not included in the table above) represent €421 million and €405 million, respectively.

The new accounting principles applicable to financial instruments are presented in Note 11.

1.3.3 Impact on the consolidated financial statements

The following tables show the impact on the previously published consolidated income statement, statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows resulting from:

- the first-time application of IFRS 15 – *Revenue from Contracts with Customers* (Note 1.3.1);
- application of IFRS 9 – *Financial Instruments* from 1 January 2018 (Note 1.3.2); as permitted by the standard, the Group has opted not to restate comparative information.
- prospective application of the amendments to IFRS 2 – *Share-based Payment*: the impact consists in the reclassification in non-controlling interests at 1 January 2018 of a €5 million debt corresponding to withholding taxes due on stock option plans in Brazil;
- limited retrospective application at 1 January 2018 (cumulative catch-up without restating 2017) of IAS 29 – *Financial Reporting in Hyperinflationary Economies* in Argentina. IAS 29 requires that the statements of financial position and income statements of subsidiaries operating in hyperinflationary economies should be (i) restated by applying a general price index so that they are stated in terms of the measuring unit current at the end of the reporting period, and (ii) converted into euros at the period-end exchange rate.

Moreover, certain changes have been made to the presentation of the consolidated income statement in connection with the application of IFRS 15. These changes concern (i) the addition of a new indicator, "Total revenue", representing the sum of "Net sales" and "Other revenue", (ii) the reclassification of the cost of property development and property trading activities and changes in related inventories from "Selling expenses" to "Cost of goods sold", and (iii) reclassifications between "Net sales" and "Other revenue" of various items including:

- rental revenues, which are now reported under "Other revenue";
- franchising and service fees billed to franchisees, which are now reported under "Net sales".

The new presentation has been applied retrospectively, by restating 2017 comparative information on the same basis.

Impact on the main consolidated income statement indicators of retrospective application of IFRS 15

(€ millions)	31 December 2017 (reported)	IFRS 15 adjustments	31 December 2017 (restated)
Net sales	37,822	(332)	37,490
Other revenue	414	141	555
Total revenue	**38,236**	**(192)**	**38,045**
Cost of goods sold	(28,694)	140	(28,555)
Selling expenses	(6,942)	41	(6,902)
General and administrative expenses	(1,357)	(19)	(1,376)
Trading profit	**1,242**	**(30)**	**1,213**
Operating profit	762	(30)	732
Net finance costs	(367)	-	(367)
Other financial income and expenses	(78)	-	(78)
Profit before tax	**316**	**(30)**	**286**
Income tax (expense)/benefit	(56)	8	(48)
Share of profit of equity-accounted investees	13	-	13
Net profit/(loss) from continuing operations	**273**	**(22)**	**251**
Attributable to owners of the parent	*127*	*(19)*	*108*
Attributable to non-controlling interests	*146*	*(2)*	*143*
Net profit/(loss) from discontinued operations	**47**	**-**	**47**
Attributable to owners of the parent	*(7)*	-	*(7)*
Attributable to non-controlling interests	*54*	-	*54*
Consolidated net profit/(loss)	**320**	**(22)**	**298**
Attributable to owners of the parent	*120*	*(19)*	*101*
Attributable to non-controlling interests	*200*	*(2)*	*198*

No impact on the consolidated statement of comprehensive income aside from the impact on the consolidated income statement referred to above.

Impact on the main consolidated statement of financial position indicators

Impact of first-time application of IFRS 15 at 1 January 2017

(€ millions)	1 January 2017 (reported)	IFRS 15 adjustments	1 January 2017 (restated)
Goodwill	9,595	-	**9,595**
Intangible assets, property, plant and equipment, and investment property	11,642	-	**11,642**
Investments in equity-accounted investees	625	(16)	**609**
Other non-current assets	1,080	(6)	**1,075**
Deferred tax assets	687	(9)	**678**
Total non-current assets	**23,629**	**(30)**	**23,599**
Inventories	3,990	(51)	**3,939**
Trade receivables	880	6	**886**
Other current assets	1,542	1	**1,543**
Current tax assets	130	-	**130**
Cash and cash equivalents	5,750	-	**5,750**
Assets held for sale	6,120	-	**6,120**
Total current assets	**18,412**	**(44)**	**18,368**
Total assets	**42,042**	**(74)**	**41,967**
Equity attributable to owners of the parent	8,450	(9)	**8,441**
Non-controlling interests	5,990	(4)	**5,986**
Total equity	**14,440**	**(12)**	**14,427**
Non-current provisions for employee benefits	312	-	**312**
Other non-current provisions	615	-	**615**
Non-current financial liabilities	7,733	-	**7,733**
Non-current put options granted to owners of non-controlling interests	41	-	**41**
Other non-current liabilities	618	9	**627**
Deferred tax liabilities	1,094	-	**1,094**
Total non-current liabilities	**10,413**	**9**	**10,422**
Current provisions for employee benefits	12	-	**12**
Other current provisions	163	-	**163**
Trade payables	6,939	(3)	**6,936**
Current financial liabilities	2,482	-	**2,482**
Current put options granted to owners of non-controlling interests	341	-	**341**
Current tax liabilities	54	-	**54**
Other current liabilities	2,795	(67)	**2,727**
Liabilities associated with assets held for sale	4,404	-	**4,404**
Total current liabilities	**17,189**	**(71)**	**17,118**
Total equity and liabilities	**42,042**	**(74)**	**41,967**

Impact of retrospective application of IFRS 15 at 31 December 2017, and impact of first-time application of IFRS 9 and IAS 29 and the amendments to IFRS 2 at 31 December 2018

(€ millions)	31 December 2017 (reported)	IFRS 15 adjustments	31 December 2017 (restated)	IFRS 9 adjustments	IAS 29 and IFRS 2 adjustments (i)	1 January 2018 (restated)
Goodwill	9,031	-	**9,031**	-	61	**9,092**
Intangible assets, property, plant and equipment, and investment property	10,629	-	**10,629**	-	104	**10,732**
Investments in equity-accounted investees	587	(13)	**575**	(11)	-	**563**
Other non-current assets	1,220	(21)	**1,199**	-	-	**1,199**
Deferred tax assets	523	(1)	**522**	23	(22)	**523**
Total non-current assets	**21,990**	**(35)**	**21,955**	**12**	**142**	**22,110**
Inventories	3,871	(57)	**3,815**	-	-	**3,815**
Trade receivables	946	(9)	**937**	(49)	-	**888**
Other current assets	1,272	15	**1,287**	(5)	-	**1,282**
Current tax assets	138	-	**138**	-	-	**138**
Cash and cash equivalents	3,391	-	**3,391**	-	-	**3,391**
Assets held for sale	6,593	-	**6,593**	(47)	4	**6,551**
Total current assets	**16,212**	**(51)**	**16,161**	**(101)**	**4**	**16,064**
Total assets	**38,202**	**(86)**	**38,116**	**(89)**	**146**	**38,174**
Equity attributable to owners of the parent	7,584	(29)	**7,555**	(66)	81	**7,570**
Non-controlling interests	5,473	(5)	**5,468**	(46)	71	**5,493**
Total equity	**13,057**	**(34)**	**13,023**	**(112)**	**152**	**13,063**
Non-current provisions for employee benefits	358	-	**358**	-	-	**358**
Other non-current provisions	514	-	**514**	-	-	**514**
Non-current financial liabilities	7,229	-	**7,229**	19	-	**7,249**
Non-current put options granted to owners of non-controlling interests	28	-	**28**	-	-	**28**
Other non-current liabilities	481	8	**489**	-	(3)	**486**
Deferred tax liabilities	725	-	**725**	-	-	**725**
Total non-current liabilities	**9,335**	**8**	**9,343**	**19**	**(3)**	**9,360**
Current provisions for employee benefits	11	-	**11**	-	-	**11**
Other current provisions	162	-	**162**	-	-	**162**
Trade payables	6,649	15	**6,664**	-	-	**6,664**
Current financial liabilities	1,493	-	**1,493**	-	-	**1,493**
Current put options granted to owners of non-controlling interests	143	-	**143**	-	-	**143**
Current tax liabilities	88	-	**88**	-	-	**88**
Other current liabilities	2,584	(74)	**2,509**	4		**2,513**
Liabilities associated with assets held for sale	4,680	-	**4,680**	-	(2)	**4,678**
Total current liabilities	**15,809**	**(60)**	**15,750**	**4**	**(2)**	**15,751**
Total equity and liabilities	**38,202**	**(86)**	**38,116**	**(89)**	**146**	**38,174**

(i) These impacts arise mainly from the application of IAS 29; impacts related to IFRS 2 are limited to the reclassification in non-controlling interests of a €5 million debt.

Impact on the main consolidated statement of cash flows indicators

(€ millions)	31 December 2017 (reported)	IFRS 15 adjustments	31 December 2017 (restated)
Net cash from operating activities	**1,506**	**-**	**1,506**
Of which consolidated profit/(loss) before tax	*390*	*(30)*	360
Of which cther components of cash flow	*1,645*	(3)	1,641
Of which change in operating working capital and income tax paid	*(528)*	33	(495)
Net cash used in investing activities	**(1,203)**	**-**	**(1,202)**
Net cash used in financing activities	**(2,473)**	**-**	**(2,473)**
Effect of changes in exchange rates on cash and cash equivalents	(481)	-	(481)
Change in cash and cash equivalents	**(2,651)**	**-**	**(2,651)**
Net cash and cash equivalents at beginning of period	6,787	-	6,787
Net cash and cash equivalents at end of period	4,137	-	4,137

Note 2 Significant events of the year

Significant events of the year are the following:

- **Planned disposal of Via Varejo**

On 23 November 2016, the Group announced that it had approved GPA's decision to start negotiations for the sale of its stake in its subsidiary Via Varejo, in line with its long-term strategic refocusing on the food retailing business.
Throughout 2018, GPA actively sought to sell the company to strategic investors. However, due to external factors that were beyond GPA's control, related mainly to the macro-economic environment in Brazil, no potential buyer had been found as of 31 December 2018. While continuing the process of seeking out potential buyers, on 21 December 2018, GPA's Board of Directors authorised management to explore alternative solutions to enable the sale to be completed before 31 December 2019, including by selling the Via Varejo shares in a series of transactions on the stock market.

The process to transfer all Via Varejo shares to the New Market segment of the B3-Brasil Bolsa Balcão stock market was completed in November 2018.

In this context, at the end of December 2018, GPA signed an agreement for the sale of 50 million Via Varejo ordinary shares (3.86% of the capital) through a total return swap (TRS) with a leading financial institution with the purpose of subsequently selling the shares on the market over a period ending at the latest on 30 April 2019. The sales were completed ahead of this date, with the last transaction carried out on 20 February.

The operation had no impact on the control or governance of Via Varejo. As of 31 December 2018, because the TRS did not meet the requirements for derecognition under IFRS 9, the underlying sale was not recorded in the accounts and a liability was recorded for the €49 million received from the counterparty (Notes 11.2.2 and 11.2.4). As at 31 December 2018, GPA held 39.4% of Via Varejo's voting rights and 43.23% of the shares.

Therefore, the sale of Via Varejo in 2019 is considered highly probable, and in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*:
- the assets and liabilities held for sale are reported on a separate line of the consolidated statement of financial position (Note 3.5.1);
- Via Varejo's net profit and cash flows for the years ended 31 December 2018 and 2017 are reported on separate lines in the consolidated income statement and consolidated statement of cash flows;
- Via Varejo has been excluded from tables in the notes, in particular those relative to lease commitments (Note 7.2) and GPA's contingent liabilities (Note 13.3). If necessary, specific information for Via Varejo is provided in a footnote.

Pursuant to the authorisation given by its Board of Directors on 20 February 2019, GPA has contracted a second total return swap for 40 million Via Varejo shares (see note 15).

- **Bond issue**

On 24 January 2018, Casino placed a €200 million tap of its bond issue due June 2022, at an effective interest rate of 1.58%. The operation issue raised the total nominal amount of the bond from €550 million to €750 million.

- **Acquisition of Sarenza (Note 3.1.1)**

- **Commercial partnership between Monoprix and Amazon**

On 26 March 2018, Monoprix and Amazon announced that they were forming a commercial partnership to deliver grocery items sourced from Monoprix to Amazon's Prime service customers in Paris and its inner suburbs.
On 12 September 2018, the two partners announced the launch of a dedicated virtual store on the Amazon Prime Now app and website, giving Amazon Prime members access to over 6,000 products with delivery to the address of their choice in less than two hours.

- **Announcement of an asset disposal plan**

On 11 June 2018, the Group announced that it was launching an asset disposal plan to support ongoing transformation of the business model and accelerate the deleveraging process in France. The plan concerned non-strategic real estate and other assets identified by the Group with an estimated total realisable value of €1.5 billion. The objective was for half of the plan to be completed in 2018.
As at 31 December 2018, disposals under the plan totalled €1,105 million and included:

- sale of 15% of Mercialys shares through an equity swap for €213 million (Note 3.1.4);
- entry of Tikehau Capital and Bpifrance into the capital of GreenYellow for €150 million (see below);
- sale of Monoprix real estate assets: following the synallagmatic agreements signed on 28 September and 17 October 2018, the Group completed the sale of buildings pertaining to 53 Monoprix stores to Generali Group and 14 stores to AG2R La Mondiale on 20 December 2018. After deducting registration fees, these transactions amounted to €742 million and generated a capital gain of €166 million, net of transaction costs (Note 6.5). The Group will continue to operate the stores under leases representing an annual rent of €35 million.

Indicative offers have also been received for other assets included in the disposal plan, some of which have led to agreements being signed since the beginning of 2019 (Note 15).

- **Cooperation in purchasing with Auchan Retail, METRO and the Schiever Group**

On 29 June 2018, the Casino, Auchan Retail, METRO and Schiever groups announced the signature of several agreements covering their cooperation in purchasing, internationally and in France. Previously, the Casino Group and Auchan Retail had announced on 3 April 2018 that they had begun exclusive talks to build a global strategic partnership. This coincided with Casino and Intermarché's mutually agreed termination of their purchasing alliance. The Dia group joined the partnership at the end of August 2018.
The new alliances, called Horizon, will focus on moving away from purely transactional negotiations towards a collaborative, balanced and innovative type of negotiations.
After being granted approval by the relevant competition authorities, Horizon International Services has been up and running since 15 February 2019 and covers 47 countries in Europe, Asia and South America in which these companies operate.

- **Bond buybacks**

A total of €128 million worth of bonds maturing at different dates between 2018 and 2026 were bought back in July and August 2018. The bonds were purchased as and when market opportunities arose, at prices that the Group considered attractive. The transactions were in line with the strategy to pay down gross debt. The impact on the consolidated financial statements was as follows:

- reduction in debt, including fair value hedges with a negative fair value: €135 million (Note 11.2.2);
- reduction in hedging instruments with a positive fair value: €3 million;
- recognition in "Finance costs, net" of a €4 million gain (not taking into account future interest savings).

- **Rating downgrades**

On 3 September 2018, Standard & Poor's announced that it was downgrading Casino's rating from BB+ Stable outlook to BB Negative outlook. On 28 September 2018, Moody's announced that it was downgrading Casino's rating from Ba1, stable outlook to Ba1, negative outlook.
These changeshave not had any impact on the cost of Casino's bond debt or on its liquidity position.

- **Entry of Tikehau Capital and Bpifrance in the capital of GreenYellow**

On 12 October 2018, the Group announced the signing of an agreement under which Tikehau Capital, an asset management and investment firm, and Bpifrance would acquire a stake in GreenYellow, Casino's subsidiary dedicated to solar energy and energy efficiency solutions. The operation was completed on 18 December 2018, through a €150 million share issue underwritten by the two new shareholders, giving them a combined 24% stake. The impact (net of transaction costs) on the Group's consolidated financial statements was a €108 million increase in non-controlling interests and a €35 million increase in equity attributable to equity holders of the parent.

- **Partnership with the Quattrucci family**

On 15 October 2018, the Group announced the signing of a partnership with the Quattrucci family whereby twelve stores specialised in fresh products would join the Casino Group.
These stores, located in the Île-de-France region and the Oise department, generated more than €300 million in sales in 2017. Since 1 January 2019, the stores have been supplied by the Casino Group; seven have been converted to the "Marché frais Géant" banner and the other five to the "Marché frais Leader Price" banner.

- **Creation of a joint venture with ENGIE**

On 17 October 2018, GreenYellow and the ENGIE group announced the creation of a joint venture, Reservoir Sun, to help local authorities and companies in France to generate solar power to meet their electricity needs. The joint venture had no material impact on the consolidated financial statements at 31 December 2018.

- **Interim dividend**

On 5 December 2018, the Company paid an interim dividend of €170 million (Note 12.9).

Note 3 Scope of consolidation

Accounting principles

Basis of consolidation

The consolidated financial statements include the financial statements of all material subsidiaries, joint ventures and associates over which the parent company exercises control, joint control or significant influence, either directly or indirectly (see list of consolidated companies in Note 17).

Subsidiaries

Subsidiaries are companies controlled by the Group. Control exists when the Group (i) has power over the entity, (ii) is exposed or has rights to variable returns from its involvement with the entity, and (iii) has the ability to affect those returns through its power over the entity.
The consolidated financial statements include the financial statements of subsidiaries from the date when control is acquired to the date at which the Group no longer exercises control. All controlled companies are fully consolidated in the Group's statement of financial position, regardless of the percentage interest held.

Potential voting rights

Control is assessed by taking potential voting rights into account, but only if they are substantive; that is, if the entity has the practical ability to exercise its rights with respect to the exercise price, date and terms.
The Group may own share warrants, share call options, debt or equity instruments that are convertible into ordinary shares or other similar instruments that have the potential, if exercised or converted, to give the Group voting power or reduce another party's voting power over the financial and operational policies of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control of another entity. Potential voting rights are not currently exercisable or convertible when, for example, they cannot be exercised or converted until a future date or until the occurrence of a future event.

Joint ventures

A joint venture is a joint arrangement in which the parties that exercise joint control over an entity have rights to its net assets. Joint control involves the contractually agreed sharing of control over an entity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.
Joint ventures are accounted for in the consolidated financial statements using the equity method.

Associates

Associates are companies in which the Group exercises significant influence over financial and operational policies without having control. They are accounted for in the consolidated financial statements using the equity method.

Equity method of accounting

The equity method provides that an investment in an associate or a joint venture be recognised initially at acquisition cost and subsequently adjusted by the Group's share in profit or loss and, where appropriate, in other comprehensive income of the associate or joint venture. Goodwill related to these entities is included in the carrying amount of the investment. Any impairment losses and gains or losses on disposal of investments in equity-accounted entities are recognised in "Other operating income and expenses".
Profits/losses from internal acquisitions or disposals with equity-accounted associates are eliminated to the extent of the Group's percentage interest in these companies. In the absence of any guidance in IFRS concerning cases where the amount to be eliminated is greater than the carrying amount of the investment in the equity-accounted company, the Group has elected to cap the amount eliminated from the accounts in the transaction year and to deduct the uneliminated portion from its share of the equity-accounted company's profits in subsequent years. The Group follows a transparent approach to accounting for associates under the equity method and takes into account, if relevant, its final percentage interest in the associate for the purpose of determining the proportion of profit (loss) to be eliminated.
In the absence of any standard or interpretation covering dilution of the Group's interest in a subsidiary of an equity-accounted company, the dilution impact is recognised in the Group's share of the profit (loss) of the equity-accounted investee.

Business combinations

As required by IFRS 3 revised, the consideration transferred (acquisition price) in a business combination is measured at the fair value of the assets transferred, equity interests issued and liabilities incurred on the date of the transaction. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Acquisition-related costs are recognised in "Other operating expenses", except for those related to the issue of equity instruments.
Any excess of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed is recognised as goodwill. At the date when control is acquired and for each business combination, the Group may elect to apply either the partial goodwill method (in which case, the amount of goodwill is limited to the

portion acquired by the Group) or the full goodwill method. Under the full goodwill method, non-controlling interests are measured at fair value and goodwill is recognised on the full amount of the identifiable assets acquired and liabilities assumed.
Business combinations completed prior to 1 January 2010 were accounted for using the partial goodwill method, which was the only method applicable prior to publication of the revised version of IFRS 3.

In the case of an acquisition achieved in stages (step acquisition), the previously-held interest is remeasured at fair value as at the date control is acquired. The difference between the fair value and carrying amount of the previously-held interest is recognised directly in profit or loss (under "Other operating income" or "Other operating expenses").
The provisional amounts recognised on the acquisition date may be adjusted retrospectively if the information needed to revalue the assets acquired and the liabilities assumed corresponds to new information obtained by the buyer and concerns facts and circumstances that existed as of the acquisition date. Goodwill may not be adjusted after the measurement period (not exceeding 12 months from the date when control is acquired). Any subsequent acquisitions of non-controlling interests do not give rise to the recognition of additional goodwill.

Any contingent consideration is included in the consideration transferred at its acquisition-date fair value, whatever the probability that it will become due. Subsequent changes in the fair value of contingent consideration due to facts and circumstances that existed as of the acquisition date are recorded by adjusting goodwill if they occur during the measurement period or directly in profit or loss for the period under "Other operating income" or "Other operating expenses" if they arise after the measurement period, unless the obligation is settled in equity instruments. In that case, the contingent consideration is not remeasured subsequently.

Intra-group transfers of shares in consolidated companies

In the absence of any guidance in IFRS on the accounting treatment of intra-group transfers of shares in consolidated companies leading to a change in percentage interest, the Group applies the following principle:

- the transferred shares are maintained at historical cost and the gain or loss on the transfer is eliminated in full from the accounts of the acquirer;
- non-controlling interests are adjusted to reflect the change in their share of equity, and a corresponding adjustment is made to consolidated reserves, without affecting profit or total equity.

Costs and expenses related to intra-group transfers of shares and to internal restructuring in general are included in “Other operating expenses”.

Foreign currency translation

The consolidated financial statements are presented in euros, which is the functional currency of the Group's parent company. Each Group entity determines its own functional currency and all of their financial transactions are measured in that currency.
The financial statements of subsidiaries that use a different functional currency from that of the parent company are translated using the closing rate method, as follows:

- assets and liabilities, including goodwill and fair value adjustments, are translated into euros at the closing rate, corresponding to the spot exchange rate at the reporting date;
- income statement and cash flow items are translated into euros using the average rate of the period unless significant variances occur.

The resulting translation differences are recognised directly within a separate component of equity. When a foreign operation is disposed of, the cumulative differences recognised in equity on translation of the net investment in the operation concerned at successive reporting dates are reclassified to profit or loss. Because the Group applies the step-by-step method of consolidation, the cumulative translation differences are not reclassified to profit or loss if the foreign operation disposed is part of a sub-group. This reclassification will occur only at the disposal of the sub-group.

Foreign currency transactions are translated into euros using the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate and the resulting translation differences are recognised in the income statement under "Foreign currency exchange gains" or "Foreign currency exchange losses". Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applicable on the transaction date.
Exchange differences arising on translation of the net investment in a foreign operation are recognised in the consolidated financial statements as a separate component of equity and reclassified to profit or loss on disposal of the net investment.

Exchange differences arising on translation of (i) foreign currency borrowings hedging a net investment denominated in a foreign currency or (ii) permanent advances made to subsidiaries are also recognised in equity and reclassified to profit or loss on disposal of the net investment.

In accordance with IAS 29, the statements of financial position and income statements of subsidiaries operating in hyperinflationary economies are (i) restated to take account of changes in the general purchasing power of the local currency, using official price indices applicable on the reporting date, and (ii) converted into euros at the exchange rate on the reporting date. The Group has qualified Argentina as a hyperinflationary economy since 2018 (see Note 1.3.3).

3.1 Transactions affecting the scope of consolidation in 2018

3.1.1 Acquisition of Sarenza

On 30 April 2018, Monoprix acquired Sarenza, a leading online footwear retailer. The price paid for 100% of the shares was €22 million (Note 4.5).
Sarenza has been consolidated at net book value, leading to the recognition of provisional goodwill of €24 million (corresponding to the difference between the book value of the acquired net assets and the consideration transferred), which has been allocated to the Monoprix CGU.
Sarenza's contribution to consolidated net sales for the period from 30 April 2018 to 31 December 2018 was €97 million. If control of Sarenza had been acquired on 1 January 2018, it would have increased consolidated net sales by €70 million. Its contribution to pre-tax profit for the period was not material.

3.1.2 Changes in scope relating to the Franprix-Leader Price sub-group

On 28 February 2018, Franprix-Leader Price sold control of 105 Franprix and Leader Price stores to a master franchisee. The sale proceeds amounted to €33 million (Note 4.5). The transactions generated a loss of €15 million which is recognised in "Other operating expenses". If the transactions had been completed on 1 January 2018, the impact on the Group's consolidated net sales, trading profit and net profit would not have been material.
Franprix-Leader Price has retained a 49% interest in the group of stores and has a call option exercisable between 2021 and 2023 (Note 3.4.2).

The same master franchisee acquired a 40% stake in another group of Franprix-Leader Price stores. The investment was accounted for as a transaction between owners. The master franchisee has a put option on its 40% stake and Franprix-Leader Price has a call option. A debt of €17 million was recognised on the date of the transaction (Note 3.4.1). This transaction had no material impact on consolidated equity.

In addition, Franprix-Leader Price acquired control of 126 stores during 2018, at a total cost of €79 million, including €68 million paid in cash during the period (Note 4.5). Provisional goodwill on these transactions amounted to €76 million. Some of the stores acquired were previously accounted for by the equity method in the Casino Group's consolidated financial statements. The previously-held interest was therefore remeasured at its acquisition-date fair value, leading to the recognition of a €22 million gain in "Other operating income".
If the acquisitions had been completed on 1 January 2018, the impact on the Group's consolidated net sales, trading profit and net profit would not have been material.

3.1.3 Sale of a group of Casino supermarkets without loss of control

During first-half 2018, Distribution Casino France sold a 40% stake in five Casino supermarkets to a master franchisee. This sale without loss of control was accounted for as a transaction between owners. The master franchisee has a put option on its 40% stake – recognised in an amount of €19 million on the date of the transaction – and Distribution Casino France has a call option.
This transaction had no material impact on consolidated equity.

3.1.4 Mercialys TRS

On 26 July 2018, in connection with the announced asset disposal plan, the Group reduced its stake in Mercialys from 40.3% of the voting rights to 25.3%, through the block sale to a bank of shares representing 15% of the capital under a total return swap (TRS). Under the terms of the transaction, the Group received immediate proceeds amounting to €213 million (Note 4.6).

Under IFRS 9, the block sale is only effective once the shares are actually sold on the market by the bank. Consequently the shares have not been derecognised at 31 December 2018 and a liability was recorded for €198 million corresponding to the value of the shares not yet sold on the market (Note 11.2.2). The income statement impact of the bank's sale during 2018 of 1% of the capital was not material.

At 31 December 2018, the consolidated financial statements include the Group's 39.2% equity in Mercialys, of which 14% corresponds to the shares not sold on the market at that date by the bank.

The shares under the TRS have been reclassified as "Assets held for sale" in accordance with IFRS 5, for €114 million (Note 3.5.1).

3.2 Transactions affecting the scope of consolidation in 2017

3.2.1 Loss of control of a group of Casino supermarkets

In line with its ongoing franchising development plans, in February 2017, Distribution Casino France sold to a master franchisee a 51% stake in two sub-groups representing a total of 21 Casino supermarkets that were loss-making under the integrated management system. The net loss on the sale amounted to €30 million and was recorded in "Other operating expenses" (Note 6.5).
Distribution Casino France has two call options on these two groups of stores, which are exercisable between November 2018 and October 2020 (Note 3.4.2).

3.2.2 Changes in scope relating to the Franprix-Leader Price sub-group

On 10 February 2017 and 8 March 2017, Franprix-Leader Price acquired an additional 40% stake in the Sarjel group, which was previously 60%-owned. The amount disbursed for this acquisition was €19 million including transaction costs (Note 4.8).

In addition, as part of the ongoing strategy to transform the store network and improve its profitability, Franprix-Leader Price had begun the process of selling a group of 105 Franprix and Leader Price stores to a master franchisee (Note 3.1.2). At 31 December 2017, the assets and liabilities of these stores – representing net assets of €33 million – had been reclassified as "Assets held for sale" for €67 million and "Liabilities associated with assets held for sale" for €34 million.

Lastly, Franprix-Leader Price acquired control of various stores during 2017, at a total cost of €43 million (of which €23 million disbursed during 2017 and the balance in 2018). Provisional goodwill on these transactions amounted to €29 million. In light of the Group's equity-accounted investments in some of the entities concerned, the previously-held interests were remeasured at their acquisition-date fair value, leading to the recognition of a €9 million gain in "Other operating income".
If the acquisitions had been completed on 1 January 2017, the impact on the Group's consolidated net sales, trading profit and net profit would not have been material.

3.3 Investments in equity-accounted investees

3.3.1 Significant associates and joint ventures

The following table presents the condensed financial statements (on a 100% basis) for the four main investees accounted for by the equity method. These condensed financial statements prepared in accordance with IFRS correspond to the investees' published financial statements, as restated where appropriate for the adjustments made by the Group, for example fair value adjustments on the date control is acquired or lost, adjustments to bring the investee's accounting policies into line with Group policies, or adjustments to eliminate gains and losses on intra-group acquisitions and disposals for the portion corresponding to the Group's percentage interest in the investee:

(€ millions)	2018				2017 (restated)			
	Mercialys	**Tuya(ii)**	**Banque du Groupe Casino**	**FIC(iii)**	**Mercialys(i)**	**Tuya(ii)**	**Banque du Groupe Casino**	**FIC(iii)**
Country	**France**	**Colombia**	**France**	**Brazil**	France	Colombia	France	Brazil
Business	**Real estate**	**Banking**	**Banking**	**Banking**	Real estate	Banking	Banking	Banking
Type of relationship	**Associate**	**Joint venture**	**Joint venture**	**Associate**	Associate	Joint venture	Joint venture	Associate
% interests and voting rights(iv)	**39%(i)**	**50%**	**50%**	**50%**	40%	50%	50%	50%
Total revenue	**258**	**314**	**164**	**225**	187	403	139	274
Net profit from continuing operations	**85**	**24**	**7**	**50**	79	12	3	50
Other comprehensive income	**-**	**-**	**-**	**-**	-	-	-	-
Total comprehensive income	**85**	**24**	**7**	**50**	**79**	**12**	**3**	**50**
Non-current assets	**2,869**	**-**	**24**	**13**	2,882	-	17	17
Current assets(v)	**468**	**771**	**1,193**	**1,339**	274	728	978	1,163
Non-current liabilities	**(1,236)**	**-**	**(34)**	**(2)**	(1,401)	-	(19)	(3)
Current liabilities	**(746)**	**(661)**	**(1,051)**	**(1,188)**	(335)	(657)	(864)	(1,013)
of which credit activities-related liabilities	**-**	***(544)***	***(1,051)***	***(453)***	-	*(516)*	*(844)*	*(994)*
Net assets	**1,355**	**109**	**132**	**162**	**1,420**	**71**	**112**	**164**
Of which net assets attributable to owners of the parent	***1,260***	***109***	***132***	***162***	*1,322*	*71*	*112*	*164*
Share of net assets	**494**	**55**	**66**	**81**	**532**	**35**	**56**	**82**
Goodwill	**20**	**-**	**33**	**-**	20	-	33	-
Elimination of share of intra-group margins	**(192)**	**-**	**-**	**-**	(202)	-	-	-
IFRS 5 reclassifications	**(114)**	**-**	**-**	**(22)**	-	-	-	(22)
Other adjustments(vi)	**-**	**-**	**-**	**(14)**	-	(3)	-	(15)
Investments in equity-accounted investees (Note 3.3.3)	**207**	**55**	**99**	**46**	**350**	**32**	**89**	**45**
Dividends received from associates or joint ventures	**43**	**6(vii)**	**-**	**6(viii)**	**38**	-	**-**	**59(viii)**

(i) As at 31 December 2018, the Group held 25% of the capital of Mercialys (39% interest of which 14% corresponding to shares classified as held-for-sale in accordance with IFRS 5). The Group considers that it exercises significant influence over the financial and operating policies of the Mercialys Group. This position is based on (a) the absence of a majority vote on strategic decisions at meetings of the company's Board of Directors, which is mostly made up of independent directors, (b) the governance rules stipulating that Casino's representatives on the Mercialys Board may not take part in decisions concerning transactions carried out with the Group, (c) business contracts entered into between the Group and Mercialys on an arm's length basis, and (d) an analysis of the votes cast at recent General Shareholders' Meetings of Mercialys (showing that Casino and its related parties do not control shareholder decisions at General Meetings).

(ii) Tuya was set up in partnership with Éxito and Bancolombia to manage the banking services offered to customers of the stores in Colombia, primarily the possibility of signing up for credit cards in the stores. The partnership structure changed in October 2016 when Éxito became a 50% shareholder of Tuya.

(iii) FIC was set up by GPA in partnership with Banco Itaú Unibanco SA ("Itaú Unibanco") to finance purchases by GPA's customers. It is accounted for using the equity method as GPA exercises significant influence over its operating and financial policies.

(iv) The percentage interest corresponds to that held by Casino, except in the case of Tuya (interest held by the Éxito sub-group) and FIC (interest held by GPA). GPA holds 50% of the voting rights in FIC and 41.92% of the capital (including 6.16% through Via Varejo which is classified as held-for-sale in accordance with IFRS 5).

(v) The current assets of Banque du Groupe Casino, Tuya and FIC primarily concern their credit business.

(vi) Concerning FIC, the adjustment concerns a statutory reserve over which Itaú Unibanco has exclusive rights.

(vii) Stock dividends worth COP 20 billion (€6 million) paid to the joint venture partners.

(viii) This amount only concerns GPA's direct interest and does not include €2 million in dividends received by Via Varejo (2017: €25 million).

3.3.2 Other investments in associates and joint ventures

At 31 December 2018, the carrying amounts of investments in other associates and joint ventures stood at €75 million and €19 million, respectively (Note 3.3.3). The aggregate amounts of key financial statement items for these associates and joint ventures are not material. Dividends received from these associates and joint ventures amounted to €5 million in 2018 (2017: €4 million).

3.3.3 Changes in investments in equity-accounted investees

(€ millions)	Opening balance (restated)	IFRS 9 adjustments	Impairment loss	Share of profit for the year	Dividends	Other	Closing balance
Associates							
FIC (GPA)	92	-	-	18	(53)	(12)	45
Mercialys	351(*)	-	-	29	(38)	9(i)	350
Franprix-Leader Price Group associates	2	-	-	(39)	-	40(ii)	4
Other	39	-	-	1	(4)	3	39
Joint ventures							
Banque du Groupe Casino	84	-	-	1	-	4	89
Tuya (Éxito)	28	-	-	3	-	1	32
Other	13	-	-	(1)	-	3	15
2017 (restated)	**609**	**-**	**-**	**13**	**(96)**	**48**	**575**
Associates							
FIC (GPA)	**45**	**(5)**	**-**	**18**	**(6)**	**(6)**	**46**
Mercialys	**350**	**(1)**	**-**	**30**	**(43)**	**(129)(i)**	**207**
Franprix-Leader Price Group associates	**4**	**-**	**-**	**(50)**	**-**	**54(ii)**	**8**
Other	**39**	**-**	**-**	**-**	**(5)**	**33**	**67**
Joint ventures			**-**				
Banque du Groupe Casino	**89**	**(5)**	**-**	**3**	**-**	**11**	**99**
Tuya (Éxito)	**32**	**-**	**-**	**15**	**-**	**7**	**55**
Other	**15**	**-**	**-**	**-**	**-**	**4**	**19**
2018	**575**	**(11)**	**-**	**17**	**(55)**	**(26)**	**500**

(*) Restatement of the investment in Mercialys following the retrospective application of IFRS 15 had a negative impact of €16 million.

(i) The €129 million negative movement in 2018 mainly reflects the reclassification as "Assets held for sale" in accordance with IFRS 5 of the shares underlying a total return swap and not yet sold on the market, for €114 million (Note 3.1.4). It also includes the previously eliminated share of margin on transactions between Mercialys and the Group, recorded in trading profit for €5 million following the sale on the market of Mercialys shares representing 1% of the capital that were included in the TRS described in Note 2. The €9 million increase in 2017 corresponded mainly to the elimination of gains and losses on purchases and sales of property assets between Casino and Mercialys for the portion corresponding to Casino's percentage interest in Mercialys.

(ii) The amount of €54 million in 2018 mainly related to (i) the same type of reclassification concerning the share of these losses from associates as in 2017 for an amount of €20 million; and (ii) and an amount of €20 million subscribed by Franprix-Leader Price to the capital increase of a master franchisee. The amount of €40 million in 2017 related to the reclassification of the share of losses from associates of Franprix-Leader Price that exceeds the book value of the investments, when Franprix-Leader Price has an obligation to cover its share in the losses of those associates.

3.3.4 Impairment losses on investments in equity-accounted investees

With the exception of Mercialys, associates and joint ventures are privately-held companies for which no quoted market prices are available to estimate their fair value. The impairment tests carried out at 31 December 2018 and 31 December 2017 did not result in the recognition of any impairment loss.

The fair value of the investment in Mercialys at the reporting date was €432 million for 39.2% of net assets, determined using the share price on 31 December 2018 (31 December 2017: €683 million for 40.2%). This did not result in the recognition of any impairment loss. Mercialys' EPRA NNNAV at 31 December 2018 amounted to €1,940 million on a 100% basis, of which the Group's share was €761 million.

3.3.5 Share of contingent liabilities of equity-accounted investees

As at 31 December 2018 and 31 December 2017, none of the Group's associates and joint ventures had any material contingent liabilities.

3.3.6 Related-party transactions (equity-accounted investees)

The related party transactions shown below mainly concern transactions carried out in the normal course of business with companies over which the Group exercises significant influence (associates) or joint control (joint ventures) that are accounted for in the consolidated financial statements using the equity method. These transactions are carried out on arm's length terms.

(€ millions)	2018		2017 (restated)	
	Associates	**Joint ventures**	**Associates**	**Joint ventures**
Loans	**28**	**11**	15	13
of which impairment	***(44)***	**-**	*(63)*	-
Receivables	**139**	**48**	120	49
of which impairment	**-**	**-**	*(1)*	-
Payables	**30**	**549**	10	274
Expenses	**81**(i)	**2,323**(ii)	**89**(i)	**1,117**(ii)
Income	**1,051**(iii)	**38**	**937**(iii)	**17**

(i) Of which rental revenue excluding occupancy costs for the 70 leases signed with Mercialys for €53 million in 2018 (2017: 74 leases for €55 million). At 31 December 2018, future minimum lease payments due to Mercialys on property assets amounted to €111 million, including €40 million due within one year.

(ii) Including €1,164 million in fuel purchases from Distridyn and €1,127 million in goods purchases from CD Supply Innovation in 2018 (2017: €1,095 million and €0 million respectively).

(iii) Income of €1,051 million in 2018 (2017: €937 million) includes sales of goods by Franprix-Leader Price and Distribution Casino France to master franchisees accounted for by the equity method, for €899 million (2017: €826 million). It also includes income related to property development transactions with Mercialys reported under "Other revenue" for €33 million (2017: €38 million).

<u>Transactions with Mercialys</u>

Casino has entered into various agreements with Mercialys:

- Leases: Casino leases units in certain shopping centres from Mercialys, for which the rent is included in the above table.
- Asset management agreement: Casino provides rental management services for nearly all Mercialys properties. In 2018, the related management fees amounted to €6 million (2017: €6 million).
- Partnership agreement: this agreement was approved by Casino's Board of Directors on 19 June 2012 and an addendum was signed on 12 November 2014. The partnership's fundamental principle, whereby Casino develops and manages a pipeline of projects that Mercialys acquires to feed its business growth, has been maintained in the new agreement. The original agreement concerned a pipeline of projects offering satisfactory visibility. The new agreement enables Mercialys to propose new projects that will be examined by Casino and tracked during monitoring committee meetings.
  Casino will not undertake any work until the order is reconfirmed by Mercialys once the necessary permits have been obtained and leases have been signed on units representing at least 60% of total projected rental revenues from signed leases.

The acquisition price of projects developed by Casino was calculated under the original agreement on the basis of (i) a rent capitalisation rate determined using a grid that is updated twice a year by reference to the rates used to value Mercialys' portfolio and (ii) projected rental revenues from the project. Under the new agreement, the projected internal rate of return (IRR) – within the range of 8% to 10% – may also be taken into account for pricing purposes.

The principle whereby the upside and downside are shared equally between Casino and Mercialys has been maintained to take into account the actual conditions in which the assets will be marketed. For example, the price will be increased or reduced by 50% of any positive (upside) or negative (downside) difference between the actual rents negotiated during the marketing process and the rents projected at the outset. The contracts require the parties to meet during the pre-acquisition process.

In exchange for the exclusive partnership, Mercialys has undertaken not to invest in any operations that could lead to a material increase in competition in the catchment area of any of the Casino Group's food stores.

At the end of January 2017, the partnership agreement was extended by three years, until end-2020.

No projects were sold under the partnership agreement in 2018.

- Support services agreement: the Group provides administrative, finance/accounting, IT and real estate support services to Mercialys. In 2018, the related fees amounted to €2 million (2017: €2 million).
- Consulting services agreement: Mercialys makes available to Casino the services of its team of real estate portfolio enhancement specialists. This agreement had no material impact in 2018 or 2017.
  The parties decided to terminate the agreement on 31 December 2018. A new fixed-term agreement has been signed with an initial term of six months (1 January to 30 June 2019), covering asset management services provided by Mercialys' teams on projects managed on Casino's behalf. The agreement is automatically renewable for successive six-month terms up to a maximum of 48 months in total.
- Exclusive sale mandate: Casino seeks buyers for real estate assets on behalf of Mercialys.
- Current account and cash management agreement: Casino has provided Mercialys with a €50 million confirmed line of credit expiring in December 2020 at an annual interest rate based on the Euribor plus a spread ranging from 40 bps to 95 bps depending on the amount borrowed under the facility. The Group also charges an annual 38-bps commitment fee (40% of the maximum 95-bps spread) on undrawn amounts. This agreement had no material impact in 2018 or 2017.

In 2018, the Group signed a property development contract with Sacré Cœur, a subsidiary of Mercialys. After eliminating a percentage corresponding to the Group's interest in Mercialys, the contract led to the recognition of €24 million in "Other revenue" and a non-material contribution to EBITDA.

In addition, the Group sold three property development projects of hypermarkets scheduled for transformation to third parties. After eliminating a percentage corresponding to the Group's 10% interest in the associates concerned, the transactions led to the recognition of €47 million in "Other revenue" and a €24 million contribution to EBITDA in 2018.

3.3.7 Commitments to joint ventures

The Group has given guarantees to joint ventures (also presented in Note 6.11.1) for an amount of €93 million at 31 December 2018 (31 December 2017: €125 million), including €68 million on behalf of Distridyn and €25 million on behalf of CD Supply Innovation.

3.4 Commitments related to the scope of consolidation

3.4.1 Put options granted to owners of non-controlling interests – “NCI puts”

Accounting principle

The Group has granted put options to the owners of non-controlling interests in some of its subsidiaries. The exercise price may be fixed or based on a predetermined formula. The options may be exercisable at any time or on a specified date. In accordance with IAS 32, obligations under these NCI puts are recognised as "Financial liabilities"; fixed price options are recognised at their discounted present value and variable price options at fair value. NCI puts are presented on a separate line of the consolidated statement of financial position, "Put options granted to owners of non-controlling interests".

IAS 27 revised, which was effective for annual periods beginning on or after 1 January 2010, and subsequently IFRS 10, effective for annual periods beginning on or after 1 January 2014, describe the accounting treatment of acquisitions of additional shares in subsidiaries. The Group has decided to apply two different accounting methods for these NCI puts, depending on whether they were granted before or after 1 January 2010, as recommended by France's securities regulator (*Autorité des marchés financiers*):

- NCI puts granted before the effective date of IAS 27 revised are accounted for using the goodwill method whereby the difference between the financial liability and the carrying amount of the non-controlling interests is recognised in goodwill. In subsequent years, this liability is remeasured and any changes adjust goodwill.
- NCI puts granted since IAS 27 revised came into effect are accounted for as transactions between shareholders, with the difference between the financial liability and the carrying amount of the non-controlling interests recognised as a deduction from equity. In subsequent years, this liability is remeasured and any changes adjust equity.

“NCI puts” can be analysed as follows at 31 December 2018:

(€ millions)	% Group interest	Commitment to non-controlling interests	Fixed or variable exercise price	Non-current liabilities(iv)	Current liabilities(iv)
Franprix-Leader Price(i)	58.67% to 70.00%	30.00% to 41.33%	F/V	39	7
Éxito (Disco)(ii)	62.49%	29.82%	V	-	117
Distribution Casino France(iii)	60.00%	40.00%	V	20	-
Other				4	1
Total NCI put liabilities				**63**	**126**

(i) The value of NCI puts on subsidiaries of the Franprix-Leader Price sub-group is generally based on net profit or a multiple of net sales. A 10% increase or decrease in these indicators would not have a material impact. The options expire between 2018 and 2031.

(ii) This option is exercisable at any time until 21 June 2021. The exercise price is the highest amount obtained using different calculation formulas. The formula applied at 31 December 2018 is based on a multiple of 12 times average net profit for the last two years. A 10% increase or decrease in net profit would lead to a €12 million increase or decrease in the financial liability as at 31 December 2018.

(iii) The value of the puts is based on a multiple of net sales generated by the five underlying Casino supermarkets (Note 3.1.3). A 10% increase or decrease in the indicator would not have a material impact. The option is exercisable between 1 April and 30 June 2023.

(iv) As at 31 December 2017, NCI put liabilities amounted to €171 million, including current liabilities of €143 million. The increase in 2018 mainly reflected new puts granted to master franchisees on Franprix-Leader Price and Casino stores in the transactions described in Notes 3.1.2 and 3.1.3.

3.4.2 Off-balance sheet commitments

Accounting principle

Puts and calls relating to non-controlling interests are generally accounted for as derivative instruments. The exercise price of these options generally reflects the fair value of the underlying assets.
Under the terms of the option contracts, the exercise price of written put and call options may be determined using earnings multiples of the companies concerned. In this case, the options are valued based on the latest published earnings for options exercisable at any time and earnings forecasts or projections for options exercisable as of a given future date. In many cases, the put option written by the Group is matched by a call written by the other party; in these cases, the value shown corresponds to that of the written put.

Written put options on shares in non-controlled companies stood at €15 million as at 31 December 2018 (31 December 2017: €16 million), and concerned entities within the Monoprix and Franprix-Leader Price sub-groups.

Call options granted to the Group on shares in non-controlled companies stood at €348 million as at 31 December 2018 (31 December 2017: €421 million), and mainly concerned:

- The following call options in connection with transactions carried out with Mercialys:
  - call option on 100% of the assets or 100% of the shares of Hyperthetis Participations, exercisable from 31 December 2020 and until 31 March 2022 at the higher of the fair value of the underlying and a guaranteed minimum IRR;
  - call option on a property asset previously sold to Immosiris, exercisable between 31 March 2021 and 30 September 2022 at the higher of the fair value of the underlying and a guaranteed minimum IRR;
- Lastly, in connection with the transactions carried out with master franchisees described in Notes 3.1.2, 3.2.1 and 3.2.2, the Group has call options on stores that are exercisable between 2018 and 2023 at prices based on a percentage of the improvement in EBITDA or a multiple of net sales.

3.5 Non-current assets held for sale and discontinued operations

Accounting principle

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this condition to be met, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable. Management must be committed to a plan to sell the asset which, in accounting terms, should result in the conclusion of a sale within one year of the date of this classification. Considering these characteristics, net assets held for sale attributable to owners of the parent of the selling subsidiary are presented as a deduction from net debt (Note 11).

Property, plant and equipment and intangible assets classified as held for sale are no longer depreciated or amortised.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and:

- represents either a separate major line of business or a geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

An operation represents a separate major line of business when it constitutes a reportable segment. It is classed as discontinued if the criteria for classifying the related assets as "held for sale" have been met or when it has already been disposed of. Classification as a discontinued operation occurs when the operation is disposed of or on a prior date when it fulfils the criteria for classification as held for sale.

When an operation is classified as discontinued, the comparative income statement and statement of cash flows are restated as if the operation had fulfilled the criteria for classification as discontinued as from the first day of the comparative period. Discontinued operations are presented on a separate line of the consolidated income statement, “Profit from discontinued operations”, which includes the net profit or loss of the discontinued operation up to the date of disposal, and if appropriate, any impairment loss recognised to write down the net assets held for sale to their fair value less costs to sell and/or any after-tax disposal gains or losses.

3.5.1 Assets held for sale and liabilities associated with assets held for sale

(€ millions)	Notes	31 December 2018		31 December 2017	
		Assets	Liabilities	Assets	Liabilities
Via Varejo sub-group	2/3.5.2	**5,698**	**4,426**	6,041	4,571
Other France Retail[(i)]		**1,342**	**202**	545	109
Other Latam Retail		**20**	**-**	7	-
Total		**7,061**	**4,628**	**6,593**	**4,680**
Net assets		**2,433**		1,913	
Of which attributable to owners of the parent of the selling subsidiary	*11.2*	***1,689***		*1,070*	

(i) At 31 December 2018, this line corresponds primarily to stores and property assets for approximately €874 million (attributable to owners of the parent) relating to asset disposal plans and optimisation of the store base, and Mercialys shares underlying a total return swap (TRS) for €114 million (Note 3.1.4). At 31 December 2017, this item mainly included stores and property assets.

3.5.2 Discontinued operations

The loss from discontinued operations, mostly composed of Via Varejo (including Cnova Brazil) (Note 2), breaks down as follows:

(€ millions)	2018[(i)]	2017
Net sales	**6,253**	7,115
Expenses	**(6,298)**	(7,006)
Gain on disposal of discontinued operations	**-**	-
Disposal proceeds	**-**	-
Disposal costs	**-**	-
Carrying amount of net assets sold	**-**	-
Other items of comprehensive income/(loss) reclassified to profit or loss, net of tax[(ii)]	**-**	-
Impairment loss resulting from the measurement of Via Varejo at fair value less costs to sell[(iii)]	**-**	(36)
Net profit/(loss) before tax from discontinued operations	**(46)**	**74**
Income tax (expense)/benefit	**16**	(34)
Share of profit of equity-accounted investees	**9**	7
Net profit/(loss) from discontinued operations	**(21)**	**47**
Attributable to owners of the parent	***(9)***	*(7)*
Attributable to non-controlling interests	***(11)***	*54*

(i) In 2018, Via Varejo reported EBITDA of €268 million (2017: €414 million).
(ii) The reclassification of Via Varejo in "Discontinued operations" had no impact on other comprehensive income in 2018 or 2017. The sale of Via Varejo will not lead to any related foreign currency translation adjustments being reclassified to profit or loss.
(iii) No additional impairment loss was recorded in 2018. As at 31 December 2018, the share price was BRL 4.39, representing a market value of €1,279 million before the control premium.

Earnings per share of discontinued operations are presented in Note 12.10.

3.5.3 Net cash from/(used in) discontinued operations

In 2018 and 2017, net cash from/(used in) discontinued operations mainly concerned Via Varejo.

Note 4 Additional cash flow disclosures

Accounting principle

The statement of cash flows is prepared using the indirect method starting from consolidated net profit (loss) and is organised in three sections:

- Cash flows from operating activities, including taxes, transaction costs for acquisitions of subsidiaries, dividends received from associates and joint ventures and payments received in respect of government grants.
- Cash flows from investing activities, including acquisitions of subsidiaries (excluding transaction costs), proceeds from disposals of subsidiaries (including transaction costs), acquisitions and disposals of investments in non-consolidated companies, associates and joint ventures (including transaction costs), contingent consideration paid for business combinations during the measurement period and up to the amount of the identified liability, and acquisitions and disposals of intangible assets and property plant and equipment (including transaction costs and deferred payments), excluding finance leases.
- Cash flows from financing activities, including new borrowings and repayments of borrowings, issues of equity instruments, transactions between shareholders (including transaction costs and any deferred payments), net interest paid (cash flows related to finance costs and non-recourse factoring and associated transaction costs), treasury share transactions and dividend payments. This category also includes cash flows from trade payables requalified as debt.

4.1 Reconciliation of provision expense

(€ millions)	Notes	2018	2017
Goodwill impairment	10.1.2	**(1)**	(5)
Impairment of intangible assets	10.2.2	**(12)**	(11)
Impairment of property, plant and equipment	10.3.2	**(54)**	(54)
Impairment of investment property	10.4.2	**(1)**	(6)
Impairment of other assets(i)		**(142)**	(4)
Net (additions to)/reversals of provisions for risks and charges		**(12)**	29
Provision expense adjustment in the statement of cash flows		**(221)**	**(51)**

(i) Mainly concerns net assets classified as held for sale in accordance with IFRS 5.

4.2 Reconciliation of changes in working capital to the statement of financial position

(€ millions)	Notes	31 December 2017 (restated)	Effect of applying IFRS 9 and IFRS 2	Cash flows from operating activities	Other cash flows	Changes in scope of consolidation	Effect of movements in exchange rates	Reclass. and other	31 December 2018
Goods inventories	6.6	**(3,689)**	**-**	**(198)**	**-**	**(58)**	**177**	**103**	**(3,665)**
Property development work in progress	6.6	**(126)**	**-**	**(41)**	**-**	**(2)**	**4**	**(14)**	**(179)**
Trade payables	B/S	**6,664**	**-**	**329**	**-**	**47**	**(284)**	**(68)**	**6,688**
Trade receivables	6.7	**(937)**	**46**	**(121)**	**-**	**10**	**37**	**60**	**(905)**
Other (receivables)/ payables	6.8.1/6.9.1/ 6.10	**512**	**1**	**(161)**	**(56)**	**64**	**(10)**	**52**	**403**
TOTAL		**2,425**	**47**	**(192)**	**(56)**	**62**	**(76)**	**133**	**2,343**

(€ millions)	Notes	1 January 2017 (restated)	Cash flows from operating activities	Other cash flows	Changes in scope of consolidation	Effect of movements in exchange rates	Reclass. and other	31 December 2017 (restated)
Goods inventories	6.6	(3,769)	(216)	-	(3)	252	48	(3,689)
Property development work in progress	6.6	(170)	85	-	38	(1)	(78)	(126)
Trade payables	B/S	6,936	173	-	10	(423)	(33)	6,664
Trade receivables	6.7	(886)	(106)	-	(1)	42	13	(937)
Other (receivables)/ payables	6.8.1/6.9.1/ 6.10	737	(240)	73	(53)	4	(9)	512
TOTAL		**2,848**	**(303)**	**73**	**(8)**	**(126)**	**(58)**	**2,425**

4.3 Reconciliation of acquisitions of non-current assets

(€ millions)	Notes	2018	2017
Additions to and acquisitions of intangible assets	10.2.2	**(211)**	(183)
Additions to and acquisitions of property, plant and equipment	10.3.2	**(881)**	(931)
Additions to and acquisitions of investment property	10.4.2	**(59)**	(130)
Changes in amounts due to suppliers of non-current assets		**(46)**	(31)
New finance leases		**2**	14
Capitalised borrowing costs (IAS 23)	10.3.3	**11**	14
Cash used in acquisitions of intangible assets, property, plant and equipment and investment property		**(1,185)**	**(1,247)**

4.4 Reconciliation of disposals of non-current assets

(€ millions)	Notes	2018	2017
Disposals of intangible assets	10.2.2	**15**	19
Disposals of property, plant and equipment	10.3.2	**326**	249
Disposals of investment property	10.4.2	**1**	1
Gains/(losses) on disposals of non-current assets		**232**	(12)
Changes in receivables related to non-current assets		**(26)**	(54)
Reclassification of non-current assets as "Assets held for sale"		**693**	101
Cash from disposals of intangible assets, property, plant and equipment and investment property		**1,241**	**303**

4.5 Effect on cash and cash equivalents of changes in scope of consolidation resulting in acquisition or loss of control

(€ millions)	2018	2017
Amount paid for acquisitions of control	**(112)**	(48)
Cash acquired/(bank overdrafts assumed) in acquisitions of control	**(18)**	2
Proceeds from losses of control	**34**	8
(Cash sold)/bank overdrafts transferred in losses of control	**-**	(31)
Effect of changes in scope of consolidation resulting in acquisition or loss of control	**(95)**	**(69)**

In 2018, the net impact of these transactions on cash and cash equivalents mainly comprised:

- an outflow of €43 million for the acquisition of Sarenza (Note 3.1.1), including the €20 million negative cash acquired and the €22 million sale price paid;
- an outflow of €78 million for acquisitions by the Franprix-Leader Price sub-group, including an outflow of €68 million for transactions during the period (Note 3.1.2) and an outflow of €11 million for transactions in 2017 (Note 3.2.2);
- an inflow of €27 million for transactions involving loss of control by the Franprix-Leader Price sub-group, including an inflow of €33 million for the sale of 105 stores (as described in Note 3.1.2).

In 2017, the net impact of these transactions on the Group's cash and cash equivalents mainly comprised:

- an outflow of €30 million in cash sold in the transaction resulting in the loss of control of all Casino supermarkets (Note 3.2.1);
- an outflow of €23 million for the acquisition of various controlling interests in the Franprix-Leader Price sub-group (Note 3.2.2);
- an outflow of €15 million for the settlement of the balance of the price for the 2015 acquisition of control of the Super Inter stores.

4.6 Effect of changes in scope of consolidation related to equity-accounted investees

(€ millions)	2018	2017
Amount paid for the acquisition of shares in equity-accounted investees	**(39)**	(17)
Amount received from the sale of shares in equity-accounted investees	**209**	-
Effect of changes in scope of consolidation related to equity-accounted investees	**170**	**(17)**

In 2018, the net impact of these transactions resulted for the most part from the block sale of Mercialys shares representing 15% of the capital (Note 3.1.4).

4.7 Reconciliation of dividends paid to non-controlling interests

(€ millions)	Notes	2018	2017
Dividends paid and payable to non-controlling interests	12.8	**(103)**	(69)
Payment during the year of dividends accrued at the prior year-end		**(2)**	11
Effect of movements in exchange rates		**(2)**	(2)
Effect of discontinued operations		**2**	7
Dividends paid to non-controlling interests as presented in the statement of cash flows		**(104)**	**(52)**

4.8 Effect on cash and cash equivalents of transactions with non-controlling interests

(€ millions)	Notes	2018	2017
Distribution Casino France – Disposal without loss of control	3.1.3	**20**	-
GreenYellow – Disposal without loss of control(i)	2	**149**	-
Éxito – Additional contribution of FIC to Viva Malls(i)		**77**	80
Franprix-Leader Price sub-group – Acquisition of Sarjel	3.2.2	**-**	(19)
Public tender offer for Cnova N.V. shares		**(3)**	(171)
Other		**(12)**	(7)
Effect on cash and cash equivalents of transactions with non-controlling interests		**232**	**(117)**

(i) See footnote (vii) of the consolidated statement of changes in equity.

4.9 Reconciliation between change in cash and cash equivalents and change in net debt

(€ millions)	Notes	2018	2017
Change in cash and cash equivalents		**377**	**(2,651)**
Additions to borrowings(i)		**(1,542)**	(1,589)
Repayments of borrowings(i)		**1,346**	2,534
Non-cash changes in debt(i)		**452**	388
Change in net assets held for sale attributable to owners of the parent		***624***	*366*
Change in other financial assets		***47***	-
Effect of changes in scope of consolidation		***(225)***	-
Change in fair value hedges		***(60)***	*(92)*
Change in accrued interest		**34**	*109*
Other		**32**	*5*
Effect of applying IFRS 9 at 1 January 2018		**(19)**	-
Effect of movements in exchange rates(i)		**163**	350
Change in debt of discontinued operations		**(71)**	208
Change in net debt		**705**	**(759)**
Net debt at beginning of period		**4,126**	3,367
Net debt at end of period	11.2	**3,421**	4,126

(i) These impacts relate exclusively to continuing operations.

4.10 Reconciliation of net interest paid

(€ millions)	Notes	2018	2017
Net finance costs reported in the income statement	**11.3.1**	**(327)**	**(367)**
Neutralisation of unrealised exchange gains and losses		**4**	(4)
Neutralisation of amortisation of debt issuance/redemption costs and premiums		**27**	23
Capitalised borrowing costs	10.3.3	**(11)**	(14)
Change in accrued interest and in fair value hedges of borrowings(i)		**(35)**	(60)
Non-recourse factoring and associated transaction costs	11.3.2	**(81)**	(83)
Interest paid, net as presented in the statement of cash flows		**(424)**	**(505)**

(i) In 2018, the item includes the impact of unwinding interest rate swaps in France for €59 million (2017: €90 million).

Note 5 Segment information

Accounting principle

In accordance with IFRS 8 – *Operating Segments*, segment information is disclosed on the same basis as the Group's internal reporting system used by the chief operating decision maker (the Chairman and Chief Executive Officer) in deciding how to allocate resources and in assessing performance.

Since 2016, the Group's reportable segments are as follows:

- France Retail: reportable segment comprising retail operating segments (mainly the Casino, Monoprix, Franprix-Leader Price and Vindémia sub-group banners);
- Latam Retail: reportable segment comprising food retailing operating segments in Latin America (mainly the GPA food banners and the Éxito, Disco-Devoto and Libertad sub-group banners);
- E-commerce: reportable segment comprising Cdiscount and the Cnova N.V. holding company.

The operating segments included in France Retail and Latam Retail have similar businesses in terms of product type, assets and human resources required for operations, customer profile, distribution methods, marketing offer and long-term financial performance.

These reportable segments reflect pure retail activities and retail-related activities. Given the dual strategy and the interconnection between retail and real estate, the operating segments include real estate asset management activities, property development activities and energy-related activities.

Management assesses the performance of these segments on the basis of net sales, trading profit (which includes the allocation of holding company costs to all of the Group's business units) and EBITDA. EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined as trading profit plus recurring depreciation and amortisation expense.

Segment assets and liabilities are not specifically reported internally for management purposes and are therefore not disclosed in the Group's IFRS 8 segment information.

Segment information is determined on the same basis as the consolidated financial statements.

5.1 Key indicators by reportable segment

(€ millions)	France Retail	Latam Retail	E-commerce	2018
External net sales (Note 6.1)	**19,061**	**15,577**	**1,965**	**36,604**
EBITDA	**914**(i)	**932**(ii)	**19**	**1,865**
Recurring depreciation and amortisation (notes 6.3 and 6.4)	**(335)**	**(288)**	**(33)**	**(656)**
Trading profit/(loss)	**579**(i)	**644**(ii)	**(14)**	**1,209**

(i) Of which €61 million for property development transactions carried out in France.
(ii) Of which BRL 481 million (€111 million) in respect of tax credits recognised by GPA during the period (mainly reversal of the valuation allowance on Assaí's ICMS-ST tax credit following a change in the law – see below).

(€ millions)	France Retail	Latam Retail	E-commerce	2017 (restated)
External net sales (Note 6.1)	18,799	16,782	1,908	37,490
EBITDA	882(i)	1,029(ii)	(10)	1,900
Recurring depreciation and amortisation (notes 6.3 and 6.4)	(345)	(316)	(27)	(688)
Trading profit/(loss)	536(i)	713(ii)	(37)	1,213
Including effect of applying IFRS 15 on net sales	*(104)*	*(141)*	*(87)*	*(332)*
Including effect of applying IFRS 15 on trading profit	*(19)*	-	*(10)*	*(30)*

(i) Of which €87 million for property development transactions carried out in France.
(ii) Of which BRL 723 million (€201 million) for ICMS-ST tax credits dating back prior to November 2016 and recognised by GPA during the year as a deduction from "Cost of goods sold". The tax credits were recognised following the publication in April 2017 of the agreement for the enforcement of the October 2016 ruling by Brazil's supreme federal court stipulating that the ICMS-ST tax is not a final tax and should not therefore be included in the basis of assessment of PIS and COFINS taxes, allowing GPA to apply for a refund from the Brazilian state administrations. Recognition of the pre-November 2016 ICMS-ST tax credits of Sendas Distribution (a subsidiary of GPA), in the amount of BRL 369 million (€102 million), had no impact on the consolidated income statement because they are not expected to be recovered and were written down in full.

5.2 Key indicators by geographical area

(€ millions)	France	Latin America	Other regions	Total
External net sales for 2018	**21,022**	**15,568**	**13**	**36,604**
External net sales for 2017 (restated)	20,703	16,782	5	37,490

(€ millions)	France	Latin America	Other regions	Total
Non-current assets as at 31 December 2018(i)	**10,073**	**8,488**	**51**	**18,612**
Non-current assets as at 31 December 2017 (restated)(i)	11,486	8,822	49	20,357

(i) Non-current assets include goodwill, intangible assets and property, plant, and equipment, investment property, investments in equity-accounted investees, contract assets and prepaid expenses beyond one year.

Note 6 Activity data

6.1 Total revenue

Following the first-time adoption of IFRS 15 from 1 January 2018, the Group revised its revenue accounting policy.

Accounting principle

Total revenue:

Total revenue is analysed between “Net sales” and “Other revenue”.

“Net sales" include sales by the Group’s stores, service stations, e-commerce sites and restaurants, franchise fees, revenues from business leases and financial services revenues.
Most of the amount reported under Group “Net sales” corresponds to revenue included in the scope of IFRS 15.

“Other revenue" consists of revenue from the property development and property trading businesses, rental revenues, miscellaneous service revenues, incidental revenues and revenues from secondary activities, and revenues from the energy business.
The majority of amounts reported under “Other revenue” are included in the scope of IFRS 15, while rental revenues are included in the scope of IAS 17.

Revenue is measured at the contract price, corresponding to the consideration to which the Group expects to be entitled in exchange for the supply of goods or services. The transaction price is allocated to the performance obligations in the contract, which represent the units of account for revenue recognition purposes. Revenue is recognised when the performance obligation is satisfied, i.e., when control of the good or service passes to the customer. Revenue may therefore be recognised at a specific point in time or over time based on the stage of completion.

The Group’s main sources of revenue are as follows:

- Sales of goods (including through the property trading business): in this case, the Group generally has only one performance obligation, that of delivering the good to the customer. Revenue from these sales is recognised when control of the good is transferred to the customer upon delivery, i.e., generally:
  - at the checkout for in-store sales;
  - on receipt of the goods by the franchisee or affiliated store;
  - on receipt of the goods by the customer for e-commerce sales.
- Sales of services, for example sales of subscriptions, franchising fees, logistics services, rental revenue and property management services: in this case, for operations included in the scope of IFRS 15, the Group generally has only one performance obligation, to supply the service, and the related revenues are recognised over the period in which the services are performed.
- Property development revenues: in this case, the Group generally has several performance obligations, some of which may be satisfied at a given point in time and others over time based on the project’s percentage of completion. Profit from property development activities is generally calculated on a percentage-of-completion basis by reference to the projected margin on completion weighted by the percentage of completion determined by the inputs method.
- Revenues from the energy business, for which the Group generally identifies a performance obligation when the solar power plant is delivered (in exchange for variable consideration in some cases) or when the energy performance contracts are sold. The Group also sells energy services for which the related revenue is recognised when the service is performed.

The vast majority of revenues are recognised at a given point in time.

If settlement of the consideration is deferred for an unusually long time and no promise of financing is explicitly stated in the contract or implied by the payment terms, revenue is recognised by adjusting the consideration for the effects of the time value of money. If significant, the difference between this price and the unadjusted transaction price is recognised in “Other financial income” over the payment deferral period, determined using the effective interest method.

The Group operates loyalty programmes that enable customers to obtain discounts or award credits on their future purchases. Award credits granted to customers under loyalty programmes represent a performance obligation that is separately identifiable from the initial sales transaction. This performance obligation gives rise to the recognition of a contract liability. The corresponding revenue is deferred until the award credits are used by the customer.

Contract assets and liabilities, incremental costs to obtain a contract and costs to fulfil a contract

- A contract asset corresponds to an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time. Based on this definition, a receivable does not constitute a contract asset.

The Group recognises a contract asset when it has fulfilled all or part of its performance obligation but does not have an unconditional right to payment (i.e., the Group does not yet have the right to invoice the customer). In light of its business, contract assets recognised by the Group are not material.

- A contract liability corresponds to an entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer.

The Group recognises contract liabilities mainly for award credits granted under its loyalty programmes, advances received and sales for which all or part of the performance obligation has not yet been fulfilled (e.g., sales of subscriptions and gift cards, and future performance obligations of the property development business for which the customer has already been invoiced followed by payment of consideration).

- The incremental costs to obtain a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained and which it expects to recover.

The costs to fulfil a contract are costs related directly to a contract that generate or enhance the resources that will be used by the Group in satisfying its performance obligations and which it expects to recover.
For the Group, the costs of obtaining and fulfilling contracts correspond primarily to the costs incurred in connection with its franchising and affiliation business. These costs are capitalised and amortised over the life of the franchise or affiliation contract. The capitalised amounts are tested regularly for impairment.

Contract assets and the costs of obtaining and fulfilling contracts are tested for impairment under IFRS 9.

6.1.1 Breakdown of total revenue

(€ millions)	France Retail	Latam Retail	E-commerce	2018
Net sales	**19,061**	**15,577**	**1,965**	**36,604**
Other revenue	**381**	**151**	**-**	**532**
Total revenue	**19,442**	**15,728**	**1,965**	**37,136**

(€ millions)	France Retail	Latam Retail	E-commerce	2017 (restated)
Net sales	18,799	16,782	1,908	**37,490**
Other revenue	397	158	-	**555**
Total revenue	**19,197**	**16,940**	**1,908**	**38,045**

6.1.2 Incremental costs of obtaining contracts and costs to fulfil contracts, contract assets and liabilities

(€ millions)	Notes	31 December 2018	31 December 2017 (restated)
Incremental costs of obtaining contracts and costs to fulfil contracts	6.8/6.9	**152**	131
Contract assets	6.8/6.9	**10**	12
Right-of return assets included in inventories	6.6	**3**	3
Contract liabilities	6.10	**119**	115

6.2 Cost of goods sold

Following the first-time adoption of IFRS 15 from 1 January 2018, the Group revised its accounting policy concerning the cost of goods sold.

Accounting principle

Gross margin

Gross margin corresponds to the difference between "Net sales" and the "Cost of goods sold".

“Cost of goods sold" comprises the cost of purchases net of discounts, commercial cooperation fees and any tax credits associated with the purchases, changes in retail inventories, amortisation of the incremental costs of obtaining contacts and costs to fulfil contracts, and logistics costs. It also includes property development and property trading business costs and changes in the related inventories.

Commercial cooperation fees are measured based on contracts signed with suppliers. They are billed in instalments over the year. At each year-end, an accrual is recorded for the amount receivable or payable, corresponding to the difference between the value of the services actually rendered to the supplier and the sum of the instalments billed during the year.

Change in inventories

Changes in inventories, which may be positive or negative, are determined after taking into account any impairment losses.

Logistics costs

Logistics costs correspond to the cost of logistics operations managed or outsourced by the Group, comprising all warehousing, handling and freight costs incurred after goods are first received at one of the Group's sites. Transport costs included in suppliers' invoices (e.g., for goods purchased on a "delivery duty paid" or "DDP" basis) are included in “Purchases and change in inventories”. Outsourced transport costs are recognised under "Logistics costs".

(€ millions)	Note	2018	2017 (restated)
Purchases and change in inventories		**(26,323)**	(27,022)
Logistics costs	6.3	**(1,508)**	(1,532)
Cost of goods sold		**(27,831)**	**(28,555)**

6.3 Expenses by nature and function

Following the first-time adoption of IFRS 15 from 1 January 2018, the Group revised its accounting policy concerning “Selling expenses”.

Accounting principle

Selling expenses

“Selling expenses” consist of point-of-sale costs.

General and administrative expenses

General and administrative expenses correspond to overheads and the cost of corporate units, including the purchasing and procurement, sales and marketing, IT and finance functions.

Pre-opening and post-closure costs

Pre-opening costs that do not meet the criteria for capitalisation and post-closure costs are recognised in operating expense when incurred.

(€ millions)	Logistics costs(i)	Selling expenses	General and administrative expenses	2018
Employee benefits expense	**(548)**	**(3,135)**	**(824)**	**(4,507)**
Other expenses	**(926)**	**(3,066)**	**(448)**	**(4,441)**
Depreciation and amortisation expense (Notes 5.1/6.4)	**(34)**	**(478)**	**(144)**	**(656)**
Total	**(1,508)**	**(6,679)**	**(1,416)**	**(9,604)**

(€ millions)	Logistics costs(i)	Selling expenses	General and administrative expenses	2017 (restated)
Employee benefits expense	(556)	(3,262)	(789)	**(4,607)**
Other expenses	(938)	(3,132)	(444)	**(4,515)**
Depreciation and amortisation expense (Notes 5.1/6.4)	(38)	(507)	(143)	**(688)**
Total	**(1,532)**	**(6,902)**	**(1,376)**	**(9,810)**

(i) Logistics costs are reported under “Cost of goods sold”.

A competitiveness and employment tax credit (CICE) was introduced in France, corresponding to a tax credit (refundable if not used within three years) based on a percentage of salaries that do not exceed 2.5x the French minimum wage (SMIC). The rate was 7% in 2017 and 6% for salaries paid as from 1 January 2018 (9% for Vindémia). In 2018, the CICE tax benefit of €78 million (2017: €104 million) was recognised as a deduction from employee benefits expense and the receivable was sold on a no-recourse basis, as in 2017. The CICE has been abolished with effect from 1 January 2019 and replaced by a reduction in social security contributions.

6.4 Depreciation and amortisation

(€ millions)	Notes	2018	2017
Amortisation of intangible assets	10.2.2	**(126)**	(122)
Depreciation of property, plant and equipment	10.3.2	**(522)**	(553)
Depreciation of investment property	10.4.2	**(8)**	(12)
Total depreciation and amortisation expense	**5.1/6.3**	**(656)**	**(688)**

6.5 Other operating income and expenses

Accounting principle

This caption covers two types of items:

- Income and expenses which, by definition, are not included in an assessment of a business unit's recurring operating performance, such as gains and losses on disposals of non-current assets, impairment losses on non-current assets, and income/expenses related to changes in the scope of consolidation (for example, transaction costs and fees for acquisitions of control, gains and losses from disposals of subsidiaries, remeasurement at fair value of previously-held interests).
- Income and expenses arising from major events occurring during the period that would distort analyses of the Group's recurring profitability. They are defined as significant items of income and expense that are limited in number, unusual or abnormal, whose occurrence is rare. Examples include restructuring costs (such as reorganisation costs and the costs of converting stores to new concepts) and provisions and expenses for litigation and risks (including discounting adjustments).

(€ millions)	2018	2017
Total other operating income	**423**	185
Total other operating expenses	**(798)**	(666)
	(375)	**(480)**
Breakdown by type		
Gains and losses on disposal of non-current assets(i)(vi)	**256**	1
Net asset impairment losses(ii)(vi)	**(177)**	(70)
Net income/(expense) related to changes in scope of consolidation(iii)(vi)	**(146)**	(90)
Gains and losses on disposal of non-current assets, net impairment losses on assets and net income (expense) related to changes in scope of consolidation	**(67)**	**(159)**
Restructuring provisions and expenses(iv)(vi)	**(211)**	(217)
Provisions and expenses for litigation and risks(v)	**(84)**	(92)
Other	**(14)**	(13)
Sub-total	**(308)**	**(321)**
Total net other operating income (expenses)	**(375)**	**(480)**

(i) The net gain on disposal of non-current assets in 2018 primarily concerned the France Retail segment and especially disposals of Monoprix store properties (Note 2).

(ii) The impairment loss recognised in 2018 mainly concerns the France Retail segment. Impairment losses recorded in 2017 mainly concerned individual assets in the France Retail segment for €36 million, the Latam Retail segment (primarily GPA) for €28 million, and the E-commerce segment for €7 million.

(iii) The net expense of €146 million recorded in 2018 resulted primarily from the reclassification to profit or loss, in accordance with IAS 21, of foreign currency translation adjustments accumulated in the foreign currency translation reserve for an amount of €67 million (Note 12.7.2). The €90 million net expense recognised in 2017 resulted mainly from the loss of control of supermarket stores at Distribution Casino France for an amount of €30 million (Note 3.2.1), a net expense related to various changes in scope at Franprix-Leader Price for €9 million, and fees of €31 million.

(iv) Restructuring provisions and expenses in 2018 primarily concerns the France Retail segment for €140 million (including employee costs and store closure costs for €102 million and store transformation costs for €24 million) and the Latam Retail segment (mainly GPA) for €58 million. Restructuring provisions and expenses in 2017 mainly concerned the France Retail segment for €169 million (including employee costs and store closure costs for €113 million and store transformation costs for €54 million) and the Latam Retail segment (mainly GPA) for €38 million.

(v) Provisions and expenses for litigation and risks represent a net expense of €84 million in 2018, including €35 million for tax risks at GPA. The net expense of €92 million in 2017 included €60 million for the tax amnesty programmes in which GPA participated during the period.

(vi) Reconciliation of the breakdown of asset impairment losses with the tables of asset movements:

(€ millions)	Notes	2018	2017
Goodwill impairment losses	10.1.2	**(1)**	(5)
Impairment (losses)/reversals on intangible assets, net	10.2.2	**(12)**	(11)
Impairment (losses)/reversals on property, plant and equipment, net	10.3.2	**(54)**	(54)
Impairment (losses)/reversals on investment property, net	10.4.2	**(1)**	(6)
Impairment (losses)/reversals on other assets, net (IFRS 5 and other)		**(150)**	(11)
Net impairment losses of continuing operations		**(218)**	**(87)**
of which presented under "Restructuring provisions and expenses"		***(24)***	*(11)*
of which presented under "Net impairment (losses)/reversals on assets"		***(177)***	*(70)*
of which presented under "Net income/(expense) related to changes in scope of consolidation"		***(19)***	*(8)*
of which presented under "Gains and losses on disposal of non-current assets"		***4***	*1*

6.6 Inventories

Accounting principle

Inventories are measured at the lower of cost and probable net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions for impairment of inventories is recognised if the probable net realisable value is lower than cost. This analysis takes into account the business unit's operating environment and the type, age, turnover characteristics and sales pattern of the products concerned.

The cost of inventories is determined by the first-in-first-out (FIFO) method, except for inventories held by the GPA sub-group which uses the weighted average unit cost method, primarily for tax reasons. As GPA's inventory turnover rate is very high, inventory values would not be materially different if the FIFO method was applied. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing them to their present location and condition. Accordingly, logistics costs are included in the carrying amount together with supplier discounts deducted from "Cost of goods sold". The cost of inventories also includes gains or losses on cash flow hedges of future inventory purchases initially accumulated in equity.

For its property development and property trading businesses, the Casino Group recognises assets and projects in progress in inventories.

(€ millions)	31 December 2018	31 December 2017 (restated)
Goods	**3,714**	3,736
Property assets	**206**	155
Gross amount	**3,919**	**3,891**
Accumulated impairment losses on goods	**(49)**	(47)
Accumulated impairment losses on property assets	**(27)**	(29)
Accumulated impairment losses	**(76)**	**(76)**
Net inventories (Note 4.2)	**3,843**	**3,815**

6.7 Trade receivables

Following the first-time adoption of IFRS 9 from 1 January 2018, the Group reviewed its accounting policies concerning trade receivables.

Accounting principle

The Group's trade receivables are current financial assets (Note 11) that correspond to an unconditional right to receive consideration. They are initially recognised at fair value and subsequently measured at amortised cost less any impairment losses. The fair value of trade receivables usually corresponds to the amount on the invoice. A loss allowance for expected credit losses is recorded upon recognition of the receivable. The Group applies the simplified approach for the measurement of expected credit losses on all of its trade receivables, which are determined based on credit losses observed for receivables with the same profile, as adjusted to take into account forward-looking factors such as the customer's credit status or the economic environment.
Trade receivables can be sold to banks and continue to be carried as assets in the statement of financial position for as long as the contractual cash flows and substantially all the related risks and rewards are not transferred to a third party.

6.7.1 Breakdown of trade receivables

(€ millions)	Notes	31 December 2018	31 December 2017 (restated)
Trade receivables	11.5.3	**1,030**	1,020
Accumulated impairment losses on trade receivables	6.7.2	**(125)**	(83)
Net trade receivables	4.2	**905**	**937**

6.7.2 Accumulated impairment losses on trade receivables

(€ millions)	2018	2017
Accumulated impairment of trade receivables as at 1 January – reported	**(83)**	**(76)**
Effects of applying IFRS 9 (Note 1.3)	**(49)**	-
Accumulated impairment of trade receivables as at 1 January – restated	**(132)**	**(76)**
Additions	**(76)**	(55)
Reversals	**78**	51
Other (changes in scope of consolidation, reclassifications and foreign exchange differences)	**4**	(2)
Accumulated impairment of trade receivables as at 31 December	**(125)**	**(83)**

The criteria for recognising impairment losses are presented in Note 11.5.3 "Counterparty risk".

6.8 Other current assets

6.8.1 Breakdown of other current assets

(€ millions)	Notes	31 December 2018	31 December 2017 (restated)
Other receivables		**1,022**	950
Financial assets held for cash management purposes and short-term financial investments	11.2	**37**	31
Financial assets arising from a significant disposal of non-current assets	11.2	**41**	7
Tax and employee-related receivables in Brazil	6.9	**137**	128
Current accounts of non-consolidated companies		**30**	33
Accumulated impairment losses on other receivables and current accounts	6.8.2	**(31)**	(24)
Fair value hedges – assets	11.5.1	**34**	4
Derivatives not qualifying for hedge accounting and cash flow hedges – assets	11.5.1	**6**	-
Incremental costs of obtaining contracts and costs to fulfil contracts	6.1.2	**41**	33
Contract assets	6.1.2	**10**	12
Prepaid expenses		**109**	113
Other current assets		**1,437**	**1,287**

Other receivables primarily include tax and employee-related receivables (excluding Brazil) and receivables from suppliers. Prepaid expenses mainly concern purchases, rent, other occupancy costs and insurance premiums.

6.8.2 Accumulated impairment losses on other receivables and current accounts

(€ millions)	2018	2017
Accumulated impairment losses on other receivables and current accounts as at 1 January – reported	**(24)**	**(29)**
Effects of applying IFRS 9 (Note 1.3)	**(5)**	-
Accumulated impairment losses on other receivables and current accounts as at 1 January – restated	**(29)**	**(29)**
Additions	**(42)**	(8)
Reversals	**38**	5
Other (changes in scope of consolidation, reclassifications and foreign exchange differences)	**2**	8
Accumulated impairment losses on other receivables and current accounts as at 31 December	**(31)**	**(24)**

6.9 Other non-current assets

6.9.1 Analysis of other current assets

(€ millions)	Notes	31 December 2018	31 December 2017 (restated)
Available-for-sale financial assets (AFS)		-	40
Financial assets at fair value through profit or loss		**35**	-
Financial assets at fair value through other comprehensive income		**4**	-
Non-current fair value hedges – assets	11.5.1	**67**	94
Other financial assets		**285**	382
Loans		***165***	*172*
Non-hedging derivatives – assets	*11.5.1*	***9***	-
Other long-term receivables(i)		***111***	*210*
Tax and employee-related receivables in Brazil (see below)(ii)		**618**	439
Legal deposits paid by GPA	13.2	**175**	192
Impairment of other non-current assets	6.9.2	**(48)**	(69)
Incremental costs of obtaining contracts and costs to fulfil contracts	6.1.2	**111**	98
Contract assets	6.1.2	**-**	-
Prepaid expenses		**29**	24
Other non-current assets		**1,275**	**1,199**

(i) The decrease mainly concerns the extinction of a GPA receivable in respect of leases on store properties ("Paes Mendonça receivable"). This receivable was extinguished in September 2018 by offsetting it against the bonus paid when the leases on these stores were renewed for a 30 year-period, which led to the recognition of an intangible asset in the amount of BRL 652 million (€151 million – Note 10.2.2). Following the renewal, BRL 101 million (€23 million) of this amount represented interest and was recognised in "Other financial income" for 2018 (Note 11.3.2).

(ii) The increase in 2018 corresponds primarily to the reversal of the allowance recorded against Assaí's ICMS-ST tax credit (Note 5.1).

GPA has a total of €755 million in tax receivables (of which €618 million in long-term receivables and €137 million in short-term receivables), corresponding primarily to ICMS (VAT) for €519 million, PIS/COFINS (VAT) and INSS (employer social security contributions). GPA expects the main tax receivable (ICMS) to be recovered as follows:

(€ millions)	31 December 2018
Within one year	**78**
In one to five years	**313**
In more than five years	**128**
Total	**519**

GPA recognises ICMS and other tax credits when it has formally established and documented its right to use the credits and expects to use them within a reasonable period. These credits are recognised as a deduction from the cost of goods sold.

6.9.2 Impairment of other non-current assets

(€ millions)	2018	2017
Accumulated impairment losses on other non-current assets as at 1 January – reported	**(69)**	**(40)**
Effects of applying IFRS 9 (Note 1.3)	**-**	-
Accumulated impairment losses on other non-current assets as at 1 January – restated	**(69)**	**(40)**
Additions	**-**	-
Reversals	**-**	2
Other reclassifications and movements	**21**	(31)
Accumulated impairment losses on other non-current assets as at 31 December[i]	**(48)**	**(69)**

(i) Corresponding mainly to impairment losses recognised on loans granted by Franprix-Leader Price to master franchisees following inclusion of the share of losses from associates of Casino in certain stores of these master franchisees (Note 3.3.3).

6.10 Other liabilities

(€ millions)	31 December 2018			31 December 2017 (restated)		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Derivative instruments – liabilities (Note 11.5.1)[i]	**285**	**2**	**288**	260	17	277
Accrued tax and employee-related liabilities	**135**	**1,383**	**1,518**	166	1,359	1,525
Sundry liabilities	**36**	**833**	**869**	37	712	749
Amounts due to suppliers of non-current assets	**1**	**204**	**205**	-	230	230
Current account advances	**-**	**26**	**26**	-	10	10
Contract liabilities (Note 6.1.2)	**2**	**116**	**119**	8	107	115
Deferred income	**13**	**79**	**91**	18	74	92
TOTAL	**472**	**2,643**	**3,115**	**489**	**2,509**	**2,999**

(i) Primarily comprising the fair value of total return swap (TRS) and forward instruments (Note 11.3.2).

6.11 Off-balance sheet commitments

Accounting principle

At every year-end, Management determines, to the best of its knowledge, that there are no off-balance sheet commitments likely to have a material effect on the Group's current or future financial position other than those described in this note.

The completeness of this information is checked by the Finance, Legal and Tax departments, which also participate in drawing up contracts that are binding on the Group.

Commitments entered into in the ordinary course of business mainly concern the Group's operating activities except for undrawn confirmed lines of credit, which represent a financing commitment.

Off-balance sheet commitments related to the scope of consolidation are presented in Note 3.4.2 and lease commitments in Note 7.

6.11.1 Commitments given

The amounts disclosed in the table below represent the maximum (undiscounted) potential amounts that might have to be paid under guarantees issued by the Group. They are not netted against sums which might be recovered through legal action or counter-guarantees received by the Group.

(€ millions)	31 December 2018	31 December 2017
Assets pledged as collateral(i)	**209**	236
Bank guarantees given(ii)	**2,286**	2,088
Guarantees given in connection with disposals of non-current assets	**32**	22
Other commitments	**61**	67
Total commitments given	**2,588**	**2,413**
Expiring:		
Within one year	***170***	*194*
In one to five years	***2,410***	*2,198*
In more than five years	***7***	*21*

(i) Current and non-current assets pledged, mortgaged or otherwise given as collateral. As at 31 December 2018, this concerns GPA for €192 million, mainly in connection with the tax disputes described in Note 13.2 (31 December 2017: €218 million).

(ii) As at 31 December 2018, this amount includes €2,173 million in bank guarantees given by GPA (31 December 2017: €1,937 million) mainly in connection with the tax disputes described in Note 13.2. It also comprises guarantees issued on behalf of joint ventures for €93 million (31 December 2017: €125 million), as described in Note 3.3.7.

6.11.2 Commitments received

The amounts disclosed in the table below represent the maximum (undiscounted) potential amounts in respect of commitments received.

(€ millions)	31 December 2018	31 December 2017
Bank guarantees received	**63**	73
Secured financial assets	**89**	72
Undrawn confirmed lines of credit (Note 11.2.4)	**3,404**	3,697
Other commitments	**25**	29
Total commitments received	**3,581**	**3,871**
Expiring:		
Within one year	***419***	*501*
In one to five years	***3,037***	*3,251*
In more than five years	***126***	*120*

Note 7 Leases

Accounting principle

At the inception of an agreement, the Group determines whether the agreement is or contains a lease agreement.
The Group's lease agreements are recognised in accordance with IAS 17 which distinguishes between finance leases and operating leases.

Finance lease agreements
Lease agreements for property, plant and equipment that transfer nearly all the risks and benefits inherent to ownership are classified as finance leases.
Leased assets are initially recorded at the lower of the fair value of the asset and the present value of the minimum lease payments. After initial recognition, the assets are depreciated over their expected useful life in the same way as other assets in the same category, or over the lease term if shorter, unless the Group has a reasonable certainty that it will obtain ownership at the end of the lease.
Minimum finance lease payments are apportioned between the interest expense and the reduction of the outstanding liability. The finance charge is allocated to each period covered by the lease agreement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases
The other lease agreements are classified as operating leases and are not recognised in the Group's statement of financial position.
Payments made under operating leases are recognised as an expense in the income statement on a straight-line basis over the lease term. Incentives received from the lessor are an integral part of the total net rental expense and are recorded as a reduction of the rental expense over the lease term.
Operating lease commitments (Note 7.2) correspond to fixed future minimum payments calculated over the non-cancellable term of operating leases.

7.1 Operating lease expenses

Rental expenses related to operating leases amounted to €987 million in 2018, including €840 million for real estate leases, of which €556 million in the France Retail segment and €193 million in Brazil (2017: €982 million, including €852 million for real estate leases, of which €546 million in the France Retail segment and €222 million in Brazil). This information only concerns continuing operations.

The amount of future operating lease payments and minimum lease payments to be received under non-cancellable sub-leases are presented in Note 7.2.

7.2 Operating lease commitments (off-balance sheet)

REAL ESTATE LEASES WHERE THE GROUP IS LESSEE

The Group has operating leases on properties used in the business that it does not own. Future minimum lease payments, corresponding to the payments due over the non-cancellable term of operating leases plus any lease termination penalties, break down as follows:

(€ millions)	Future minimum lease payments	
	31 December 2018	**31 December 2017**
Within one year	**688**	643
In one to five years	**1,155**	944
In more than five years	**695**	551
Total(i)	**2,538**	**2,139**
of which France	***1,814***	*1,258*
of which GPA Food(ii)	***92***	*99*
of which Éxito	***418***	*652*
of which Uruguay	***65***	*67*
of which E-commerce	***147***	*61*

(i) Minimum lease payments of Via Varejo discontinued operations not included in the above table amounted to €231 million as at 31 December 2018 (31 December 2017: €279 million).
(ii) GPA has analysed the lease terms and has concluded that early termination is possible. In this case, the minimum payment would correspond to a termination penalty, generally ranging from one to twelve months' rent.

Future minimum lease payments receivable under non-cancellable sub-leases amounted to €40 million as at 31 December 2018 (31 December 2017: €39 million).

EQUIPMENT LEASES WHERE THE GROUP IS LESSEE

The Group enters into operating leases on certain items of equipment that it does not wish to ultimately own. The future minimum lease payments under non-cancellable operating leases break down as follows:

(€ millions)	Future minimum lease payments	
	31 December 2018	**31 December 2017**
Within one year	**162**	125
In one to five years	**477**	377
In more than five years	**75**	85
Total(i)	**714**	**587**

(i) Primarily in the France Retail segment.

Future minimum lease payments receivable under non-cancellable sub-leases amounted to €14 million as at 31 December 2018 (31 December 2017: €10 million).

OPERATING LEASES WHERE THE GROUP IS LESSOR

The Group is also a lessor through its real estate business. Future minimum lease payments receivable under non-cancellable operating leases break down as follows:

(€ millions)	Future minimum lease payments	
	31 December 2018	**31 December 2017**
Within one year	**76**	67
In one to five years	**149**	109
In more than five years	**128**	121
Total	**353**	**296**

Contingent rental revenue received by the Group and recorded in the income statement in 2018 amounted to €5 million (2017: €6 million).

7.3 Finance lease expenses

Contingent rental payments under finance leases recorded in the income statement amounted to €5 million in 2018 (2017: €5 million).

Future minimum lease payments under finance leases are presented in Note 7.5.

7.4 Finance leases

The Group's finance leases break down as follows:

(€ millions)	31 December 2018			31 December 2017		
	Gross amount	Accumulated depreciation and amortisation	Net	Gross amount	Accumulated depreciation and amortisation	Net
Intangible assets	**85**	**(60)**	**25**	95	(59)	36
Land	**20**	**(2)**	**18**	26	(2)	24
Buildings	**89**	**(52)**	**37**	156	(97)	59
Equipment and other	**377**	**(363)**	**13**	414	(395)	18
Total	**571**	**(478)**	**93**	**691**	**(554)**	**137**

7.5 Finance lease commitments

The Group's finance leases relate to real-estate assets and investment properties on the one hand and to equipment items on the other. The tables below compare future minimum lease payments under finance leases before and after discounting.

As at 31 December 2018, the Group had lease liabilities of €47 million (Note 11.2), of which €11 million related to real estate assets and €36 million to equipment.

FINANCE LEASES ON REAL ESTATE WHERE THE GROUP IS LESSEE

(€ millions)	31 December 2018		31 December 2017	
	Future minimum lease payments	Present value of future minimum lease payments	Future minimum lease payments	Present value of future minimum lease payments
Within one year	**4**	**2**	5	2
In one to five years	**12**	**4**	15	5
In more than five years	**33**	**6**	39	7
Total future minimum lease payments	**49**	**11**	**59**	**14**
Interest expense	**(38)**		(44)	
Total present value of future minimum lease payments	**11**		**14**	

FINANCE LEASES ON EQUIPMENT WHERE THE GROUP IS LESSEE

(€ millions)	31 December 2018		31 December 2017	
	Future minimum lease payments	Present value of future minimum lease payments	Future minimum lease payments	Present value of future minimum lease payments
Within one year	**12**	**10**	17	15
In one to five years	**26**	**25**	36	34
In more than five years	**-**	**-**	1	1
Total future minimum lease payments	**38**	**36**	**54**	**50**
Interest expense	**(3)**		(4)	
Total present value of future minimum lease payments	**36**		**50**	

Note 8 Employee benefits expense

8.1 Employee benefits expense

Employee benefits expense is analysed by function in Note 6.3.

8.2 Provisions for pensions and other post-employment benefits

Accounting principle

Provisions for pensions and other post-employment benefits

Group companies provide their employees with various employee benefit plans depending on local laws and practice.

- **Under defined contribution plans,** the Group pays fixed contributions into a fund and has no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to these plans are expensed as incurred.

- **Under defined benefit plans**, the Group's obligation is measured using the projected unit credit method based on the agreements effective in each company. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation. The final obligation is then discounted. The actuarial assumptions used to measure the obligation vary according to the economic conditions prevailing in the relevant country. The obligation is measured by independent actuaries annually for the most significant plans and for the employment termination benefit, and regularly for all other plans. Assumptions include expected rate of future salary increases, estimated average years of service, life expectancy and staff turnover rates (based on resignations only).

  Actuarial gains and losses arise from the effects of changes in actuarial assumptions and experience adjustments (differences between results based on previous actuarial assumptions and what has actually occurred). All actuarial gains and losses arising on defined benefit plans are recognised immediately in other comprehensive income.

  Past service cost, corresponding to the increase in the benefit obligation resulting from the introduction of a new benefit plan or modification of an existing plan, is expensed immediately.

  The expense in the income statement comprises:
  - service cost, i.e., the cost of services provided during the year, recognised in trading profit;
  - past service cost and the effect of plan curtailments or settlements, generally recognised in "Other operating income and expenses";
  - interest cost, corresponding to the discounting adjustment to the projected benefit obligation net of the return on plan assets, recorded in "Other financial income and expenses". Interest cost is calculated by applying the discount rate defined in IAS 19 to the net obligation (i.e., the projected obligation less related plan assets) recognised in respect of defined benefit plans, as determined at the beginning of the year.

  The provision recognised in the statement of financial position is measured as the net present value of the obligation less the fair value of plan assets.

Provisions for other in service long-term employee benefits

- **Other in-service long-term employee benefits**, such as jubilees, are also covered by provisions, determined on the basis of an actuarial estimate of vested rights as of the reporting date. Actuarial gains and losses on these benefit plans are recognised immediately in profit or loss.

8.2.1 Breakdown of provisions for pensions and other post-employment benefits and for long-term employee benefits

(€ millions)	31 December 2018			31 December 2017		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Pensions	**318**	**10**	**328**	307	10	**317**
Jubilees	**38**	**1**	**38**	41	1	**41**
Bonuses for services rendered	**11**	**-**	**11**	10	-	**11**
Provisions for pensions and other post-employment benefits and for long-term employee benefits	**366**	**11**	**377**	**358**	**11**	**369**

8.2.2 Presentation of pension plans

DEFINED CONTRIBUTION PLAN

Defined contribution plans are plans in which the company pays regular contributions into a fund. The company's obligation is limited to the amount it agrees to contribute to the fund and it offers no guarantee that the fund will have sufficient assets to pay all of the employees' entitlements to benefits. This type of plan predominantly concerns employees of the Group's French subsidiaries, who are covered by the general social security system, which is administered by the French government.

In 2018, defined contribution plans represented a cost of €326 million of which 89% concerned the Group's French subsidiaries (2017: €334 million excluding discontinued operations and 87%).

DEFINED BENEFIT PLAN

In certain countries, local laws or conventional agreements provide for the payment of a lump sum to employees either when they retire or at certain times post-retirement, based on their years of service and final salary at the age of retirement.

8.2.3 Main assumptions used in determining total defined benefit obligations (pension plans)

Defined benefit plans are exposed to risks concerning future interest rates, salary increase rates and mortality rates.

The following table presents the main actuarial assumptions used to measure the projected benefit obligation:

	France		International	
	2018	2017	2018	2017
Discount rate	**1.7%**	1.5%	**1.7% - 7.1%**	1.5% - 7.7%
Expected rate of future salary increases	**1.6% - 2.0%**	1.5% - 2.0%	**1.0% - 3.5%**	1.0% - 3.5%
Retirement age	**62 - 65 years**	62 - 65 years	**57 - 65 years**	57 - 65 years

For French companies, the discount rate is determined by reference to the Bloomberg 15-year AA corporate composite index.

SENSITIVITY ANALYSIS

A 50-basis point increase (decrease) in the discount rate would have the effect of reducing the projected benefit obligation by 5.9% (increasing the projected benefit obligation by 6.1%).

A 50-basis point increase (decrease) in the expected rate of salary increases would have the effect of increasing the projected benefit obligation by 6.0% (reducing the projected benefit obligation by 5.8%).

8.2.4 Change in retirement benefit obligations and plan assets

The following tables show a reconciliation of the projected benefit obligations of all Group companies to the provisions recognised in the consolidated financial statements for the years ended 31 December 2018 and 31 December 2017.

(€ millions)		France		International		Total	
		2018	2017	2018	2017	2018	2017
Projected benefit obligation as at 1 January		**326**	**288**	**14**	**14**	**340**	**302**
Items recorded in the income statement		**15**	**16**	**1**	**1**	**16**	**16**
Service cost		**19**	17	**-**	-	**19**	17
Interest cost		**5**	5	**1**	1	**5**	6
Past service cost		**-**	-	**-**	-	**-**	-
Curtailments/settlements		**(9)**	(6)	**-**	-	**(9)**	(6)
Items included in other comprehensive income		**14**	**42**	**(1)**	**-**	**13**	**42**
(1) Actuarial (gains) and losses related to:		**14**	42	**(1)**	1	**13**	43
(i) changes in financial assumptions		***(2)***	*5*	**-**	-	***(2)***	*5*
(ii) changes in demographic assumptions(*)		***19***	*34*	***(1)***	*1*	***19***	*34*
(iii) experience adjustments		***(4)***	*3*	**-**	*1*	***(4)***	*4*
(2) Effect of movements in exchange rates		**-**	-	**-**	(1)	**-**	(1)
Other		**(14)**	**(20)**	**(6)**	**(1)**	**(19)**	**(20)**
Paid benefits		**(12)**	(16)	**(1)**	(1)	**(13)**	(16)
Changes in scope of consolidation		**1**	(1)	**-**	-	**1**	(1)
Other movements		**(2)**	(3)	**(5)**	-	**(7)**	(3)
Projected benefit obligation as at 31 December	**A**	**341**	**326**	**8**	**14**	**349**	**340**
Weighted average duration of plans						**17**	**16**

(*) In 2017, the impact was primarily the result of excluding terminations from the calculation of staff turnover rates.

(€ millions)		France		International		Total	
		2018	2017	2018	2017	2018	2017
Fair value of plan assets as at 1 January		**23**	**29**	**-**	**-**	**23**	**29**
Items recorded in the income statement		**-**	**-**	**-**	**-**	**-**	**-**
Interest on plan assets		**-**	-	**-**	-	**-**	-
Items included in other comprehensive income		**-**	**1**	**-**	**-**	**-**	**1**
Actuarial (losses) gains (experience adjustments)		**-**	1	**-**	-	**-**	1
Effect of movements in exchange rates		**-**	-	**-**	-	**-**	-
Other		**(2)**	**(8)**	**-**	**-**	**(2)**	**(8)**
Paid benefits		**(2)**	(8)	**-**	-	**(2)**	(8)
Changes in scope of consolidation		**-**	-	**-**	-	**-**	-
Other movements		**-**	-	**-**	-	**-**	-
Fair value of plan assets as at 31 December	**B**	**21**	**23**	**-**	**-**	**21**	**23**

(€ millions)		France		International		Total	
		2018	2017	2018	2017	2018	2017
NET POST-EMPLOYMENT BENEFIT OBLIGATION	**A-B**	**320**	**303**	**8**	**14**	**328**	**317**
Unfunded projected benefit obligation under funded plans		**91**	**82**	**-**	**-**	**91**	**82**
Projected benefit obligation under funded plans		**112**	104	**-**	-	**112**	104
Fair value of plan assets		**(21)**	(23)	**-**	-	**(21)**	(23)
Projected benefit obligation under unfunded plans		**229**	**221**	**8**	**14**	**201**	**235**

Plan assets consist mainly of units in fixed-rate bond funds.

RECONCILIATION OF PROVISIONS RECORDED IN THE STATEMENT OF FINANCIAL POSITION

(€ millions)	France		International		Total	
	2018	2017	2018	2017	2018	2017
As at 1 January	**303**	**259**	**14**	**14**	**317**	**273**
Expense for the year	**15**	15	**1**	1	**16**	16
Actuarial gains or losses recognised in equity	**14**	41	**(1)**	1	**13**	42
Effect of movements in exchange rates	**-**	-	**-**	(1)	**-**	(1)
Paid benefits	**(10)**	(8)	**(1)**	(1)	**(11)**	(9)
Partial reimbursement of plan assets	**-**	-	**-**	-	**-**	-
Changes in scope of consolidation	**1**	(1)	**-**	-	**1**	(1)
Other movements	**(2)**	(3)	**(5)**	-	**(7)**	(3)
As at 31 December	**320**	**303**	**8**	**14**	**328**	**317**

BREAKDOWN OF EXPENSE FOR THE YEAR

(€ millions)	France		International		Total	
	2018	2017	2018	2017	2018	2017
Service cost	**19**	17	**-**	-	**19**	17
Interest cost[(i)]	**5**	5	**1**	1	**5**	5
Past service cost	**-**	-	**-**	-	**-**	-
Curtailments/settlements	**(9)**	(6)	**-**	-	**(9)**	(6)
Expense for the year	**15**	**15**	**1**	**1**	**16**	**16**

(i) Reported under "Other financial income and expenses".

UNDISCOUNTED FUTURE CASH FLOWS

(€ millions)	Undiscounted cash flows						
	Statement of financial position	2019	2020	2021	2022	2023	Beyond 2023
Post-employment benefits	**328**	**10**	**6**	**11**	**15**	**24**	**988**

8.3 Share-based payment

Accounting principle

Share-based payments

Management and selected employees of the Group receive stock options (options to purchase or subscribe for shares) and free shares.

The benefit represented by stock options, measured at fair value on the grant date, constitutes additional compensation. The grant-date fair value of the options is recognised in "Employee benefits expense" over the option vesting period or in "Other operating expenses" when the benefit relates to a transaction that is also recognised in "Other operating income and expenses" (Note 6.5). The fair value of options is determined using the Black & Scholes option pricing model, based on the plan attributes, market data (including the market price of the underlying shares, share price volatility and the risk-free interest rate) at the grant date and assumptions concerning the probability of grantees remaining with the Group until the options vest.

The fair value of free shares is also determined on the basis of the plan attributes, market data at the grant date and assumptions concerning the probability of grantees remaining with the Group until the shares vest. If the free shares are not subject to any vesting conditions, the cost of the plan is recognised in full on the grant date. Otherwise it is deferred and recognised over the vesting period as and when the vesting conditions are met. When free shares are granted to employees in connection with a transaction affecting the scope of consolidation, the related cost is recorded in "Other operating income and expenses".

Free shares are granted to certain company managers and store managers. In certain cases, the shares vest in tranches, subject to the attainment of a performance target for the period concerned. In all cases, the shares are forfeited if the grantee leaves the Group before the end of the vesting period.

8.3.1 Impact of share-based payments on earnings and equity

The total net cost of share-based payment plans recognised in the operating income in 2018 was €21 million (2017: €18 million), including €12 million for Casino, Guichard-Perrachon and €9 million for GPA. The net cost is balanced by a positive impact on equity for €18 million.

8.3.2 Casino, Guichard-Perrachon stock option plans

As at 31 December 2018, no Casino, Guichard-Perrachon stock options were outstanding.

8.3.3 Casino, Guichard-Perrachon free share plans

FREE SHARE PLAN FEATURES AND ASSUMPTIONS

Date of plan	Vesting date	Number of free shares authorised	Number of shares to be delivered as at 31/12/2018	Of which number of performance shares(i)	Share price (€)(ii)	Fair value of the share (€)(ii)
13/12/2018	14/12/2021	32,218	32,218	-	37.10	27.70
13/12/2018	01/12/2020	13,088	13,088	-	37.10	31.46
13/12/2018	01/08/2020	4,144	4,144	-	37.10	30.81
13/12/2018	01/07/2020	2,630	2,630	-	37.10	30.63
15/05/2018	15/05/2023	7,326	7,326	7,326	40.75	17.01
15/05/2018	15/05/2021	1,500	1,500	-	40.75	31.36
15/05/2018	15/05/2021	177,117	146,398	146,398	40.75	18.35
25/04/2018	01/02/2020	11,955	7,477	-	41.89	35.15
25/04/2018	26/04/2019	99,587	99,587	-	41.89	36.28
20/04/2017	20/04/2022	5,666	5,666	5,666	51.00	27.25
20/04/2017	20/04/2020	156,307	106,098	106,098	51.00	28.49
20/04/2017	31/01/2020	245	245	-	51.00	43.17
20/04/2017	20/04/2019	9,555	9,555	-	51.00	46.31
14/10/2016	14/10/2019	20,859	20,859	-	41.96	32.53
14/10/2016	01/07/2019	3,477	3,477	1,159	41.96	32.52
14/10/2016	31/03/2019	870	870	-	41.96	35.68
14/06/2016	14/01/2019	9,780	9,780	-	49.98	43.70
13/05/2016	13/05/2020	7,178	4,085	4,085	53.29	34.45
13/05/2016	13/01/2019	17,610	11,313	-	53.29	43.89
06/05/2014	06/05/2019	3,750	960	960	90.11	69.28
TOTAL		**584,862**	**487,276**	**271,692**		

(i) Performance conditions mainly concern organic sales growth and the level of trading profit or EBITDA of the company that employs the grantee.
(ii) Weighted average.

CHANGES IN FREE SHARES

Free share grants	2018	2017
Unvested shares as at 1 January	**542,580**	**598,634**
Free share rights granted	**349,565**	269,658
Free share rights cancelled	**(124,120)**	(108,114)
Shares issued	**(280,749)**	(217,598)
Unvested shares as at 31 December	**487,276**	**542,580**

8.3.4 Features of GPA stock option plans

- "B Series" stock options are exercisable between the 37th and the 42nd months following the grant date. The exercise price is BRL 0.01 per option.
- "C Series" stock options are exercisable between the 37th and the 42nd months following the grant date. The exercise price corresponds to 80% of the average of the last 20 closing prices for GPA shares quoted on Bovespa.

Name of plan	Grant date	Exercise period start date	Expiry date	Number of options granted *(thousands)*	Option exercise price *(BRL)*	Number of options outstanding as at 31/12/2018 *(thousands)*
C5 Series	31/05/2018	31/05/2021	30/11/2021	499	62.61	**493**
B5 Series	31/05/2018	31/05/2021	30/11/2021	499	0.01	**493**
C3 Series – Tranche 2	27/04/2018	30/05/2019	30/11/2019	95	56.83	**95**
B3 Series – Tranche 2	27/04/2018	30/05/2019	30/11/2019	95	0.01	**95**
C4 Series	31/05/2017	31/05/2020	30/11/2020	537	56.78	**336**
B4 Series	31/05/2017	31/05/2020	30/11/2020	537	0.01	**335**
C3 Series	30/05/2016	30/05/2019	30/11/2019	823	37.21	**441**
B3 Series	30/05/2016	30/05/2019	30/11/2019	823	0.01	**467**
					26.03	**2,755**

MAIN ASSUMPTIONS USED TO VALUE STOCK OPTIONS

GPA uses the following assumptions to value its plans ("Series" 2, 3, 4 and 5 respectively):

- dividend yield: 1.37%, 2.50%, 0.57% and 0.41%;
- projected volatility: 24.34%, 30.20%, 35.19% and 36.52%;
- risk-free interest rate: 12.72%, 13.25%, 9.28%/10.07% and 9.29%.

The average fair value of outstanding stock options at 31 December 2018 was BRL 45.24.

The table below shows changes in the number of outstanding options and weighted average exercise prices in the years presented:

	2018		2017	
	Number of outstanding options *(thousands)*	Weighted average exercise price *(BRL)*	Number of outstanding options *(thousands)*	Weighted average exercise price *(BRL)*
Options outstanding as at 1 January	**2,539**	**29.48**	**2,394**	**29.21**
Of which exercisable options	**-**	**-**	*169*	*80.00*
Options granted during the period	**1,378**	**30.91**	1,073	28.40
Options exercised during the period	**(697)**	**31.96**	(699)	22.14
Options cancelled during the period	**(229)**	**38.64**	(110)	40.56
Options that expired during the period	**(236)**	**68.62**	(119)	83.33
Options outstanding as at 31 December	**2,755**	**26.03**	**2,539**	**29.48**
Of which exercisable options	**-**	**-**	-	-

8.4 Gross remuneration and benefits of the members of the Group Executive Committee and the Board of Directors

(€ millions)	**2018**	**2017**
Short-term benefits excluding social security contributions(i)	**32**	22
Social security contributions on short-term benefits	**5**	4
Termination benefits for key executives	**3**	2
Share-based payments(ii)	**7**	6
Total	**47**	**34**

(i) Gross salaries, bonuses, discretionary and statutory profit-sharing, benefits in kind and directors' fees.
(ii) Expense recognised in the income statement in respect of stock option and free share plans.

The members of the Group Executive Committee are not entitled to any specific supplementary pension benefits.

8.5 Average number of Group employees

Average full-time equivalent employees by category	2018	2017
Managers	**11,624**	11,225
Staff	**180,735**	180,989
Supervisors	**22,099**	22,565
Group total	**214,458**	**214,779**

Note 9 Income tax

Accounting principle

Income tax expense corresponds to the sum of the current taxes due by the various Group companies, adjusted for deferred taxes.
Substantially all qualifying French subsidiaries are members of the tax group headed by Casino, Guichard-Perrachon and file a consolidated tax return.
Current tax expense reported in the income statement corresponds to the tax expense of the parent company of the tax group and of companies that are not members of a tax group.
Deferred tax assets correspond to future tax benefits arising from deductible temporary differences, tax loss carryforwards, unused tax credits and certain consolidation adjustments that are expected to be recoverable.
Deferred tax liabilities are recognised in full for:

- taxable temporary differences, except where the deferred tax liability results from recognition of a non-deductible impairment loss on goodwill or from initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or the tax loss; and
- taxable temporary differences related to investments in subsidiaries, associates and joint ventures, except when the Group controls the timing of the reversal of the difference and it is probable that it will not reverse in the foreseeable future.

Deferred taxes are recognised using the balance sheet approach and in accordance with IAS 12. They are calculated by the liability method, which consists of adjusting deferred taxes recognised in prior periods for the effect of any enacted changes in the income tax rate.
The Group reviews the probability of deferred tax assets being recovered on a periodic basis for each tax entity. This review may, if necessary, lead to the derecognition of deferred tax assets recognised in prior years. The probability for recovery is assessed based on a tax plan indicating the level of projected taxable profits.
The assumptions underlying the tax plan are consistent with those used in the medium-term business plans and budgets prepared by Group entities and approved by management.

The French corporate value-added tax (*Cotisation sur la Valeur Ajoutée des Entreprises* – CVAE) which is based on the value-added reflected in the separate financial statements, is included in "Income tax expense" in the consolidated income statement.

When payments to holders of equity instruments are deductible for tax purposes, the tax effect is recognised by the Group in the income statement.

9.1 Income tax expense

9.1.1 Analysis of income tax expense

(€ millions)	2018			2017 (restated)		
	France	International	Total	France	International	Total
Current income tax	(113)	(137)	(251)	20	(107)	(87)
Other taxes (CVAE)	(66)	-	(66)	(60)	-	(60)
Deferred taxes	107	5	112	111	(12)	99
Total income tax (expense)/benefit recorded in the income statement	**(72)**	**(133)**	**(204)**	**70**	**(119)**	**(48)**
Income tax on items recognised in "Other comprehensive income" (Note 12.7.2)	**1**	**(1)**	**-**	**19**	**2**	**21**
Income tax on items recognised in equity	**(2)**	**-**	**(2)**	**3**	**-**	**3**

9.1.2 Tax proof

(€ millions)	2018		2017 (restated)	
Profit before tax	**369**		**286**	
Theoretical income tax expense[i]	**(127)**	**-34.43%**	**(99)**	**-34.43%**
Reconciliation of theoretical income tax expense to actual income tax expense				
Impact of differences in foreign tax rates	9	2.4%	18	6.2%
Recognition of previously unrecognised tax benefits on tax losses and other deductible temporary differences[ii]	87	23.6%	32	11.1%
Unrecognised deferred tax assets/valuation allowances on recognised deferred tax assets on tax loss carryforwards or other deductible temporary differences[iii]	(37)	-10.0%	(59)	-20.5%
Change in corporate tax rate[iv]	(33)	-8.9%	13	4.6%
CVAE net of income tax	(43)	-11.8%	(40)	-13.8%
Non-deductible interest expense[v]	(26)	-7.0%	(21)	-7.2%
Non-taxable CICE tax credits[vi]	27	7.3%	36	12.5%
Non-deductible asset impairment losses	(40)	-10.9%	(1)	-0.3%
Non-deductible exchange losses[vii]	(22)	-6.0%	-	-
3% surtax on distributed earnings[viii]	-	-	54	18.7%
Tax effect of Brazilian dividends[ix]	18	4.8%	1	0.4%
Other taxes on distributed earnings[x]	(10)	-2.8%	(5)	-1.7%
Deductible interest on deeply-subordinated perpetual bonds	17	4.5%	17	6.1%
Taxation of Mercialys shares[xi]	(6)	-1.7%	14	4.9%
Other	(17)	-4.6%	(10)	-3.6%
Actual income tax (expense)/benefit / Effective tax rate	**(204)**	**-55.4%**	**(48)**	**-16.8%**

(i) The reconciliation of the effective tax rate paid by the Group is based on the current French rate of 34.43%, unchanged from 2017.
(ii) In 2018, this concerned the E-commerce segment for €39 million and the France Retail segment for €43 million. In 2017, following the review of earnings outlooks and tax options implemented at Segisor (French holding company for the voting shares of its Brazilian subsidiary), tax loss carryforwards in an amount of €153 million were recognised, giving rise to deferred tax assets of €44 million.
(iii) In 2018, this concerned the E-commerce segment for €28 million and the France Retail segment for €9 million. In 2017, this concerned the E-commerce segment for €32 million and the Latam Retail segment for €19 million.
(iv) In 2018, the main impact relates to disposals of Monoprix store properties. In 2017, deferred taxes were measured at the tax rate expected to apply when the temporary differences reverse, taking into account the adoption on 21 December 2017 of the 2018 Finance Act providing for a gradual reduction in the corporate tax rate to 25.825% in 2022 and beyond. This change had a positive impact on deferred taxes of €13 million.
(v) Tax laws in some countries cap the deductibility of interest paid by companies. In France, since the 2012 amended Finance Act, companies are required to add back 25% of interest expense to their taxable profit. The resulting income tax amounts disclosed for the periods presented mainly concern French entities.
(vi) See Note 6.3.
(vii) Corresponding to the non-deductible negative foreign currency translation reserve reclassified to profit or loss (Note 6.5).
(viii) In 2017, the Group recorded a tax benefit of €60 million corresponding to a refund of the tax on distributed earnings received from the French State at the end of the year, including €54 million relating to previous years.
(ix) This concerns dividends paid by Brazilian subsidiaries in the form of interest on equity.
(x) Corresponding to taxation of intra-group dividends.
(xi) In 2017, a deferred tax liability of €10 million was recorded on the taxable temporary difference between the carrying amount of Mercialys shares and their tax basis, in accordance with IAS 12.

9.2 Deferred taxes

9.2.1 Change in deferred tax assets

(€ millions)	2018	2017 (restated)
As at 1 January	**522**	**678**
Effect of applying IFRS 9 as at 1 January 2018	**23**	-
Effect of applying IAS 29 as at 1 January 2018	**(25)**	-
(Expense)/benefit for the year	**78**	150
Impact of changes in scope of consolidation	**5**	2
IFRS 5 reclassifications	**(4)**	-
Effect of movements in exchange rates and other reclassifications	**(46)**	(32)
Changes in deferred tax liabilities recognised directly in equity	**1**	24
As at 31 December	**553**	**522**

The deferred tax benefit, net of deferred tax liabilities (Note 9.2.2) of discontinued operations, was €6 million in 2018 (2017: €46 million).

9.2.2 Change in deferred tax liabilities

(€ millions)	2018	2017 (restated)
As at 1 January	**725**	**1,094**
Expense/(benefit) for the year	**(40)**	(295)
Impact of changes in scope of consolidation	**1**	1
IFRS 5 reclassifications	**(10)**	-
Effect of movements in exchange rates and other reclassifications	**(43)**	(74)
Changes in deferred tax liabilities recognised directly in equity	**3**	(2)
As at 31 December	**636**	**725**

9.2.3 Deferred tax assets and liabilities by source

(€ millions)	Notes	Net	
		31 December 2018	31 December 2017 (restated)
Intangible assets		**(660)**	(710)
Property, plant and equipment		**(171)**	(318)
of which finance leases		***(14)***	*(30)*
Inventories		**(9)**	22
Financial instruments		**34**	70
Other assets		**(75)**	(77)
Provisions		**206**	205
Regulated provisions		**(128)**	(141)
Other liabilities		**76**	63
of which finance lease liabilities		***1***	*2*
Tax loss carryforwards and tax credits		**643**	683
Net deferred tax asset (liability)		**(84)**	**(203)**
Deferred tax assets recognised in the statement of financial position	9.2.1	**553**	522
Deferred tax liabilities recognised in the statement of financial position	9.2.2	**636**	725
Net		**(84)**	**(203)**

The tax saving realised by the Casino, Guichard-Perrachon tax group amounted to €399 million in 2018 (2017: €243 million).

Recognised tax loss carryforwards and tax credits mainly concern the Casino Guichard-Perrachon, Éxito and GPA tax groups. The corresponding deferred tax assets have been recognised in the statement of financial position as their utilisation is considered probable in view of the forecast future taxable profits of the companies concerned. At 31 December 2018, deferred tax assets amounted to €305 million for Casino, Guichard-Perrachon, €109 million for Éxito and €45 million for GPA. These amounts are expected to be recovered by 2026 for Casino, Guichard-Perrachon, 2022 for Éxito and 2023 for GPA.

9.2.4 Unrecognised deferred tax assets

At 31 December 2018, unrecognised deferred tax assets for tax loss carryforwards amounted to €400 million, representing an unrecognised deferred tax effect of €106 million (31 December 2017: €501 million, representing an unrecognised deferred tax effect of €133 million). The loss carryforwards mainly concern Cdiscount, the Franprix-Leader Price sub-group and Wilkes.

Expiry dates of unrecognised tax loss carryforwards

(€ millions)	2018	2017
Within one year	**-**	1
In one to two years	**-**	-
In two to three years	**2**	-
In more than three years	**6**	3
Without expiry date	**98**	130
Total	**106**	**133**

Note 10 Intangible assets, property, plant and equipment, and investment property

Accounting principle

The cost of non-current assets corresponds to their purchase cost plus transaction expenses including tax. For intangible assets, property, plant and equipment, and investment property, these expenses are added to the assets' carrying amount and follow the same accounting treatment.

10.1 Goodwill

Accounting principle

At the acquisition date, goodwill is measured in accordance with the accounting principle applicable to "Business combinations", described in Note 3. It is allocated to the cash generating unit (CGU) or groups of cash generating units that benefit from the synergies of the combination, based on the level at which the return on investment is monitored for internal management purposes. Goodwill is not amortised. It is tested for impairment at each year-end, or whenever events or a change of circumstances indicate that it may be impaired. Impairment losses on goodwill are not reversible. The methods used by the Group to test goodwill for impairment are described in the "Impairment of non-current assets" section in Note 10.5. Negative goodwill is recognised directly in the income statement for the period of the business combination, once the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities have been verified.

10.1.1 Breakdown by business line and geographical area

(€ millions)	31 December 2018 Net	31 December 2017 Net
France Retail	**5,494**	**5,594**
Hypermarkets, supermarkets and convenience stores	*1,432*	*1,451*
Franprix-Leader Price	*2,693*	*2,606*
Monoprix	*1,331*	*1,301*
Other	*38*	*237*
E-commerce (France)	**61**	**59**
Latam Retail	**3,134**	**3,378**
Argentina[(i)]	*66*	*8*
Brazil (GPA Food)	*2,272*	*2,531*
Colombia	*501*	*521*
Uruguay	*296*	*318*
Casino Group	**8,690**	**9,031**

(i) Including revaluations of €61 million in application of IAS 29, following the classification of Argentina as a hyperinflationary economy in 2018.

10.1.2 Movements for the year

(€ millions)	2018	2017
Carrying amount as at 1 January	**9,031**	**9,595**
Goodwill recognised during the year[i]	**121**	41
Impairment losses recognised during the year	**(1)**	(5)
Goodwill written off on disposals	**(4)**	(15)
Effect of movements in exchange rates	**(316)**	(506)
Reclassifications and other movements[ii]	**(142)**	(79)
Carrying amount as at 31 December	**8,690**	**9,031**

(i) The €121 million increase in goodwill as at 31 December 2018 mainly reflects (a) goodwill of €76 million recognised on the acquisition of various sub-groups and individual businesses by Franprix-Leader Price (note 3.1.2) and (b) goodwill of €24 million recognised on the acquisition of Sarenza (Note 3.1.1). The €41 million increase in goodwill as at 31 December 2017 corresponded primarily to goodwill of €32 million recognised on the acquisition of various controlling interests by Franprix-Leader Price (Note 3.2.2).

(ii) In 2018, this line reflects (i) reclassification of assets from the France Retail segment in assets held for sale; and (ii) the remeasurement of goodwill in Argentina for €61 million, in application of IAS 29.

10.2 Other intangible assets

Accounting principle

Intangible assets acquired separately by the Group are initially recognised at cost and those acquired in business combinations are initially recognised at fair value. Intangible assets consist mainly of purchased software, software developed for internal use, trademarks, patents and lease premiums. Trademarks that are created and developed internally are not recognised in the statement of financial position. Intangible assets are amortised on a straight-line basis over their estimated useful lives, as determined separately for each asset category. Capitalised development costs are amortised over three years and software over three to ten years. Indefinite life intangible assets (including lease premiums and purchased trademarks) are not amortised, but are tested for impairment at each year-end or whenever there is an indication that their carrying amount may not be recovered.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an asset is determined as the difference between the net sale proceeds, if any, and the carrying amount of the asset. It is recognised in profit or loss ("Other operating income and expenses") when the asset is derecognised.

Residual values, useful lives and amortisation methods are reviewed at each year-end and revised prospectively if necessary.

10.2.1 Breakdown of other intangible assets

(€ millions)	31 December 2018			31 December 2017		
	Gross amount	Accumulated amortisation and impairment	Net	Gross amount	Accumulated amortisation and impairment	Net
Concessions, trademarks, licences and banners	**1,541**	**(26)**	**1,516**	1,652	(33)	1,618
Lease premiums	**794**	**(17)**	**777**	725	(17)	708
Software	**1,227**	**(824)**	**403**	1,160	(766)	394
Other	**271**	**(61)**	**210**	207	(48)	160
Intangible assets	**3,834**	**(928)**	**2,906**	**3,743**	**(864)**	**2,879**

10.2.2 Movements for the year

(€ millions)	Concessions, trademarks, licences and banners	Lease premiums	Software	Other intangible assets	Total
Carrying amount as at 1 January 2017	**1,777**	**766**	**423**	**142**	**3,109**
Changes in scope of consolidation	-	-	1	(1)	-
Additions and acquisitions	1	12	77	93	183
Assets disposed of during the year	-	(17)	-	(1)	(19)
Amortisation for the year	(2)	-	(110)	(9)	(122)
Impairment (losses)/reversals, net	-	5	(17)	-	(11)
Effect of movements in exchange rates	(158)	(46)	(30)	(2)	(236)
IFRS 5 reclassifications	-	(5)	-	-	(5)
Other reclassifications and movements	-	(6)	50	(63)	(19)
Carrying amount as at 31 December 2017	**1,618(ii)**	**708**	**394**	**160**	**2,879**
Change in scope of consolidation	**6**	**4**	**-**	**3**	**13**
Additions and acquisitions	**1**	**10**	**66**	**135**	**211**
Assets disposed of during the year	**-**	**(13)**	**(1)**	**(2)**	**(15)**
Amortisation for the year	**(1)**	**(2)**	**(109)**	**(14)**	**(126)**
Impairment (losses)/reversals, net	**(6)**	**2**	**(6)**	**(2)**	**(12)**
Effect of movements in exchange rates	**(98)**	**(36)**	**(19)**	**-**	**(153)**
IFRS 5 reclassifications	**(5)**	**(40)**	**-**	**(1)**	**(47)**
Other reclassifications and movements(i)	**1**	**145**	**79**	**(68)**	**157**
Carrying amount as at 31 December 2018	**1,516(ii)**	**777**	**403**	**210**	**2,906**

(i) Including BRL 633 million (€147 million) corresponding to the Paes Mendonça receivable reclassified to "Lease premiums" (Note 6.9.1).
(ii) Including trademarks for €1,515 million (31 December 2017: €1,613 million).

Internally-generated intangible assets (mainly information systems developments) represented €65 million in 2018 (2017: €35 million).

Intangible assets as at 31 December 2018 include trademarks and lease premiums with an indefinite life, carried in the statement of financial position for €1,515 million and €777 million respectively. These assets are allocated to the following groups of CGUs:

(€ millions)	31 December 2018	31 December 2017
Latam Retail	**1,352**	**1,330**
of which Brazil (GPA Food)(i)	***1,166***	*1,135*
of which Colombia	***157***	*164*
of which Uruguay	***28***	*31*
France Retail	**931**	**987**
of which Casino France	***64***	*67*
of which Franprix-Leader Price	***59***	*54*
of which Monoprix(i)	***803***	*860*
E-commerce	**9**	**4**

(i) Trademarks and lease premiums are allocated to the following GPA Food banners in Brazil and Monoprix banners in France:

(€ millions)	31 December 2018		31 December 2017	
	Trademarks	Lease premiums	Trademarks	Lease premiums
GPA Food	**753**	**413(i)**	**842**	**293**
Pão de Açúcar	235	92	262	91
Extra	404	254	452	179
Assaí	115	65	128	22
Other	-	1	-	2
Monoprix	**566**	**237**	**572**	**289**
Monoprix	552	212	552	265
Naturalia	14	25	14	24
Monshowroom	-	-	6	-

(i) The increase corresponds mainly to the BRL 633 million (€147 million) Paes Mendonça receivable reclassified to "Lease premiums" (Note 6.9.1).

Intangible assets were tested for impairment as at 31 December 2018 using the method described in Note 10.5 "Impairment of non-current assets". The test results are presented in the same note.

10.3 Property, plant and equipment

Accounting principle

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.
Subsequent expenditures are recognised in assets if they satisfy the recognition criteria of IAS 16. The Group examines these criteria before incurring the expenditure.

Land is not depreciated. All other items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives for each category of assets, with generally no residual value. The main useful lives are as follows:

Asset category	Depreciation period (years)
Land	-
Buildings (structure)	50
Roof waterproofing	15
Fire protection of the building structure	25
Land improvements	10 to 40
Building fixtures and fittings	5 to 20
Technical installations, machinery and equipment	5 to 20
Computer equipment	3 to 5

"Roof waterproofing" and "Fire protection of the building structure" are classified as separate items of property, plant and equipment only when they are installed during major renovation projects. In all other cases, they are included in the "Building (structure)" category.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss arising from derecognition of an asset is determined as the difference between the net sale proceeds, if any, and the carrying amount of the asset. It is recognised in profit or loss ("Other operating income and expenses") when the asset is derecognised.

Residual values, useful lives and depreciation methods are reviewed at each year-end and revised prospectively if necessary.

10.3.1 Breakdown of property, plant and equipment

(€ millions)	31 December 2018			31 December 2017		
	Gross amount	Accumulated depreciation and impairment	Net	Gross amount	Accumulated depreciation and impairment	Net
Land and land improvements	**1,226**	**(78)**	**1,148**	1,932	(93)	1,839
Buildings, fixtures and fittings	**3,757**	**(1,468)**	**2,289**	4,479	(1,686)	2,794
Other	**6,989**	**(4,548)**	**2,441**	7,407	(4,750)	2,657
Property, plant and equipment	**11,972**	**(6,094)**	**5,878**	**13,818**	**(6,529)**	**7,289**

10.3.2 Movements for the year

(€ millions)	Land and land improvements	Buildings, fixtures and fittings	Other	Total
Carrying amount as at 1 January 2017	**2,038**	**3,234**	**2,851**	**8,123**
Changes in scope of consolidation	-	-	-	(1)
Additions and acquisitions	40	162	729	931
Assets disposed of during the year	(17)	(105)	(126)	(249)
Depreciation for the year	(4)	(148)	(400)	(553)
Impairment (losses)/reversals, net	1	(30)	(25)	(54)
Effect of movements in exchange rates	(99)	(278)	(141)	(518)
IFRS 5 reclassifications	(80)	(188)	(42)	(310)
Other reclassifications and movements(i)	(39)	148	(189)	(80)
Carrying amount as at 31 December 2017	**1,839**	**2,794**	**2,657**	**7,289**
Change in scope of consolidation	**18**	**25**	**34**	**77**
Additions and acquisitions	**18**	**175**	**688**	**881**
Assets disposed of during the year	**(65)**	**(108)**	**(153)**	**(326)**
Depreciation for the year	**(4)**	**(139)**	**(379)**	**(522)**
Impairment (losses)/reversals, net	**(14)**	**26**	**(66)**	**(54)**
Effect of movements in exchange rates	**(56)**	**(169)**	**(88)**	**(314)**
IFRS 5 reclassifications	**(598)**	**(399)**	**(158)**	**(1,155)**
Other reclassifications and movements	**9**	**85**	**(93)**	**1**
Carrying amount as at 31 December 2018	**1,148**	**2,289**	**2,441**	**5,878**

(i) Including €39 million worth of property, plant and equipment in Colombia reclassified as investment property in 2017.

Property, plant and equipment were tested for impairment as at 31 December 2018 using the method described in Note 10.5 "Impairment of non-current assets." The test results are presented in the same note.

10.3.3 Capitalised borrowing costs

Accounting principle

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (typically more than six months) are capitalised in the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs are interest and other costs incurred by an entity in connection with the borrowing of funds.

Interest capitalised in 2018 amounted to €11 million, reflecting an average interest rate of 6.1% (2017: €14 million at an average rate of 7.7%).

10.4 Investment property

Accounting principle

Investment property is property held by the Group to earn rental revenue or for capital appreciation or both. The shopping malls owned by the Group are classified as investment property.

Subsequent to initial recognition, they are measured at historical cost less accumulated depreciation and any accumulated impairment losses. Investment property is depreciated over the same useful life and according to the same rules as owner-occupied property.

10.4.1 Breakdown of investment property

(€ millions)	31 December 2018			31 December 2017		
	Gross amount	Accumulated depreciation and impairment	Net	Gross amount	Accumulated depreciation and impairment	Net
Investment property	**603**	**(106)**	**497**	**534**	**(73)**	**460**

10.4.2 Movements for the year

(€ millions)	2018	2017
Carrying amount as at 1 January	**460**	**411**
Change in scope of consolidation	**1**	1
Additions and acquisitions	**59**	130
Assets disposed of during the year	**(1)**	(1)
Depreciation for the year	**(8)**	(12)
Impairment (losses)/reversals, net	**(1)**	(6)
Effect of movements in exchange rates	**(29)**	(50)
IFRS 5 reclassifications	**(7)**	(42)
Other reclassifications and movements[(i)]	**22**	29
Carrying amount as at 31 December	**497**	**460**

(i) In 2018, including revaluations of investment property held by Libertad for a total of €34 million in application of IAS 29 – *Financial Reporting in Hyperinflationary Economies* (2017: including reclassification of property in Colombia from property, plant and equipment to investment property for €39 million).

As at 31 December 2018, investment property totalled €497 million, of which 69% (€342 million) concerned Éxito. Investment property as at 31 December 2017 amounted to €460 million, of which 70% concerned Éxito.

Amounts recognised in the income statement in respect of rental revenue and operating expenses on investment properties were as follows:

(€ millions)	2018	2017
Rental revenue from investment properties	**99**	100
Directly attributable operating expenses on investment properties		
- that generated rental revenue during the year	**(18)**	(21)
- that did not generate rental revenue during the year	**(31)**	(27)

FAIR VALUE OF INVESTMENT PROPERTY

The main investment properties as at 31 December 2018 were held by Éxito.
As at 31 December 2018, the fair value of investment property was €847 million (31 December 2017: €798 million). For most investment properties, fair value is determined on the basis of valuations carried out by independent valuers. In accordance with international valuation standards, they are based on market value as confirmed by market indicators, representing a level 3 fair value input.
In addition, the fair value of investment property classified as “Assets held for sale” was €24 million as at 31 December 2018 and primarily concerned the France Retail segment (31 December 2017: €56 million).

10.5 Impairment of non-current assets (intangible assets, property, plant and equipment, investment property and goodwill)

Accounting principle

The procedure to be followed to ensure that the carrying amount of assets does not exceed their recoverable amount (recovered by use or sale) is defined in IAS 36.
Intangible assets and property, plant and equipment are tested for impairment whenever there is an indication that their carrying amount may not be recoverable and at least annually, at the end of the year, for goodwill and intangible assets with an indefinite useful life.

Cash Generating Units (CGUs)

A cash generating unit is the smallest identifiable group of assets that includes the asset and that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
The Group has defined its cash generating units as follows:

- for hypermarkets, supermarkets and discount stores, each store is treated as a separate CGU;
- for other networks, each network represents a separate CGU.

Impairment indicators

Apart from the external sources of data monitored by the Group (economic environment, market value of the assets, etc.), the impairment indicators used are based on the nature of the assets:

- land and buildings: loss of rent or early termination of a lease;
- operating assets related to the business (assets of the CGU): ratio of net carrying amount of store assets divided by sales (including VAT) higher than a defined level determined separately for each store category;
- assets allocated to administrative activities (headquarters and warehouses): site closure or obsolescence of equipment used at the site.

Recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. It is generally determined separately for each asset. When this is not possible, the recoverable amount of the group of CGUs to which the asset belongs is used.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. In the retail industry, fair value less costs to sell is generally determined on the basis of a sales or EBITDA multiple.

Value in use is the present value of the future cash flows expected to be derived from continuing use of an asset plus a terminal value. It is determined internally or by external experts on the basis of:

- cash flow projections contained usually in business plans covering three years. Cash flows beyond this projection period are usually estimated over a period of three years by applying a growth rate as determined by management (generally constant);
- a terminal value determined by applying a perpetual growth rate to the final year's cash flow projection.

The cash flows and terminal value are discounted at long-term after-tax market rates reflecting market estimates of the time value of money and the specific risks associated with the asset.

Impairment losses

An impairment loss is recognised when the carrying amount of an asset or the CGU to which it belongs is greater than its recoverable amount. Impairment losses are recorded as an expense under "Other operating income and expenses".

Impairment losses recognised in a prior period are reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. However, the increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment losses on goodwill cannot be reversed.

10.5.1 Movements for the year

Net impairment losses recognised in 2018 on goodwill, intangible assets, property, plant and equipment and investment property totalled €68 million (Note 6.5), of which €24 million arose from restructuring operations (mainly in the France Retail segment) and €43 million corresponded to write-downs of individual assets (mainly in the France Retail segment for €41 million and the E-commerce segment for €4 million).

Following the tests carried out in 2017, impairment losses totalling €76 million had been recognised on goodwill, intangible assets and property, plant and equipment, of which €11 million arose from restructuring operations mainly in the France Retail segment and €63 million corresponded to write-downs of individual assets (primarily in the France Retail and Latam Retail segments).

10.5.2 Goodwill impairment losses

Annual impairment testing consists of determining the recoverable amounts of the CGUs or groups of CGUs to which the goodwill is allocated and comparing them with the carrying amounts of the relevant assets. Goodwill arising on the initial acquisition of networks is allocated to the groups of CGUs in accordance with the classifications presented in Note 10.1.1. Some goodwill may also occasionally be allocated directly to CGUs.

Annual impairment testing consists of determining the recoverable amount of each CGU based on value in use, in accordance with the principles described in Note 10.1. Value in use is determined by the discounted cash flows method, based on after-tax cash flows and using the following rates.

Assumptions used in 2018 for internal calculations of values in use

Region	2018 perpetual growth rate(i)	2018 after-tax discount rate(ii)	2017 perpetual growth rate(i)	2017 after-tax discount rate(ii)
France (retailing)	**1.9%**	**5.6%**	1.8%	5.6%
France (other businesses)	**1.9% and 2.4%**	**5.6% and 7.7%**	1.8% and 2.3%	5.6% and 7.0%
Argentina	**4.9%**	**14.4%**	8.8%	15.5%
Brazil(iii)	**5.5%**	**10.1%**	5.5%	9.9%
Colombia(iii)	**3.0%**	**9.0%**	3.0%	8.8%
Uruguay	**6.1%**	**11.2%**	6.1%	11.8%

(i) The inflation-adjusted perpetual growth rate ranges from 0% to 1.5% depending on the nature of the CGU's business/banner and country.

(ii) The discount rate corresponds to the weighted average cost of capital (WACC) for each country. WACC is calculated at least once a year during the annual impairment testing exercise by taking account of the sector's levered beta, a market risk premium and the Group's cost of debt for France and the local cost of debt for subsidiaries outside France.

(iii) As at 31 December 2018, the market capitalisation of the listed subsidiaries GPA, Éxito and Cnova was €4,863 million, €1,490 million and €1,243 million, respectively. With the exception of Cnova, these market capitalisations were less than the carrying amount of the subsidiaries' net assets. Impairment tests on GPA and Éxito goodwill were performed based on their value in use (see below).

No impairment loss was recognised as at 31 December 2018 from the annual goodwill impairment test conducted at the end of the year.

With the exception of Franprix-Leader Price, in view of the positive difference between value in use and carrying amount, the Group believes that on the basis of reasonably foreseeable events, any changes in the key assumptions set out above would not lead to the recognition of an impairment loss. The Group considers reasonably foreseeable changes in key assumptions to be a 100-basis point increase in the discount rate or a 25-basis point decrease in the perpetual growth rate used to calculate terminal value or a 50-basis point decrease in the EBITDA margin for the cash flow projection used to calculate the terminal value.

The recoverable amount of the Franprix-Leader Price CGU was determined by reference to its value in use, calculated from cash flow projections based on three-year financial budgets approved by Senior Management, extrapolation of projections over a period of three years, a terminal value calculated from perpetual capitalisation of notional annual cash flow based on cash flows taken from the last year of forecasts, and a 5.6% discount rate (2017: 5.6%).

The cash flow projections for the budget period were based on the following assumptions:

- optimisation of the Leader Price store base.
- ongoing deployment of a banner strategy based on a balance between integrated management stores and franchisees.
- restoration of the two banners' profitability (EBITDA margins) to a rate in line with the historical average, led by larger product volumes and optimised store and upstream function cost bases.

Management believes that a change in a key assumption could result in a carrying amount greater than the recoverable amount. The table below shows the individual change in each of the key assumptions that would be required for the estimated recoverable amount of the Franprix-Leader Price CGU to be the same as its carrying amount (including €2,693 million in goodwill).

Change required for the Franprix-Leader Price CGU's carrying amount to be the same as its recoverable amount	31 December 2018(i)	31 December 2017
After-tax discount rate (5.6%)	**+100 bps**	+90 bps
Perpetual growth rate net of inflation (0%)	**-130 bps**	-110 bps
EBITDA margin used for the annual cash flow projection	**-130 bps**	-125 bps

(i) A reasonable 100-bps increase in the discount rate, and/or a 50-bps decrease in the EBITDA margin used for the cash flow projection, would result in the carrying amount of the Franprix-Leader Price CGU exceeding its recoverable amount by between €0 and €260 million.

10.5.3 Trademark impairment losses

The recoverable amounts of trademarks were estimated at the year-end using the discounted cash flows method. The main trademarks concern GPA. The Extra banner's trademark (representing a carrying amount of €404 million as at 31 December 2018) is the most exposed to a risk of impairment. However, the tests carried out as at 31 December 2018 did not reveal any evidence that the trademark's carrying amount might not be recoverable.

The table below shows the individual change in each of the key assumptions that would be required for the estimated recoverable amount of the Extra trademark to be the same as its carrying amount:

Change required for the Extra trademark's carrying amount to be the same as its recoverable amount	31 December 2018(i)
After-tax discount rate (10.1%)	**+100 bps**
Perpetual growth rate net of inflation (1.5%)	**-125 bps**
EBITDA margin used for the annual cash flow projection	**-70 bps**

(i) A 100-bps increase in the discount rate, combined with a 50-bps decrease in the EBITDA margin used for the cash flow projection and a 25-bps decrease in the perpetual growth rate, would result in the carrying amount of the Extra CGU (including the trademark) exceeding its recoverable amount by approximately €280 million.

Note 11 Financial structure and finance costs

Following the first-time application of IFRS 9 from 1 January 2018 (Note 1.3.2), the Group revised its accounting policy for financial instruments.

Accounting principle

Financial assets

Financial assets are initially measured at fair value plus directly attributable transaction costs in the case of instruments not measured at fair value through profit or loss. Directly attributable transaction costs of financial assets measured at fair value through profit or loss are recorded in the income statement.

Financial assets are classified in the following three categories:
- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss.

The classification depends on the business model within which the financial asset is held and the characteristics of the instrument's contractual cash flows.

Financial assets are classified as current if they are due in less than one year at the closing date and non-current if they are due in more than one year.

FINANCIAL ASSETS AT AMORTISED COST

Financial assets are measured at amortised cost when (i) they are not designated as financial assets at fair value through profit or loss, (ii) they are held within a business model whose objective is to hold assets in order to collect contractual cash flows and (iii) they give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI" criterion).
They are subsequently measured at amortised cost, determined using the effective interest method, less any expected impairment losses in relation to the credit risk. Interest income, exchange gains and losses, impairment losses and gains and losses arising on derecognition are all recorded in the income statement.
This category primarily includes trade receivables (except for GPA credit card receivables), cash and cash equivalents as well as other loans and receivables.
Long-term loans and receivables that are not interest-bearing or that bear interest at a below-market rate are discounted when the amounts involved are material.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (OCI)

This category comprises debt instruments and equity instruments.
- Debt instruments are measured at fair value through OCI when (i) they are not designated as financial assets at fair value through profit or loss, (ii) they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (iii) they give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI" criterion). Interest income, exchange gains and losses and impairment losses are recorded in the income statement. Other net gains and losses are recorded in OCI. When the debt instrument is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to profit or loss.
  This category mainly consists of GPA credit card receivables.
- Equity instruments that are not held for trading may also be measured at fair value through OCI. This method may be chosen separately for each investment. The choice is irrevocable. Dividends received are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains and losses are recorded in OCI and are never reclassified to profit or loss. At present, the Group's use of this option is non-material.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

All financial assets that are not classified as financial assets at amortised cost or at fair value through OCI are measured at fair value through profit or loss. Gain and losses on these assets, including interest or dividend income, are recorded in the income statement.
This category mainly comprises derivative instruments that do not qualify for hedge accounting and investments in non-consolidated companies.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and short-term investments.
To be classified as cash equivalents under IAS 7, investments must be:
- short-term investments;
- highly liquid investments;
- readily convertible to known amounts of cash;
- subject to an insignificant risk of changes in value.

Usually, the Group uses interest bearing bank accounts or term deposits of less than three months.

IMPAIRMENT OF FINANCIAL ASSETS

IFRS 9 requires the recognition of lifetime expected credit losses on financial assets. This impairment model applies to financial assets at amortised cost (including cash-based instruments), contract assets and debt instruments at fair value through OCI.
The main financial assets concerned are trade receivables relating to Brazilian credit activities, trade receivables from franchisees and affiliated stores and rent receivables.
For trade and rent receivables and contract assets, the Group applies the simplified approach provided for in IFRS 9. This approach consists of estimating lifetime expected credit losses on initial recognition, usually using a provision matrix that specifies provision rates depending on the number of days that a receivable is past due.
For other financial assets, the Group applies the general impairment model.

DERECOGNITION OF FINANCIAL ASSETS

Financial assets are derecognised in the following two cases:
- the contractual rights to the cash flows from the financial asset have expired; or,
- the contractual rights have been transferred. In this latter case:
  - if substantially all the risks and rewards of ownership of the financial asset have been transferred, the asset is derecognised in full;
  - if substantially all the risks and rewards of ownership are retained by the Group, the financial asset continues to be recognised in the statement of financial position for its total amount.

Financial liabilities

Financial liabilities are classified as current if they are due in less than one year at the closing date and non-current if they are due in more than one year.

The accounting treatment of put options granted to owners of non-controlling interests (“NCI puts”) is described in Note 3.4.1.

FINANCIAL LIABILITIES RECOGNISED AT AMORTISED COST

Borrowings and other financial liabilities at amortised cost are initially measured at the fair value of the consideration received, and subsequently at amortised cost, using the effective interest method. Transaction costs and issue and redemption premiums directly attributable to the acquisition or issue of a financial liability are deducted from the liability's carrying amount. The costs are then amortised over the life of the liability by the effective interest method.
Within the Group, some loans and other financial liabilities at amortised cost are hedged.
Several subsidiaries have set up reverse factoring programmes with financial institutions to enable their suppliers to collect receivables more quickly in the ordinary course of the purchasing process. The accounting policy for these transactions depends on whether or not the characteristics of the liabilities concerned have been changed. For example, when trade payables are not substantially modified (term and due date, consideration, face value) they continue to be recorded under "Trade payables". Otherwise, they are qualified as financing transactions and included in financial liabilities under "Trade payables – structured programme".

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

These are mainly derivative instruments (see below). There are no financial liabilities intended to be held on a short-term basis for trading purposes. They are measured at fair value and gains and losses arising from remeasurement at fair value are recognised in the income statement. The Group does not hold any financial liabilities for trading other than derivative instruments at fair value through profit or loss.

Derivative instruments

All derivative instruments are recognised in the statement of financial position and measured at fair value.

DERIVATIVE FINANCIAL INSTRUMENTS THAT QUALIFY FOR HEDGE ACCOUNTING: RECOGNITION AND PRESENTATION

In accordance with IFRS 9, the Group applies hedge accounting to:
- fair value hedges of a liability (for example, swaps to convert fixed rate debt to variable rate); the hedged item is recognised at fair value and any change in fair value is recognised in profit or loss. Gains and losses arising from remeasurement of the hedge at fair value are also recognised in profit or loss. If the hedge is entirely effective, the loss or gain on the hedged debt is offset by the gain or loss on the derivative;

- cash flow hedges (for example, swaps to convert floating rate debt to fixed rate or to change the borrowing currency, and hedges of budgeted purchases billed in a foreign currency). For these hedges, the ineffective portion of the change in the fair value of the derivative is recognised in profit or loss and the effective portion is recognised in other comprehensive income and subsequently reclassified to profit or loss on a symmetrical basis with the hedged cash flows in terms of both timing and classification (i.e., in trading profit for hedges of operating cash flows and in net financial income and expense for other hedges). The premium/discount component of forward foreign exchange contracts is treated as a hedging cost. Changes in the fair value of this component are recorded in "Other comprehensive income" and reclassified to profit or loss as part of the cost of the hedged transaction on the transaction date (basis of adjustment method);
- hedges of net investments in foreign operations. For these hedges, the effective portion of the change in fair value attributable to the hedged foreign currency risk is recognised net of tax in other comprehensive

income and the ineffective portion is recognised directly in financial income or expense. Gains or losses accumulated in other comprehensive income are reclassified to profit or loss on the date of liquidation or disposal of the net investment.

Hedge accounting may only be used if:

- the hedging instruments and hedged items included in the hedging relationship are all eligible for hedge accounting;
- the hedging relationship is clearly defined and documented at inception; and
- the effectiveness of the hedge can be demonstrated at inception and throughout its life.

DERIVATIVE FINANCIAL INSTRUMENTS THAT DO NOT QUALIFY FOR HEDGE ACCOUNTING: RECOGNITION AND PRESENTATION

When a derivative financial instrument does not qualify or no longer qualifies for hedge accounting, successive changes in its fair value are recognised directly in profit or loss for the period under "Other financial income and expenses".

Definition of net debt

Net debt corresponds to loans and other borrowings including derivatives designed as fair value hedge (liabilities) and trade payables – structured programme, less (i) cash and cash equivalents, (ii) financial assets held for cash management purposes and as short-term investments, (iii) derivatives designated as fair value hedge (assets), (iv) financial assets arising from a significant disposal of non-current assets and (v) net assets held for sale attributable to owners of the parent of the selling subsidiary.

11.1 Net cash and cash equivalents

(€ millions)	31 December 2018	31 December 2017
Cash equivalents	**1,184**	1,531
Cash	**2,546**	1,860
Cash and cash equivalents	**3,730**	**3,391**
Bank overdrafts (Note 11.2.4)	**(138)**	(154)
Net cash and cash equivalents	**3,592**	**3,236**

As of December 31, 2018, cash and cash equivalents are not subject to any material restriction. Following the settlement of the debt towards the plaintiffs in the class action against Cnova N.V. (Note 13.3), the €24 million placed in escrow to guarantee the debt was released in 2018.

Bank guarantees are presented in Note 6.11.1.

11.2 Financial liabilities

11.2.1 Breakdown of financial liabilities

Financial liabilities amounted to €9,027 million as at 31 December 2018 (31 December 2017: €8,722 million), breaking down as follows:

(€ millions)	Notes	31 December 2018 Non-current portion	Current portion	Total	31 December 2017 Non-current portion	Current portion	Total
Bonds[(i)]	11.2.3	**5,470**	**939**	**6,409**	6,008	498	6,506
Other borrowings and financial liabilities	11.2.4	**1,311**	**1,257**	**2,568**	1,164	956	2,120
Finance lease liabilities	7.5	**35**	**12**	**47**	47	17	65
Fair value hedges – liabilities[(ii)]	11.5.1	**-**	**3**	**3**	10	22	32
Financial liabilities		**6,817**	**2,211**	**9,027**	**7,229**	**1,493**	**8,722**
Fair value hedges – assets[(iii)]	11.5.1	**(67)**	**(34)**	**(101)**	(94)	(4)	(98)
Other financial assets	6.8.1/6.9.1	**(8)**	**(78)**	**(86)**	-	(38)	(38)
Net assets held for sale attributable to owners of the parent of the selling subsidiary	3.5	**-**	**(1,689)**	**(1,689)**	-	(1,070)	(1,070)
Cash and cash equivalents	11.1	**-**	**(3,730)**	**(3,730)**	-	(3,391)	(3,391)
Cash and cash equivalents, other financial assets and net assets held for sale		**(75)**	**(5,531)**	**(5,606)**	**(94)**	**(4,502)**	**(4,596)**
Net debt		**6,742**	**(3,321)**	**3,421**	**7,136**	**(3,010)**	**4,126**

(i) Of which bond issues totalling €5,491 million in France and €919 million at GPA as at 31 December 2018 (31 December 2017: of which bond issues totalling €5,757 million in France and €749 million at GPA).
(ii) Of which fair value hedges (liabilities) totalling €2 million in Colombia and €1 million in Brazil as at 31 December 2018 (31 December 2017: of which fair value hedges totalling €16 million in Brazil, €10 million in Colombia and €6 million in France).
(iii) Of which fair value hedges (assets) totalling €54 million in France, €20 million in Brazil and €27 million in Colombia as at 31 December 2018 (31 December 2017: of which fair value hedges totalling €89 million in France, €7 million in Brazil and €2 million in Colombia).

BREAKDOWN OF NET DEBT BY OPERATING SEGMENT

(€ millions)	31 December 2018 Debt[(i)]	Cash and cash equivalents	Net assets classified under IFRS 5 attributable to owners of the parent	Net debt	31 December 2017 Debt[(i)]	Cash and cash equivalents	Net assets classified under IFRS 5 attributable to owners of the parent	Net debt
France Retail	**5,933**	**(2,097)**	**(1,126)**	**2,709**	**6,022**	**(1,872)**	**(435)**	**3,715**
Latam Retail	**2,673**	**(1,597)**	**(20)**	**1,056**	**2,326**	**(1,475)**	**(7)**	**845**
of which GPA Food	*1,632*	*(1,000)*	*(8)*	*624*	*1,147*	*(952)*	*(6)*	*189*
of which Éxito[(ii)]	*1,034*	*(596)*	*(12)*	*426*	*1,179*	*(522)*	*(1)*	*655*
Latam Electronics	**-**	**-**	**(543)**	**(543)**	**-**	**-**	**(628)**	**(628)**
E-commerce	**234**	**(36)**	**-**	**199**	**238**	**(44)**	**-**	**194**
Total	**8,840**	**(3,730)**	**(1,689)**	**3,421**	**8,586**	**(3,391)**	**(1,070)**	**4,126**

(i) Financial liabilities net of fair value hedging derivative assets and other financial assets.
(ii) Éxito excluding GPA, including Argentina and Uruguay.

During the first half of 2018, Segisor (Latam Retail segment – GPA Food), the holding company for the GPA shares, entered into a €400 million medium-term bank loan and used the proceeds to distribute the same total amount to Éxito and Casino, Guichard-Perrachon.

11.2.2 Change in financial liabilities

(€ millions)	2018	2017
Financial liabilities at beginning of period	*8,722*	*10,215*
Fair value hedges – assets	*(98)*	*(291)*
Financial liabilities at 1 January (including hedging instruments) (reported)	**8,625**	**9,924**
Effects of applying IFRS 9 (Note 1.3)	*19*	-
Financial liabilities at 1 January (including hedging instruments) (restated)	**8,644**	**9,924**
New borrowings(i)(iii)	**1,542**	1,589
Repayments of borrowings(ii)(iii)	**(1,346)**	(2,534)
Change in fair value of hedged debt	**60**	92
Change in accrued interest	**(34)**	(109)
Foreign currency translation reserves	**(170)**	(352)
Changes in scope of consolidation(iv)	**303**	10
Reclassification of financial liabilities associated with non-current assets held for sale	**54**	(17)
Other and reclassifications(v)	**(127)**	22
Financial liabilities at end of period (including hedging instruments)	**8,926**	**8,625**
Financial liabilities at end of period (Note 11.2.1)	***9,027***	*8,722*
Fair value hedges - assets (Note 11.2.1)	***(101)***	*(98)*

(i) New borrowings in 2018 primarily consisted of the following: (a) a €200 million bond issue by Casino, Guichard-Perrachon (Note 2), (b) at GPA, three bond issues for a total of BRL 2,000 million (€464 million) and new bank loans for BRL 1,168 million (€271 million), (c) a €400 million loan taken out by Segisor and (d) drawdowns on lines of credit by Éxito for COP 500 billion (€143 million).
New borrowings in 2017 mainly included: (a) at GPA, a bond issue in BRL for €300 million along with a promissory notes issue in BRL for €222 million and new borrowings for €132 million; (b) drawdowns on lines of credit and new borrowings at Éxito for €216 million and €493 million, respectively; and (c) the impact of the bond exchange in France for €147 million net of expenses.

(ii) Repayments of borrowings in 2018 mainly concern Casino, Guichard-Perrachon for €516 million (of which (a) the €135 million bond buyback described in Note 2, and (b) redemption of a €348 million bond issue), GPA for €583 million and Éxito for €240 million.
Repayments of borrowings in 2017 primarily concerned Casino, Guichard-Perrachon for €883 million (including (a) redemption of a €552 million bond issue and (b) the €311 million net change in borrowings under the negotiable European commercial paper programme), GPA for €974 million and Éxito for €649 million.

(iii) In 2018, cash flows from financing activities can be summarised as a net disbursement of €227 million; they consist of repayments of borrowings for €1,346 million and net interest paid for €424 million (Note 4.10), offset by new borrowings for €1,542 million.
In 2017, cash flows from financing activities represented a net disbursement of €1,450 million; they consisted of repayments of borrowings for €2,534 million and net interest paid for €505 million (Note 4.10), offset by new borrowings for €1,589 million.

(iv) In 2018, including €198 million and €49 million related to total return swaps (TRS) set up during the year on Mercialys and Via Varejo shares respectively (Note 2).

(v) In 2018, including a €96 million reduction in bank overdrafts.

11.2.3 Breakdown of bonds

(€ millions)	Principal(i)	Nominal interest rate(ii)	Effective interest rate(ii)	Issue date	Maturity date	2018(iii)	2017(iii)
Casino, Guichard Perrachon bonds in euros	**5,338**					**5,491**	**5,757**
2018 bonds	-	F: 5.73	6.47%	May 2010	November 2018	**-**	361
2019 bonds	675	F: 4.41	4.04%	August 2012 April 2013	August 2019	**681**	714
2020 bonds	497	F: 5.24	5.28%	March 2012	March 2020	**507**	559
2021 bonds	850	F: 5.98	6.53%	May 2011	May 2021	**884**	898
2022 bonds	744	F: 1.87	2.55%	June 2017 January 2018	June 2022	**732**	523
2023 bonds	720	F: 4.56	4.47%	January 2013 May 2013	January 2023	**766**	811
2024 bonds	900	F: 4.50	4.88%	March 2014	March 2024	**941**	912
2025 bonds	444	F: 3.58	3.62%	December 2014	February 2025	**451**	449
2026 bonds	508	F: 4.05	4.09%	August 2014	August 2026	**530**	530
GPA bonds in BRL	**921**					**919**	**749**
2019 bonds	-	V: 107.0% CDI	V: 107.0% CDI	September 2014	September 2019	**-(iv)**	227
2019 bonds	228	V: 97.5% CDI	V: 97.5% CDI	December 2016	December 2019	**227**	255
2020 bonds	243	V: 96.0% CDI	V: 96.0% CDI	April 2017	April 2020	**242**	268
2021 bonds	180	V: 104.75% CDI	V: 104.75% CDI	January 2018	January 2021	**180**	-
2021 bonds	158	V: 106.0% CDI	V: 106.0% CDI	September 2018	September 2021	**158**	-
2022 bonds	113	V: 107.4% CDI	V: 107.4% CDI	September 2018	September 2022	**112**	-
Total bonds						**6,409**	**6,506**

(i) Corresponds to the principal of the bonds outstanding as at 31 December 2018.
(ii) F (Fixed rate) - V (Variable rate) - CDI (*Certificado de Depósito Interbancário*). The effective interest rates on Casino, Guichard-Perrachon bonds do not reflect the possible impact of the remeasurement component relating to fair value hedges.
(iii) The amounts above include the remeasurement component relating to fair value hedges. They are presented excluding accrued interest.
(iv) In 2018, GPA decided to anticipate the redemption of its bonds maturing in 2019. In early 2019, these borrowings were refinanced by new bonds with longer maturities and lower interest rates.

11.2.4 Other borrowings

(€ millions)	Principal	Type of rate	Issue date	Maturity date	2018	2017
France						
Negotiable European commercial paper (Casino Guichard-Perrachon)	221	Fixed	(i)	(i)	**221**	210
TRS Mercialys (Casino, Guichard-Perrachon) (Note 2)	198	Variable	July 2018	December 2020	**198**	-
Other Franprix-Leader Price borrowings	75	Variable/Fixed(ii)	2010 to 2016	2019 to 2025	**75**	72
Other(iii)					**25**	24
International						
GPA	227	Variable(iv)/Fixed(v)	June 2013 to September 2017	September 2019 to May 2027	**223**	296
TRS Via Varejo (GPA) (Note 2)	49	Variable(iv)	December 2018	April 2019	**49**	-
Éxito	1,053	Variable(iv)	August 2015 to December 2017	February 2019 to August 2025	**1,048**	1,149
Segisor	400	Variable	June 2018	December 2021	**397**	-
Other					**10**	-
Bank overdrafts(vi)					**138**	154
Accrued interest(vii)					**183**	215
Total other borrowings					**2,568**	**2,120**
Of which variable rate					***1,599***	***1,256***

(i) Negotiable European commercial paper (NEUCP) is short-term financing with a maturity of less than 12 months.
(ii) Of which fixed-rate loans amounting to €12 million as at 31 December 2018 (31 December 2017: €2 million).
(iii) Of which €12 million concerning Cdiscount (31 December 2017: €15 million).
(iv) Most of GPA and Éxito's variable-rate loans pay interest at rates based on the CDI and IBR, respectively.
(v) Of which fixed-rate loans amounting to €8 million as at 31 December 2018 (31 December 2017: €11 million).
(vi) Overdrafts are mostly in France.
(vii) Accrued interest relates to all financial liabilities including bonds. As at 31 December 2018, this accrued interest primarily concerned Casino, Guichard-Perrachon for €159 million and GPA for €19 million (31 December 2017: Casino, Guichard-Perrachon for €164 million and GPA for €44 million).

CONFIRMED BANK CREDIT LINES 2018

(€ millions)	Interest rate	Expiry date		Amount of the facility	Drawdowns
		Within one year	In more than one year		
Casino, Guichard-Perrachon syndicated credit lines(i)	Variable(i)	-	1,855	1,855	-
Casino, Guichard-Perrachon bilateral credit lines	Variable(ii)	175	265	440	-
Other confirmed bank credit lines(iv)	Variable(iii)	225	911	1,136	27
Total		**400**	**3,031**	**3,431**	**27**

(i) Syndicated credit lines comprise a €1,200 million line expiring in February 2021 and a USD 750 million line expiring in July 2022. Interest is based on Euribor (drawdowns in euros) or US Libor (drawdowns in US dollars) for the drawdown period plus a spread that depends on the amount borrowed and the Group's net debt/EBITDA ratio.

(ii) Interest on the bilateral credit lines is based on the Euribor for the drawdown period plus a spread. In some cases, the spread varies depending on the amount borrowed (lines totalling €240 million) and/or the Group's net debt/EBITDA ratio (lines totalling €250 million). For one line, the spread is partially indexed to the Group's Sustainalytics CSR rating.

(iii) Interest on the other lines is based on the reference rate (which depends on the borrowing currency) plus a spread. In some cases, the spread varies depending on the subsidiary's net debt/EBITDA ratio (lines totalling €370 million) and/or the amount borrowed (lines totalling €450 million).

(iv) The other confirmed bank credit lines concern Monoprix (€570 million), GPA (€405 million) and Éxito (€161 million).

11.3 Net financial income (expense)

Accounting principle

Net finance costs

Net finance costs correspond to all income and expenses generated by cash and cash equivalents and financial liabilities during the period, including income from cash and cash equivalents, gains and losses on disposals of cash equivalents, interest expense on financial liabilities, gains and losses on interest rate hedges (including the ineffective portion) and related currency effects, and trade payable – structured programme costs.

Other financial income and expenses

This item corresponds to financial income and expenses that are not included in net finance costs.

It includes dividends received from non-consolidated companies, non-recourse factoring and associated transaction costs, discounting adjustments (including to provisions for pensions and other post-employment benefit obligations), gains and losses arising from remeasurement at fair value of equity derivatives, and impairment losses and realised gains and losses on financial assets other than cash and cash equivalents. Exchange gains and losses are also recorded under this caption, apart from (i) exchange gains and losses on cash and cash equivalents and financial liabilities, which are presented under net finance costs, and (ii) the effective portion of accounting hedges of operating transactions, which are included in trading profit.

Financial discounts for prompt payments are recognised in financial income for the portion corresponding to the normal market interest rate and as a deduction from cost of goods sold for the supplement.

11.3.1 Net finance costs

(€ millions)	2018	2017
Gains (losses) on disposals of cash equivalents	**-**	-
Income from cash and cash equivalents	**37**	81
Income from cash and cash equivalents	**37**	**81**
Interest expense on borrowings after hedging	**(357)**	(439)
Interest expense on finance lease liabilities	**(7)**	(10)
Finance costs	**(364)**	**(449)**
Net finance costs	**(327)**	**(367)**

11.3.2 Other financial income and expenses

(€ millions)	2018	2017
Investment income	**-**	1
Foreign currency exchange gains (other than on borrowings)	**34**	19
Discounting and accretion adjustments	**2**	2
Gains on remeasurement at fair value of non-hedging derivative instruments(i)	**8**	89
Gains on remeasurement at fair value of financial assets	**2**	-
Impact of applying IAS 29 to operations in Argentina	**-**	-
Other financial income(ii)	**76**	50
Other financial income	**122**	**161**
Foreign currency exchange losses (other than on borrowings)	**(42)**	(25)
Discounting and accretion adjustments	**(7)**	(8)
Losses on remeasurement at fair value of non-hedging derivative instruments(i)	**(52)**	(42)
Losses on remeasurement at fair value of financial assets	**(3)**	-
Non-recourse factoring and associated transaction costs	**(81)**	(83)
Impact of applying IAS 29 to operations in Argentina	**(13)**	-
Other	**(60)**	(81)
Other financial expenses	**(260)**	**(239)**
Total other financial income and expenses	**(138)**	**(78)**

(i) The net loss of €44 million on remeasurement at fair value of non-hedging derivative instruments reported in 2018 mainly reflects (a) fair value adjustments to the GPA TRS (positive adjustment of €5 million) and GPA forward (negative adjustment of €17 million) as well as dividend income (€3 million) and the cost of carry (€14 million) associated with these instruments, and (b) negative impacts related to other derivative instruments (€3 million). The net gain of €47 million on remeasurement at fair value of non-hedging derivative instruments reported in 2017 mainly reflected (a) positive fair value adjustments to the GPA TRS (€32 million) and GPA forward (€51 million), less the cost of carry associated with these instruments (€15 million); and (b) negative fair value adjustments to other derivative instruments (€21 million).

(ii) Including BRL 101 million (€23 million) in interest recognised by GPA on the Paes Mendonça receivable (Note 6.9.1).

GPA TRS and forward

The total return swap (TRS) and forward contracts on GPA shares are cash-settled instruments. The documentation states that when the contracts expire, the shares will be sold on the market by the banking counterparties, and the Group will receive or pay the difference between the sale proceeds and the amount paid by the counterparties to purchase the shares at the contracts' inception. The Group retains the economic benefits of ownership of the shares (exposure to changes in the subsidiaries' share prices and collection of dividends) but does not have legal title to the shares and cannot exercise the related voting rights. Details of the contracts are as follows:

- In December 2011, the Group entered into a 2.5-year TRS with a financial institution on 7.9 million GPA American Depositary Receipts (ADRs). The contract's maturity was extended on 23 December 2016 and again on 27 October 2017. The interest rate is currently set at the 3-month Euribor plus 199 bps and the contract expires in June 2020. This TRS is a derivative instrument measured at fair value through profit or loss. As at 31 December 2018, it related to 7.8 million ADRs (2.9% of GPA's capital) representing a notional amount of €332 million, and had a negative fair value of €172 million (31 December 2017: 7.8 million ADRs, a notional amount of €332 million and a negative fair value of €177 million).

- At the end of December 2012, the Group entered into a 2-year forward contract with a financial institution on 5.8 million GPA shares. On 28 July 2016, the maturity was extended and the notional amount was reduced by USD 105 million (€95 million), resulting in a cash payment made by the Group on the same day. The maturity was extended again in June 2017. The interest rate currently corresponds to the 3-month Libor plus 204 bps and the contract expires in February 2020. This forward is a derivative instrument measured at fair value through profit or loss. As at 31 December 2018, it related to 5.8 million shares (2.2% of GPA's capital) representing a notional amount of USD 239 million (€209 million), and had a negative fair value of €101 million (31 December 2017: 5.8 million shares, a notional amount of USD 239 million (€199 million) and a negative fair value of €83 million).

These instruments' fair value is determined based on the estimated settlement price on 31 December, using the share price on that date. The instruments had a negative fair value of €272 million as at 31 December 2018 (31 December 2017: negative fair value of €260 million) (Note 11.5.1).
A 10% increase in the share price would have reduced the loss for the period by €25 million. A 10% decline in the share price would have produced the opposite effect.

11.4 Fair value of financial instruments

Accounting principle

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of financial instruments traded in an active market is the quoted price on the reporting date. A market is considered active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are classified as Level 1.

The fair value of financial instruments which are not quoted in an active market (such as over-the-counter derivatives) is determined using valuation techniques. These techniques use observable market data wherever possible and make little use of the Group's own estimates. If all the inputs required to calculate fair value are observable, the instrument is classified as Level 2.

If one or more significant inputs are not based on observable market data, the instrument is classified as Level 3.

11.4.1 Financial assets and liabilities by category of instrument

FINANCIAL ASSETS

The tables below analyse financial assets according to the new measurement categories used as from 1 January 2018 under IFRS 9 and the original categories used in 2017 under IAS 39. The corresponding reclassifications are presented in Note 1.3.2.
In 2017, the Group did not hold any assets that would have been classified in the categories "financial assets at fair value through profit or loss" or "held-to-maturity financial assets".

(€ millions)	Total financial assets	Breakdown by category of instrument			
		Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income (OCI)	Hedging instruments	Financial assets at amortised cost
As at 31 December 2018					
Other non-current assets(i)	**367**	**44**	**4**	**67**	**252**
Trade receivables	**905**	**-**	**28**	**-**	**877**
Other current assets(i)	**973**	**-**	**7**	**40**	**927**
Cash and cash equivalents	**3,730**	**17**	**-**	**-**	**3,713**

(€ millions)	Total financial assets	Breakdown by category of instrument				
		Held-for-trading financial assets	Hedging instruments	Loans and receivables	AFS – measured at fair value	AFS – measured at cost
As at 31 December 2017 (restated)						
Other non-current assets(i)	**703**	-	94	573	32	4
Trade receivables(ii)	**937**	-	-	937	-	-
Other current assets(i)(ii)	**795**	-	4	791	-	-
Cash and cash equivalents	**3,391**	4	-	3,386	-	-

(i) Excluding non-financial assets.
(ii) Trade receivables and other financial assets have been restated to reflect the retrospective application of IFRS 15.

FINANCIAL LIABILITIES

The following table shows financial liabilities by category.

(€ millions)	Total financial liabilities	Breakdown by category of instrument		
		Liabilities at amortised cost	NCI Puts	Derivative instruments
As at 31 December 2018				
Bonds	**6,409**	**6,409**	**-**	**-**
Other borrowings and financial liabilities	**2,571**	**2,568**	**-**	**3**
Put options granted to owners of non-controlling interests	**188**	**-**	**188**	**-**
Finance lease liabilities	**47**	**47**	**-**	**-**
Trade payables	**6,688**	**6,688**	**-**	**-**
Other liabilities(i)	**2,083**	**1,796**	**-**	**287**

(€ millions)	Total financial liabilities	Breakdown by category of instrument		
		Liabilities at amortised cost	NCI Puts	Derivative instruments
As at 31 December 2017 (restated)				
Bonds	**6,506**	6,506	-	-
Other borrowings and financial liabilities	**2,152**	2,120	-	32
Put options granted to owners of non-controlling interests	**171**	-	171	-
Finance lease liabilities	**65**	65	-	-
Trade payables(ii)	**6,664**	6,664	-	-
Other liabilities(i)	**2,086**	1,809	-	277

(i) Excluding non-financial liabilities.
(ii) Trade payables have been restated to reflect the retrospective application of IFRS 15.

11.4.2 Fair value hierarchy for assets and liabilities

The tables below compare the carrying amount and fair value of consolidated financial assets and liabilities, other than those for which the carrying amount corresponds to a reasonable approximation of fair value such as trade receivables, trade payables, contract assets and liabilities, and cash and cash equivalents. The fair value of investment property is presented in Note 10.4 and the fair value of Via Varejo's net assets held for sale in Note 3.5.2.

			Fair value hierarchy		
As at 31 December 2018 (€ millions)	**Carrying amount**	**Fair value**	**Market price = Level 1**	**Models with observable inputs = Level 2**	**Models with unobservable inputs = Level 3**
Assets	**189**	**189**	**11**	**135**	**44**
Financial assets at fair value through profit or loss(i)	35	35	1	-	34
Financial assets at fair value through other comprehensive income(i)	38	38	10	28	-
Fair value hedges – assets(ii)	101	101	-	101	-
Cash flow hedges and net investment hedges – assets(ii)	6	6	-	6	-
Other derivative instruments – assets	9	9	-	-	9
Liabilities	**9,503**	**8,980**	**5,180**	**3,612**	**188**
Bonds(iii)	6,409	6,087	5,180	907	-
Other borrowings and finance lease liabilities(iv)	2,615	2,414	-	2,414	-
Fair value hedges – liabilities(ii)	3	3	-	3	-
Cash flow hedges and net investment hedges – liabilities(ii)	15	15	-	15	-
Other derivative instruments – liabilities(ii)	273	273	-	273	-
Put options granted to owners of non-controlling interests(v)	188	188	-	-	188

			Fair value hierarchy		
As at 31 December 2017 (€ millions)	**Carrying amount**	**Fair value**	**Market price = Level 1**	**Models with observable inputs = Level 2**	**Models with unobservable inputs = Level 3**
Assets	**130**	**130**	**-**	**98**	**32**
Available-for-sale financial assets(i)	32	32	-	-	32
Fair value hedges – assets(ii)	98	98	-	98	-
Other derivative instruments – assets	-	-	-	-	-
Liabilities	**9,170**	**9,701**	**6,288**	**3,242**	**171**
Bonds(iii)	6,506	7,040	6,288	752	-
Other borrowings and finance lease liabilities(iv)	2,184	2,181	-	2,181	-
Fair value hedges – liabilities(ii)	32	32	-	32	-
Other derivative instruments – liabilities(ii)	277	277	-	277	-
Put options granted to owners of non-controlling interests(v)	171	171	-	-	171

(i) The fair value of financial assets at fair value (presented in 2017 in the category “available-for-sale financial assets”) is generally measured using standard valuation techniques. If their fair value cannot be determined reliably, they are not included in this note.
(ii) Derivative financial instruments are valued (internally or externally) on the basis of the widely used valuation techniques for this type of instrument. Valuation models are based on observable market inputs (mainly the yield curve) and counterparty quality. Derivatives held as fair value hedges are almost fully backed by borrowings.
(iii) The fair value of bonds is based on the latest quoted price on the reporting date.
(iv) The fair value of other borrowings has been measured using other valuation techniques such as the discounted cash flow method, taking into account the Group's credit risk and interest rate conditions at the reporting date.
(v) The fair value of put options granted to owners of non-controlling interests is measured by applying the contract’s calculation formulas and is discounted, if necessary. These formulas are considered to be representative of fair value and notably use net profit multiples (Note 3.4.1).

11.5 Financial risk management objectives and policies

The main risks associated with the Group's financial instruments are market risks (foreign currency risk, interest rate risk and equity risk), counterparty risk and liquidity risk.

Financial risk monitoring and management is the responsibility of the Corporate Finance department, which is part of the Group Finance department. This team manages all financial exposures in coordination with the finance departments of the Group's main subsidiaries and reports to Senior Management. It has issued a Good Financial Practice Guide governing all financing, investment and hedging transactions carried out by Group entities.

Financing, short-term investment and financial risk management policies are overseen by the Corporate finance department in coordination with the subsidiaries' finance departments, using a conservative and pro-active approach particularly with respect to counterparty and liquidity risk management. Major transactions are monitored individually.

The Group Corporate Finance department has issued a guide to financing, investment and hedging best practices which is distributed to subsidiary Finance departments. The guide sets out financing methods, selection criteria for banking partners, appropriate hedging products and required authorisation levels.

The French and international business units' cash positions and forecasts are reported weekly and continuously monitored. The Group's other financial risk exposures, such as interest rate risk, currency risk on financial transactions and banking counterparty risk, are measured and analysed in monthly reports to Senior Management that also include action plans for dealing with any material identified risks.

The Group manages its exposure to interest rate risks and foreign currency risks using standard derivative financial instruments such as interest rate swaps and options (caps, floors, swaptions), currency swaps, forward currency contracts and currency options. These instruments are mainly over-the-counter instruments contracted with first-tier bank counterparties. Most of these transactions or derivative instruments qualify for hedge accounting.
Like many other large corporates, the Group may take very small, strictly controlled positions that do not qualify for hedge accounting, for more dynamic and flexible management of its interest rate and currency exposures.

11.5.1 Breakdown of derivative financial instruments

The table below shows a breakdown of derivative financial instruments by type of hedged risk and accounting classification:

(€ millions)	Note	2018	Interest rate risk	Foreign currency risk	Other market risks	2017
Derivatives – assets						
Derivatives at fair value through profit or loss	6.8.1 - 6.9	**9**	**-**	**-**	**9**	-
Cash flow hedges	6.8.1	**6**	**-**	**6**	**-**	-
Fair value hedges	6.8.1 - 6.9 - 11.2	**101**	**56**	**45**	**-**	98
Total derivatives – assets		**116**	**56**	**51**	**9**	**98**
of which non-current		***76***	***52***	***15***	***9***	*94*
of which current		***40***	***4***	***36***	***-***	*4*
Derivatives – liabilities						
Derivatives at fair value through profit or loss	6.10	**273**	**1**	**-**	**272**	260
Cash flow hedges	6.10	**15**	**13**	**2**	**-**	17
Fair value hedges	11.2	**3**	**2**	**1**	**-**	32
Total derivatives – liabilities		**291**	**16**	**3**	**272**	**309**
of which non-current		***286***	***14***	***-***	***272***	*270*
of which current		***5***	***2***	***3***	***-***	*39*

As at 31 December 2018, derivatives held as fair value hedges (on a notional amount of €5,261 million) had a positive net fair value of €98 million. The total included (i) interest rate hedges in France on a notional amount of €4,663 million with a positive fair value of €53 million and (ii) currency and interest rate hedges in Brazil on a notional amount of €199 million with a positive fair value of €19 million, and in Colombia on a notional amount of €399 million with a positive fair value of €25 million. All the currency and interest rate derivatives are backed by bank borrowings or bonds denominated either in the same currency or in a currency other than the borrower entity's functional currency. The ineffective portion of these fair value hedges is not material.

As at 31 December 2018, the cash flow hedge reserve included in equity had a debit balance of €8 million (31 December 2017: debit balance of €16 million after tax). These derivatives concern operations in France and Colombia. In France, they hedge goods purchases billed in currencies other than the euro (mainly the US dollar). Their notional amount as at 31 December 2018 was USD 159 million (€143 million – Note 11.5.2). In Colombia, the notional amount hedged by the derivatives is €73 million. Both France and Colombia apply cash flow hedge accounting regarding the hedging of interest rates on variable rate borrowings for notional amounts of €2,849 million and €513 million, respectively, at 31 December 2018. The ineffective portion of these cash flow hedges is not material.

Derivative instruments that do not qualify for hedge accounting under IFRS 9 had a negative fair value of €263 million at 31 December 2018 (31 December 2017: negative fair value of €260 million), including TRSs and forward contracts on GPA shares with a negative fair value of €272 million (31 December 2017: negative fair value of €260 million) (Note 11.3.2).

The fair value calculation as at 31 December 2018 takes into account the credit valuation adjustment (CVA) and the debit valuation adjustment (DVA) in accordance with IFRS 13. The impact of these adjustments is not material.

11.5.2 Market risk

INTEREST RATE RISK

The Group's objective is to manage its exposure to the risk of interest rate changes and optimise its financing cost. Its strategy therefore consists of dynamic debt management by monitoring and, where necessary, adjusting its hedging ratio based on forecast trends in interest rates.

Interest rate risks are managed using various vanilla instruments. The main instruments are interest rate swaps and options (caps, floors and swaptions). These instruments do not always qualify for hedge accounting; however all interest-rate instruments are contracted in line with the above risk management policy.

Specifically, Casino, Guichard-Perrachon's debt is mainly composed of fixed-rate bonds (representing a principal amount of €5,338 million as at 31 December 2018 – Note 11.2.3). This bond debt may be hedged through fixed-to-variable rate swaps generally contracted at the issue date; all of these hedges qualify for hedge accounting.

As at 31 December 2018, Casino, Guichard-Perrachon had a portfolio of 68 interest rate swaps and options with a dozen bank counterparties. These instruments expire at various dates between 2019 and 2026.
As at 31 December 2018, 66% of Casino, Guichard-Perrachon’s bond debt (€3,524 million) was hedged – including 31% at fixed rates (€1,677 million) and 35% at capped variable rates (€1,847 million) – and 34% was at variable rates (€1,814 million).

SENSITIVITY TO A CHANGE IN INTEREST RATES

Sensitivity to rate changes is calculated as shown in the table below.

(€ millions)	Notes	31 December 2018	31 December 2017
Casino, Guichard-Perrachon variable-rate bonds(i)		**1,814**	2,672
Casino, Guichard Perrachon capped variable-rate bonds(i)		**1,847**	900
Brazil variable-rate bonds(ii)	11.2.3	**921**	753
Other variable-rate borrowings and financial liabilities(iii) (iv) (v)	11.2.4	**1,599**	1,256
Finance lease liabilities	7.5	**47**	65
Total variable-rate bonds, other borrowings and financial liabilities		**6,227**	**5,646**
Cash and cash equivalents	11.1	(3,730)	(3,391)
Net variable-rate position		**2,497**	**2,255**
100-bps change in interest rates		**13**	17
Net finance costs	11.3.1	**327**	367
Impact of change on net finance costs		**3.9%**	**4.6%**

(i) Corresponding to fixed-rate bonds representing a principal amount of €5,338 million (31 December 2017: €5,614 million) (Note 11.2.3), including a principal amount of €3,660 million (31 December 2017: €3,572 million) swapped for variable rate debt, of which €1,847 million is hedged by interest rate options.
(ii) Principal amount.
(iii) Excluding accrued interest.
(iv) Including borrowings in Brazil originally denominated in BRL, USD or euros for BRL 974 million (€219 million) swapped for variable rate debt in BRL by means of cross-currency swaps where applicable (31 December 2017: BRL 1,137 million, representing €286 million).
(v) Including borrowings in Colombia originally denominated in COP or USD for COP 1,860 billion (€499 million), swapped for variable rate debt in COP by means of cross-currency swaps where applicable (31 December 2017: COP 2,581 billion, representing €721 million, swapped for variable rate debt).

Assuming the net debt structure and management policy are constant, a 100-bps annual increase (decrease) in rates across the yield curve would lead to a 3.9% or €13 million increase (2.0% or €7 million decrease) in finance costs. For the purposes of the analysis, all other variables, particularly exchange rates, are assumed to be constant.

EXPOSURE TO FOREIGN CURRENCY RISK

Due to its geographically diversified business base, the Group is exposed to both currency translation risk on the translation of the balance sheets and income statements of subsidiaries outside the euro zone and to transaction risk on transactions denominated in currencies other than the euro.
Translation risk (or balance sheet currency risk) is the risk of an unfavourable change in the exchange rates used to translate the financial statements of subsidiaries located outside the euro zone into euros for inclusion in the consolidated financial statements adversely affecting the amounts reported in the consolidated statement of financial position and income statement, leading to a deterioration of the Group's financial structure ratios.
Transaction risk is the risk of an unfavourable change in exchange rates that adversely affects a cash flow denominated in foreign currency.

The Group's policy for managing transaction risk is to hedge highly probable budgeted exposures, which mainly concern cash flows arising from purchases made in a currency other than the buyer's functional currency and particularly purchases in US dollars which are hedged using forward contracts. These instruments are mainly over-the-counter instruments contracted with first-tier bank counterparties. Most of these transactions or derivative instruments qualify for hedge accounting.
As a general principle, budgeted purchases are hedged using instruments with the same maturities as the underlying transactions.
Currency risks on debts denominated in a currency other than the borrower's functional currency are systematically hedged, except where the debt represents a designated and documented hedge of a net investment in a foreign operation.

The Group's net exposure based on notional amounts after hedging mainly concerns the US dollar (excluding the functional currencies of entities), as shown below:

(€ millions)	Total exposure 2018	Of which USD	Total exposure 2017
Exposed trade receivables	**(33)**	**(15)**	(36)
Exposed other financial assets	**(117)**	**(82)**	(134)
Exposed derivatives at fair value through profit or loss	**272**	**272**	260
Exposed trade payables	**226**	**197**	187
Exposed financial liabilities	**616**	**616**	621
Exposed other financial liabilities	**-**	**-**	25
Gross exposure payable/(receivable)	**964**	**989**	**923**
Hedged other financial assets	**-**	**-**	-
Hedged trade payables	**111**	**106**	90
Hedged financial liabilities	**614**	**614**	620
Net exposure payable/(receivable)	**240**	**270**	**214**
Hedges of future purchases	**143**	**143**	**256**
Exposed put options granted to owners of non-controlling interests[i]	**117**	**117**	**119**

(i) Changes in fair value of put options granted to owners of non-controlling interests (including the effect of movements in exchange rates) have no impact on profit or loss, because the puts are treated as transactions between owners and changes in their fair value are therefore recorded directly in equity (Note 3.4.1).

As at 31 December 2017, the net statement of financial position exposure of €214 million mainly concerned the US dollar.

SENSITIVITY OF NET EXPOSURE AFTER FOREIGN CURRENCY HEDGING

A 10% appreciation of the euro as at 31 December 2018 and 2017 against the currencies included in the Group's exposure would lead to an increase in profit for the amounts indicated in the table below.
For the purposes of the analysis, all other variables, particularly interest rates, are assumed to be constant.

(€ millions)	2018	2017
US dollar	**27**	26
Other currencies	**(3)**	(4)
Impact on net financial income (expense)	**24**	**21**

A 10% decline in the euro against those currencies as at 31 December 2018 and 2017 would have produced the opposite effect.

SENSITIVITY TO TRANSLATION RISK

A 10% appreciation of the euro compared to the Group's other main currencies would have the following impact on the translation into euros of the sales, profit and equity of subsidiaries whose functional currency is not the euro:

(€ millions)	2018		2017 (restated)	
	Brazilian real	Colombian peso	Brazilian real	Colombian peso
Total revenue	**(1,042)**	**(292)**	(1,125)	(302)
Trading profit	**(45)**	**(11)**	(50)	(11)
Net profit	**(21)**	**(2)**	(21)	(1)
Equity	**(590)**	**(75)**	(650)	(51)

A 10% decline in the euro against those currencies would have produced the opposite effect.
For the purposes of the analysis, all other variables are assumed to be constant.

BREAKDOWN OF CASH AND CASH EQUIVALENTS BY CURRENCY

(€ millions)	2018	%	2017	%
Euro	**1,931**	**52%**	1,175	35%
US dollar	**100**	**3%**	100	3%
Brazilian real	**1,109**	**30%**	1,580	47%
Colombian peso	**530**	**14%**	468	14%
Uruguayan peso	**28**	**1%**	29	1%
Other currencies	**32**	**1%**	37	1%
Cash and cash equivalents	**3,730**	**100%**	**3,391**	**100%**

EXCHANGE RATES AGAINST THE EURO

Exchange rates against the euro	2018		2017	
	Closing rate	Average rate	Closing rate	Average rate
Brazilian real (BRL)	**4.4440**	**4.3096**	3.9729	3.6054
Colombian peso (COP)	**3,726.09**	**3,487.48**	3,580.94	3,336.06
Argentine peso (ARS)(i)	**43.0451**	**43.0451**	22.3333	18.7530
Uruguayan peso (UYP)	**37.1753**	**36.2481**	34.4626	32.3625
US dollar (USD)	**1.1450**	**1.1806**	1.1993	1.1297
Polish zloty (PLN)	**4.3014**	**4.2617**	4.1770	4.2570

(i) In accordance with IAS 29, the financial statements of Libertad have been translated at the year-end exchange rate.

EQUITY RISK

As at 31 December 2018, the Group did not hold any significant investments in any listed companies other than its listed subsidiaries or treasury shares.

The Group may use derivative instruments (e.g., total return swaps, forward contracts, puts and calls) on equities to build a synthetic exposure to the shares of its listed subsidiaries (Note 11.3.2) or a synthetic hedge of a financial exposure to a fall in stock prices. The carrying amount of these instruments corresponds to their estimated value as provided by a financial institution on the reporting date. These values take account of market data such as exchange rates, share prices and interest rates.

In addition, the Group does not hold any options or any derivatives backing its own shares. Its policy as regards cash management is to invest only in money market instruments that are not exposed to equity risk.

11.5.3 Counterparty risk

The Group is exposed to various aspects of counterparty risk through its operating activities, cash deposits and interest rate and currency hedging instruments. It monitors these risks regularly using several objective indicators, and diversifies its exposure by dealing with the least risky counterparties (based mainly on their credit ratings and their reciprocal commitments with the Group).

COUNTERPARTY RISK RELATED TO TRADE RECEIVABLES

Customer credit risk:
Group policy consists of checking the financial health of all customers applying for credit payment terms. Customer receivables are regularly monitored; consequently, the Group's exposure to bad debts is not material.

Trade receivables break down as follows by maturity:

(€ millions)	Receivables not yet due, not impaired	Past-due receivables on the reporting date, not impaired				Impaired receivables	Total
		Up to one month past due	Between one and six months past due	More than six months past due	Total		
31 December 2018	**690**	**89**	**46**	**49**	**184**	**156**	**1,030**
31 December 2017	728	69	36	34	**139**	**153**	**1,020**

COUNTERPARTY RISK RELATED TO OTHER ASSETS

Credit risk on other financial assets – mainly comprising cash and cash equivalents, equity instruments, loans, legal deposits paid by GPA and certain derivative financial instruments – corresponds to the risk of failure by the counterparty to fulfil its obligations. The maximum risk is limited and equal to the instruments' carrying amount. The Group's cash management policy consists of investing cash and cash equivalents with first-tier counterparties and in first-tier rated instruments.

11.5.4 Liquidity risk

The Group's liquidity policy is to ensure, to the extent possible, that it always has sufficient liquid assets to settle its liabilities as they fall due, in either normal or impaired market conditions.
The main methods used consist of:

- diversifying sources of financing to include capital markets, private placements, banks (confirmed and unconfirmed facilities), negotiable European commercial paper (NEU CP) programmes and discounting facilities;
- diversifying financing currencies to include the euro, the Group's other functional currencies and the US dollar;
- maintaining a level of confirmed financing facilities significantly in excess of the Group's payment obligations at all times;
- limiting the amount of annual repayments and proactively managing the repayment schedule;
- managing the average maturity of financing facilities and, where appropriate, refinancing them before they fall due.

The liquidity analysis is performed both at the Casino, Guichard-Perrachon holding company level (taking into account the cash pool operated with all French subsidiaries) and for each of the Group's international subsidiaries.

In addition, the Group has non-recourse receivables discounting programmes, with no continuing involvement in the receivables within the meaning of IFRS 7, as well as reverse factoring programmes.
As at 31 December 2018, trade payables totalling €1,832 million had been reverse factored, including €704 million in France Retail payables, €971 million in Latam Retail payables and €157 million in E-commerce payables.

Most of the Group's debt is carried by Casino, Guichard-Perrachon and is not secured by collateral or any secured assets. Financing is managed by the Corporate Finance department. The main subsidiaries (GPA, Monoprix and Éxito) also have their own financing facilities, which are not secured by collateral or any security interests in assets and are not guaranteed by Casino (except for GPA loans granted by BNDES totalling €8 million as at 31 December 2018 that are secured by assets).

All subsidiaries submit weekly cash reports to the Group and all new financing facilities require prior approval from the Corporate Finance department.

As at 31 December 2018, the Group's liquidity position comprised:
- confirmed, undrawn lines of credit for a total of €3,404 million (of which €2,865 million for France);
- available cash of €3,730 million.

Casino, Guichard-Perrachon has a €9,000 million Euro medium term notes (EMTN) programme. Notes issued under the programme totalled €5,338 million at 31 December 2018.

As at the same date, issuance under Casino, Guichard-Perrachon’s €2,000 million negotiable European commercial paper (NEU CP) programme amounted to €221 million.

The Company's bonds (other than deeply-subordinated perpetual bonds) have been rated BB with negative outlook by Standard & Poor's since 3 September 2018 (BB+ with a positive outlook previously) and Ba1 with negative outlook by Moody's since 28 September 2018 (Ba1 with a stable outlook previously). In line with the policy of rotating rating agencies, as recommended by the European regulator, Moody's Investors Service ("Moody's") was appointed as the Group's new rating agency in 2017. Simultaneously with Moody's appointment, the Group terminated its contract with Fitch Ratings; since 12 January 2018, Casino, Guichard-Perrachon and its bond issues are no longer rated by Fitch. The changes in Standard & Poor’s rating and outlook and Moody’s rating outlook in 2018 had no impact on Casino’s borrowing costs or liquidity position.

The bond indentures (other than for deeply-subordinated perpetual bonds) include a step down clause providing for a return to the original interest rate if Standard & Poor's and Moody’s restore Casino, Guichard Perrachon's investment grade rating.

The Group's bank loan agreements and bond documentation include the usual *pari passu* negative pledge and cross default clauses.

Casino, Guichard-Perrachon's facility agreements generally contain a mandatory acceleration clause in the event of a change of control of the Company.

In addition, bonds issued by Casino, Guichard-Perrachon (except for the two deeply-subordinated perpetual bonds issues) contain a discretionary acceleration clause applicable if the Company's long-term senior debt rating is downgraded to non-investment grade (or further downgraded if the rating is already non-investment grade), but only if this downgrade is due to a change of majority shareholder (i.e., if a third party other than Rallye or one of its related companies acquires more than 50% of Casino's voting rights).

CASINO, GUICHARD-PERRACHON DEBT COVENANTS

At the reporting date, Casino, Guichard-Perrachon's debt was subject to the following hard covenants to be met at each year-end:

Type of covenant	Main types of debt subject to covenant	Frequency of tests	Ratio as at 31 December 2018
Consolidated net debt [i]/Consolidated EBITDA[iii] < 3.5	▪ €1.2 billion syndicated credit line	Annually	2.74
	▪ Bilateral credit lines totalling €350 million		
Consolidated net debt [i]/Consolidated EBITDA[iii] < 3.7	▪ €50 million bilateral credit line		
Consolidated net debt [ii]/Consolidated EBITDA[iii] < 3.5	▪ USD 750 million syndicated credit line		1.84
	▪ €40 million bilateral credit line		

(i) Net debt as defined in the loan agreements may differ from net debt presented in the consolidated financial statements (Note 11.2). It corresponds to borrowings and financial liabilities including hedging instruments with a negative fair value, less (i) cash and cash equivalents, (ii) financial assets held for cash management purposes and short-term financial investments, (iii) derivatives with a positive fair value classified as hedges of debt and (iv) financial assets arising from a significant disposal of non-current assets.
(ii) For these facilities, the definition of net debt includes the net assets held for sale attributable to owners of the parent.
(iii) EBITDA (earnings before interest, taxes, depreciation and amortisation) corresponds to trading profit plus recurring net depreciation and amortisation expense.

The Group considers that it will very comfortably respect its covenants over the next 12 months.

Casino, Guichard-Perrachon's bonds and negotiable European commercial paper (NEU CP) issues are not subject to any financial covenants.

FINANCING OF SUBSIDIARIES SUBJECT TO COVENANTS

Most of the Group's other loan agreements – primarily concerning GPA, Éxito and Monoprix – contain hard covenants (see table below).

Subsidiary	Type of covenant	Frequency of tests	Main types of debt subject to covenant
Monoprix	Net debt/EBITDA < 2.5	Annually	▪ €370 million syndicated credit line ▪ Other confirmed credit lines totalling €200 million
GPA[i]	Net debt[ii] may not be higher than equity[iii] Consolidated net debt/EBITDA < 3.25	Quarterly/half-yearly/annually	▪ All bond issues and certain bank borrowings
Éxito	Consolidated net debt/consolidated EBITDA < 3.5	Annually	▪ Bank facilities (Note 11.2.3)
Segisor	Net debt/value of GPA shares < 50%	Quarterly	▪ Bank loans totalling €400 million (Note 11.2.3).

(i) All of GPA's covenants are based on consolidated indicators for the GPA sub-group.
(ii) Debt less cash, cash equivalents and receivables.
(iii) Consolidated equity (attributable to owners of the parent and non-controlling interests).

These covenants were respected as at 31 December 2018.

EXPOSURE TO LIQUIDITY RISK

The table below presents an analysis by maturity of financial liabilities as at 31 December 2018, including principal and interest and for undiscounted amounts. For derivative financial instruments, the table has been drawn up based on the contractual net cash inflows and outflows on instruments that settle on a net basis and the gross inflows and outflows on those instruments that require gross settlement. For interest rate instruments, when the amount payable or receivable is not fixed, the amount presented has been determined by reference to observed yield curves as at the reporting date.

For the TRS and forward instruments described in Note 11.3.2, the cash flows presented in the table below reflect the interest payable and the fair value of instruments as at the reporting date.

31 December 2018 (€ millions)	Maturity Due within one year	Due in one to two years	Due in two to three years	Due in three to five years	Due in more than five years	Total contractual cash flows	Carrying amount
Non-derivative financial instruments recognised in liabilities:							
Bonds and other borrowings	**2,492**	**1,790**	**1,514**	**2,451**	**2,091**	**10,338**	**8,977**
Put options granted to owners of non-controlling interests	**126**	**5**	**-**	**68**	**-**	**199**	**188**
Finance lease liabilities	**16**	**17**	**13**	**8**	**33**	**87**	**47**
Trade payables and other financial liabilities	**8,334**	**25**	**-**	**1**	**26**	**8,387**	**8,387**
Total	**10,964**	**1,838**	**1,527**	**2,529**	**2,150**	**19,007**	**17,599**
Derivative financial instruments – assets/(liabilities):							
Interest rate derivatives							
Derivative contracts – received	**16**	**4**	**-**	**-**	**-**	**20**	
Derivative contracts – paid	**(18)**	**(3)**	**-**	**-**	**-**	**(22)**	
Derivative contracts – net settled	**18**	**14**	**7**	**(1)**	**1**	**39**	
Currency derivatives							
Derivative contracts – received	**370**	**66**	**1**	**1**	**-**	**437**	
Derivative contracts – paid	**(342)**	**(57)**	**(1)**	**(1)**	**-**	**(400)**	
Derivative contracts – net settled	**15**	**8**	**-**	**-**	**-**	**23**	
Other derivative instruments							
Derivative contracts – received	**-**	**-**	**-**	**-**	**-**	**-**	
Derivative contracts – paid	**(19)**	**(293)**	**-**	**-**	**-**	**(311)**	
Derivative contracts – net settled	**-**	**-**	**-**	**-**	**-**	**-**	
Total	**40**	**(262)**	**7**	**(1)**	**1**	**(215)**	**(174)**

31 December 2017 (restated) (€ millions)	Maturity Due within one year	Due in one to two years	Due in two to three years	Due in three to five years	Due in more than five years	Total contractual cash flows	Carrying amount
Non-derivative financial instruments recognised in liabilities:							
Bonds and other borrowings	1,769	1,687	1,581	1,864	3,095	9,997	8,625
Put options granted to owners of non-controlling interests	143	1	4	25	-	173	171
Finance lease liabilities	22	22	16	13	40	113	65
Trade payables and other financial liabilities	8,432	19	-	1	25	8,478	8,478
Total	**10,366**	**1,729**	**1,602**	**1,904**	**3,161**	**18,761**	**17,339**
Derivative financial instruments – assets/(liabilities):							
Interest rate derivatives							
Derivative contracts – received	19	6	-	-	-	25	
Derivative contracts – paid	(14)	(4)	-	-	-	(19)	
Derivative contracts – net settled	37	31	19	5	(13)	79	
Currency derivatives							
Derivative contracts – received	330	67	-	1	-	399	
Derivative contracts – paid	(338)	(69)	-	(2)	-	(408)	
Derivative contracts – net settled	15	1	(2)	-	-	13	
Other derivative instruments							
Derivative contracts – received	1	-	-	-	-	1	
Derivative contracts – paid	(17)	(13)	(268)	-	-	(298)	
Derivative contracts – net settled	-	-	-	-	-	-	
Total	**33**	**18**	**(251)**	**5**	**(13)**	**(208)**	**(211)**

Note 12 Equity and earnings per share

Accounting principle

Equity is attributable to two categories of owner: the owners of the parent (Casino, Guichard-Perrachon shareholders) and the owners of the non-controlling interests in its subsidiaries. A non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent.

Transactions with the owners of non-controlling interests resulting in a change in the parent company's percentage interest without loss of control affect only equity as there is no change of control of the economic entity. Cash flows arising from changes in ownership interests in a fully consolidated subsidiary that do not result in a loss of control (including increases in percentage interest) are classified as cash flows from financing activities.

In the case of an acquisition of an additional interest in a fully consolidated subsidiary, the Group recognises the difference between the acquisition cost and the carrying amount of the non-controlling interests as a change in equity attributable to owners of Casino, Guichard-Perrachon. Transaction costs are also recognised in equity. The same treatment applies to transaction costs relating to disposals without loss of control. In the case of disposals of controlling interests involving a loss of control, the Group derecognises the whole of the ownership interest and, where appropriate, recognises any investment retained in the former subsidiary at its fair value. The gain or loss on the entire derecognised interest (interest sold and interest retained) is recognised in profit or loss under "Other operating income" or "Other operating expenses", which amounts to remeasuring the retained previously-held investment at fair value through profit or loss. Cash flows arising from the acquisition or loss of control of a subsidiary are classified as cash flows from investing activities.

Equity instruments and hybrid instruments

The classification of instruments issued by the Group in equity or debt depends on each instrument's specific characteristics. An instrument is deemed to be an equity instrument when the following two conditions are met:

- the instrument does not contain a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; and
- in the case of a contract that will or may be settled in the entity's own equity instruments, it is either a non-derivative that does not include a contractual obligation to deliver a variable number of the entity's own equity instruments, or it is a derivative that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

The Group also examines the special provisions of contracts to ensure the absence of an indirect obligation to buy back the equity instruments in cash or by delivering another financial asset or by delivering shares with a value substantially higher than the amount of cash or the other financial asset to be delivered.

In particular, instruments that are redeemable at the Group's discretion and for which the remuneration depends on the payment of a dividend are classified in equity.

When a "debt" component exists, it is measured separately and classified under "financial liabilities".

Equity transaction costs

External and qualifying internal costs directly attributable to equity transactions or transactions involving equity instruments are recorded as a deduction from equity, net of tax. All other transaction costs are recognised as an expense.

Treasury shares

Casino, Guichard-Perrachon shares purchased by the Group are deducted from equity at cost. The proceeds from sales of treasury shares are credited to equity with the result that any disposal gains or losses, net of the related tax effect, have no impact in the income statement for the period.

Options on treasury shares

Options on treasury shares are treated as derivative instruments, equity instruments or financial liabilities depending on their characteristics.

Options classified as derivatives are measured at fair value through profit or loss. Options classified as equity instruments are recorded in equity at their initial amount and changes in value are not recognised. The accounting treatment of financial liabilities is described in Note 11.

12.1 Capital management

The Group's policy is to maintain a strong capital base in order to preserve the confidence of investors, creditors and the markets while ensuring the financial headroom required to support the Group's future business development. The Group aims to continually optimise its financial structure by maintaining an optimum balance between net debt, EBITDA and equity. To this end, it may adjust the amount of dividends paid to shareholders, return part of the capital to shareholders, buy back its own shares or issue new shares. From time to time, the Group may buy back its own shares in the market. The shares are generally acquired for allocation to a liquidity contract used to make a market in the shares, or to be held for allocation under stock option plans, employee share ownership plans or free share plans for Group employees and corporate officers.

The policy objectives and management procedures are exactly the same as in previous years.

Apart from legal requirements, the Group is not subject to any external minimum capital requirements.

12.2 Share capital

At 31 December 2018, the Company's share capital amounted to €167,886,006 (31 December 2017: €169,825,404 and was composed of 109,729,416 ordinary shares issued and fully paid as at that date (31 December 2017: 110,996,996 shares).
The decrease was mainly due to the cancellation of (i) 413,622 shares by the Board of Directors on 7 March 2018, (ii) 335,909 shares by the Board of Directors on 15 May 2018, and (iii) 518,077 shares by the Board of Directors on 25 July 2018, representing a total of €55 million of which €2 million corresponding to the shares' aggregate par value. The shares have a par value of €1.53.

Under the shareholder authorisations given to the Board of Directors, the share capital may be increased, immediately or in the future, by up to €59 million.

12.3 Share equivalents

The Group is committed to granting free shares under various plans (Note 8.3). The Group intends to fulfil its obligations under those plans by delivering existing shares when the related rights vest.

12.4 Treasury shares

Treasury shares result from shareholder-approved buybacks of Casino, Guichard-Perrachon S.A. shares. As at 31 December 2018, a total of 961,761 shares were held in treasury, representing €33 million (31 December 2017: 107,735 shares representing €5 million. The shares were purchased primarily for allocation upon exercise of the rights under free share plans.

In January 2005, the Group entered into a liquidity agreement with the Rothschild investment bank for a total of 700,000 Casino shares plus a contribution of €40 million in cash, in compliance with European Commission Regulation (EC) No. 2273/2003. The Group made additional contributions to the liquidity agreement of (i) €30 million on 25 September 2015 and (ii) €50 million on 28 December 2015. The 700,000 shares were subsequently cancelled by decision of the Board of Directors on 14 June 2016.

As at 31 December 2018, no Casino, Guichard-Perrachon S.A. shares were held in the liquidity account (31 December 2017: no shares).

In January 2019, the Group signed a new liquidity agreement with Rothschild Martin Maurel to take account of the changes in regulations governing such agreements, in accordance with AMF decision 2018-01 dated 2 July 2018. The new agreement, which came into effect on 1 January 2019, replaces the previous one. On the date of signature of the contract in January 2019, €30 million in cash was held in the liquidity contract and no shares.
Purchases and sales of treasury shares during 2018 led to a €100 million reduction in equity, net of tax (€103 million before tax, corresponding to the net cash outflow for the period).

12.5 Deeply-subordinated perpetual bonds (TSSDI)

At the beginning of 2005, the Group issued 600,000 deeply-subordinated perpetual bonds (TSSDI) for a total amount of €600 million. The notes are redeemable solely at the Group's discretion and interest payments are due only if the Group pays a dividend on its ordinary shares in the preceding 12 months. The bonds pay interest at the 10-year constant maturity swap rate plus 100 bps, capped at 9%. In 2018, the average coupon was 1.93% (2017: 1.71%).

On 18 October 2013, the Group issued €750 million worth of perpetual hybrid bonds (7,500 bonds) on the market. The bonds are redeemable at the Company's discretion with the first call date set for 31 January 2019 (not exercised) and the second on 31 January 2024. The bonds paid interest at 4.87% until 31 January 2019. Since then, as specified in the prospectus, the interest rate has been reset at 3.992%. This rate will be reset every five years.

Given their specific characteristics in terms of maturity and remuneration, the bonds are carried in equity for the amount of €1,350 million. Issuance costs net of tax have been recorded as a deduction from equity.

12.6 Breakdown of other reserves

(€ millions)	Cash flow hedges	Net investment hedges	Foreign currency translation reserves	Actuarial gains and losses	Available-for-sale financial assets	Total other reserves
As at 1 January 2017	**11**	**(1)**	**(1,427)**	**(66)**	**14**	**(1,469)**
Movements for the year	(26)	-	(569)	(32)	-	(627)
As at 31 December 2017	**(16)**	**(1)**	**(1,997)**	**(97)**	**14**	**(2,096)**

(€ millions)	Cash flow hedges	Net investment hedges	Foreign currency translation reserves	Actuarial gains and losses	Available-for-sale financial assets	Equity instruments(i)	Debt instruments(i)	Total other reserves
As at 31 December 2017	**(16)**	**(1)**	**(1,997)**	**(97)**	**14**	**-**	**-**	**(2,096)**
Effects of applying IFRS 9 and IAS 29 (Note 1.3)	(3)	**-**	-	**-**	**(14)**	**2**	**(2)**	(17)
As at 1 January 2018	**(18)**	**(1)**	**(1,997)**	**(97)**	**-**	**2**	**(2)**	**(2,114)**
Movements for the period	10	-	(335)	(9)	-	(4)	-	(338)
As at 31 December 2018	**(8)**	**(1)**	**(2,332)**	**(107)**	**-**	**(2)**	**(2)**	**(2,452)**

(i) Financial instruments at fair value through other comprehensive income.

12.7 Other information on additional paid-in capital, retained earnings and reserves

12.7.1 Foreign currency translation reserves

The foreign currency translation reserve corresponds to cumulative exchange gains and losses on translating the equity of foreign subsidiaries and receivables and payables included in the Group's net investment in these subsidiaries, at the closing rate.

FOREIGN CURRENCY TRANSLATION RESERVES BY COUNTRY AS AT 31 DECEMBER 2018

(€ millions)	Attributable to owners of the parent			Attributable to non-controlling interests			Total
	1 January 2018	Movements for the year	31 December 2018	1 January 2018	Movements for the year	31 December 2018	31 December 2018
Brazil	(1,571)	(280)	**(1,852)**	(2,492)	(418)	**(2,909)**	**(4,761)**
Argentina	(156)	(20)	**(175)**	(13)	(2)	**(15)**	**(190)**
Colombia	(282)	(15)	**(296)**	(320)	(34)	**(355)**	**(651)**
Uruguay	(17)	(17)	**(34)**	(31)	(15)	**(46)**	**(80)**
United States	19	-	**20**	1	-	**1**	**20**
Poland	17	(4)	**13**	-	-	**-**	**14**
Indian Ocean	(8)	(1)	**(9)**	(3)	-	**(3)**	**(12)**
Hong Kong	1	-	**1**	-	-	**-**	**1**
Total foreign currency translation reserves	**(1,997)**	**(335)**	**(2,332)**	**(2,858)**	**(468)**	**(3,326)**	**(5,658)**

FOREIGN CURRENCY TRANSLATION RESERVES BY COUNTRY AS AT 31 DECEMBER 2017

(€ millions)	Attributable to owners of the parent			Attributable to non-controlling interests			Total
	1 January 2017	Movements for the year	31 December 2017	1 January 2017	Movements for the year	31 December 2017	31 December 2017
Brazil	(1,060)	(511)	**(1,571)**	(1,875)	(617)	**(2,492)**	**(4,063)**
Argentina	(144)	(12)	**(156)**	(11)	(2)	**(13)**	**(168)**
Colombia	(254)	(27)	**(282)**	(255)	(65)	**(320)**	**(602)**
Uruguay	7	(24)	**(17)**	(9)	(22)	**(31)**	**(49)**
United States	19	-	**19**	-	-	**1**	**20**
Poland	10	7	**17**	-	-	**-**	**18**
Indian Ocean	(8)	(1)	**(8)**	(3)	-	**(3)**	**(11)**
Hong Kong	1	(1)	**1**	-	-	**-**	**1**
Total foreign currency translation reserves	**(1,427)**	**(569)**	**(1,997)**	**(2,152)**	**(706)**	**(2,858)**	**(4,855)**

12.7.2 Notes to the consolidated statement of comprehensive income

(€ millions)	2018	2017
Available-for-sale financial assets	**-**	**-**
Change in fair value	**-**	(1)
Reclassifications to profit or loss	**-**	-
Income tax (expense)/benefit	**-**	1
Cash flow hedges and cash flow hedge reserve(i)	**13**	**(29)**
Change in fair value	**14**	(13)
Reclassifications to profit or loss	**6**	(29)
Income tax (expense)/benefit	**(6)**	13
Debt instruments at fair value through other comprehensive income	**2**	**-**
Net change in fair value	**2**	-
Reclassifications to profit or loss	**-**	-
Income tax (expense)/benefit	**-**	-
Foreign currency translation reserves (Note 12.7.1)	**(796)**	**(1,259)**
Foreign currency translation adjustments for the year	**(862)**	(1,259)
Reclassifications to profit or loss	**67**	-
Income tax (expense)/benefit	**-**	-
Equity instruments at fair value through other comprehensive income	**(2)**	**-**
Net change in fair value	**(2)**	-
Income tax (expense)/benefit	**-**	-
Actuarial gains and losses	**(9)**	**(32)**
Actuarial gains and losses for the year	**(15)**	(40)
Income tax (expense)/benefit	**5**	8
Share of other comprehensive income of equity-accounted investees	**(11)**	**(15)**
Available-for-sale financial assets – change in fair value	**-**	1
Available-for-sale financial assets – reclassifications to profit or loss	**-**	-
Cash flow hedges and cash flow hedge reserve – net change in fair value	**(2)**	1
Cash flow hedges and cash flow hedge reserve – reclassifications to profit or loss	**(1)**	-
Foreign currency translation reserve – adjustments for the year	**(8)**	(16)
Foreign currency translation reserve – reclassification to profit or loss	**-**	-
Equity instruments at fair value through other comprehensive income – change in fair value	**(2)**	-
Actuarial gains and losses – net gain or loss for the year	**-**	-
Income tax (expense)/benefit	**1**	(1)
Total	**(804)**	**(1,335)**

(i) The change in the cash flow hedge reserve in 2018 was not material.

12.8 Non-controlling interests

The following table provides detailed information on material non-controlling interests.

(€ millions)	GPA		Éxito[(i)]	Other	Total
	Total GPA	o/w Via Varejo			
Country	Brazil	Brazil	Colombia		
As at 1 January 2017 (restated)	**4,817**	**1,434**	**1,092**	**77**	**5,986**
% of ownership interests held by non-controlling interests[(ii)]	*66.8%*	*85.6%*	*44.7%*		
% of voting rights held by non-controlling interests[(ii)]	*0.06%*	*37.4%*	*44.7%*		
Net profit/(loss)	172	66	50	(25)	**198**
Other comprehensive income/(loss)[(iii)]	(644)	(230)	(62)	(3)	**(710)**
Dividends paid/payable	(31)	(11)	(23)	(15)	**(69)**
Other movements	11	1	43	9	**63**
As at 31 December 2017 (restated)	**4,324**	**1,261**	**1,101**	**43**	**5,468**
% of ownership interests held by non-controlling interests[(ii)]	*66.9%*	*85.7%*	*44.7%*		
% of voting rights held by non-controlling interests[(ii)]	*0.06%*	*37.5%*	*44.7%*		
Effect of applying IFRS 9 (Note 1.3.3)	(46)	(40)	-	**-**	**(46)**
Effect of applying IAS 29 and IFRS 2 (Note 1.3.3)	5	2	65	**-**	**71**
As at 1 January 2018	**4,284**	**1,222**	**1,166**	**43**	**5,493**
Net profit/(loss)	183	(9)	37	(4)	**215**
Other comprehensive income/(loss)[(iii)]	(433)	60	(29)	(4)	**(466)**
Dividends paid/payable	(46)	(2)	(24)	(33)	**(103)**
Other movements	6	1	93	49	**149**
As at 31 December 2018	**3,994**	**1,272**	**1,243**	**51**	**5,288**
% of ownership interests held by non-controlling interests[(ii)]	***66.9%***	***85.7%***	***44.7%***		
% of voting rights held by non-controlling interests[(ii)]	***0.06%***	***60.6%***	***44.7%***		
Average % of ownership interests held by the Group in 2018	***33.1%***	***14.3%***	***55.3%***		
% of ownership interests held by the Group as at 31 December 2018	***33.1%***	***14.3%***	***55.3%***		

(i) Éxito excluding GPA, including Uruguay and Argentina.

(ii) The percentages of non-controlling interests set out in this table do not include the Group's own non-controlling interests in sub-groups.

(iii) Other comprehensive income (loss) consists mainly of exchange differences arising on translation of foreign subsidiaries' financial statements.

GPA's capital consists of:
- 99,680 thousand ordinary shares with voting rights;
- 167,165 thousand preferred shares without voting rights but with the right to a preferred dividend.

Preferred shares do not carry voting rights, but instead entitle holders to the following rights and benefits:
- preferred right to a return of capital in the event of liquidation of the company;
- an annual non-cumulative preferred dividend of at least BRL 0.08 per share;
- a second preferred dividend equal to 10% more than the dividend paid on ordinary shares, as calculated including the non-cumulative dividend referred to above.

Casino has not granted any put options to holders of non-controlling interests in GPA. Under Brazilian securities regulations, preferred shareholders have withdrawal rights enabling them to ask GPA to buy back their shares at book value (i.e., net asset value per share) following the occurrence of certain specific events. These rights are described in detail on pages 94 *et seq.* of GPA's annual report for 2017 on Form 20-F.

SUMMARISED FINANCIAL INFORMATION ON THE MAIN SUBSIDIARIES WITH SIGNIFICANT NON-CONTROLLING INTERESTS

The information presented in the table below is based on the IFRS financial statements, adjusted where applicable to reflect the remeasurement at fair value on the date of acquisition or loss of control, and to align accounting policies with those applied by the Group. The amounts are shown before intragroup eliminations.

(€ millions)	GPA		Éxito(i)	
	2018	2017 (restated)	2018	2017 (restated)
Net sales	**11,416**	12,333	**4,153**	4,449
Net profit from continuing operations	**292**	173	**46**	35
Net profit/(loss) from discontinued operations	**(17)**	63	**-**	-
Consolidated net profit/(loss)	**275**	235	**46**	35
Attributable to non-controlling interests in continuing operations	***195***	*116*	***37***	*50*
Attributable to non-controlling interests in discontinued operations	***(12)***	*56*	***-***	*-*
Other comprehensive income (loss)	**(618)**	(911)	**-**	(155)
Total comprehensive income (loss) for the year	**(344)**	(676)	**46**	(119)
Attributable to non-controlling interests	***(250)***	*(472)*	***8***	*(11)*
Non-current assets	**6,676**	6,995	**3,648**	3,729
Current assets	**8,428**	8,680	**1,328**	1,217
Non-current liabilities	**(1,695)**	(1,825)	**(1,214)**	(1,018)
Current liabilities	**(7,443)**	(7,352)	**(1,708)**	(1,745)
Net assets	**5,966**	**6,499**	**2,054**	**2,183**
Attributable to non-controlling interests	***3,994***	*4,324*	***1,243***	*1,101*
Net cash from operating activities	**810**	952	**193**	324
Net cash from/(used in) investing activities	**(423)**	(438)	**(158)**	(170)
Net cash from/(used in) financing activities	**(219)**	(1,015)	**281**	(37)
Effect of changes in exchange rates on cash and cash equivalents	**(202)**	(313)	**(218)**	(52)
Change in cash and cash equivalents	**(34)**	**(814)**	**98**	**66**
Dividends paid to the Group(ii)	***33***	*8*	***14***	*16*
Dividends paid to owners of non-controlling interests during the period(ii)	***51***	*18*	***24***	*33*

(i) Éxito excluding GPA, including Uruguay and Argentina.
(ii) GPA and Éxito have an obligation to pay out 25% and 50% respectively of annual net profit in dividends.

12.9 Dividends

At the Annual General Meeting of 15 May 2018, the shareholders approved the payment of a €3.12 cash dividend per ordinary share for the 2017 financial year. Including the interim dividend of €173 million paid in December 2017, the dividend was paid on 107,866,474 shares, representing a total payout in 2018 of €168 million recorded as a deduction from equity.

During its meeting on 12 November 2018, the Board of Directors decided to pay an interim dividend for 2018 of €1.56 per share and this was duly paid on 5 December 2018. The interim dividend was paid on 108,756,207 shares, representing a total payout of €170 million recorded as a deduction from equity. In all, dividends paid in 2018 had a €338 million impact on equity.

Note that dividends for 2016 amounted to €344 million, including interim dividends of €171 million paid in 2016 and final dividends of €173 million paid in 2017.

The Board of Directors will recommend setting the 2018 dividend at €3.12 per ordinary share. Based on 109,729,416 shares as at 31 December 2018, the recommended dividend represents a provisional amount of €342 million which includes the interim dividend of €170 million paid in December 2018 (see above). It will be adjusted in 2019 to take into account the treasury shares held on the payment date. The financial statements presented before appropriation of profit do not reflect this dividend, which is subject to shareholder approval at the next Annual General Meeting.

The coupon payable on deeply-subordinated perpetual bonds is as follows:

(€ millions)	2018	2017
Coupons payable on deeply-subordinated perpetual bonds (impact on equity)	**48**	**50**
Of which amount paid during the year	36	38
Of which amount payable in the following year	12	12
Impact on the statement of cash flows for the year	**48**	**47**
Of which coupons awarded and paid during the year	36	38
Of which interest awarded in the prior year and paid during the reporting year	12	9

12.10 Earnings per share

Accounting principle

Basic earnings per share are calculated based on the weighted average number of shares outstanding during the period, excluding shares issued in payment of dividends and treasury shares. Diluted earnings per share are calculated by the treasury stock method, as follows:

- numerator: earnings for the period are adjusted for dividends on deeply-subordinated perpetual bonds;
- denominator: the basic number of shares is adjusted to include potential shares corresponding to dilutive instruments (equity warrants, stock options and free shares), less the number of shares that could be bought back at market price with the proceeds from the exercise of the dilutive instruments. The market price used for the calculation corresponds to the average share price for the year.

Equity instruments that will or may be settled in Casino, Guichard-Perrachon shares are included in the calculation only when their settlement would have a dilutive impact on earnings per share.

12.10.1 Number of shares

Diluted number of shares used for the calculation		2018	2017
Weighted average number of shares outstanding during the period			
Total ordinary shares		**110,169,352**	110,996,996
Ordinary shares held in treasury		**(1,780,356)**	(262,622)
Weighted average number of ordinary shares before dilution	**(1)**	**108,388,996**	**110,734,374**
Potential shares represented by:			
Stock options		**-**	-
Non-dilutive instruments (out of the money or covered by calls)		**-**	-
Weighted average number of dilutive instruments		**-**	**-**
Theoretical number of shares purchased at market price		**-**	-
Dilutive effect of stock option plans		**-**	-
Free share plans		**-**	-
Total potential dilutive shares		**-**	-
Total diluted number of shares	**(2)**	**108,388,996**	**110,734,374**

12.10.2 Profit/(loss) attributable to ordinary shares

(€ millions)		2018			2017 (restated)		
		Continuing operations	Discontinued operations[(i)]	Total	Continuing operations	Discontinued operations[(i)]	Total
Net profit/(loss) attributable to owners of the parent		**(45)**	**(9)**	**(54)**	**108**	**(7)**	**101**
Dividend payable on deeply-subordinated perpetual bonds		**(48)**	**-**	**(48)**	(50)	-	(50)
Net profit/(loss) attributable to holders of ordinary shares	**(3)**	**(93)**	**(9)**	**(102)**	**58**	**(7)**	**51**
Potential dilutive effect of free share plans		**-**	**-**	**-**	-	-	-
Diluted net profit/(loss) attributable to holders of ordinary shares	**(4)**	**(93)**	**(9)**	**(102)**	**58**	**(7)**	**51**
Basic earnings/(loss) per share attributable to owners of the parent (€)	**(3)/(1)**	**(0.86)**	**(0.09)**	**(0.95)**	**0.52**	**(0.06)**	**0.46**
Diluted earnings/(loss) per share attributable to owners of the parent (€)	**(4)/(1)**	**(0.86)**	**(0.09)**	**(0.95)**	**0.52**	**(0.06)**	**0.46**

(i) Note 3.5.2

Note 13 Other provisions

Accounting principle

A provision is recorded when the Group has a present obligation (legal or constructive) as a result of a past event, the amount of the obligation can be reliably estimated and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are discounted when the related adjustment is material.
In accordance with the above principle, a provision is recorded for the cost of repairing equipment sold with a warranty. The provision represents the estimated cost of repairs to be performed during the warranty period, as estimated on the basis of actual costs incurred in prior years. Each year, part of the provision is reversed to offset the actual repair costs recognised in expenses.

A provision for restructuring expenses is recorded when the Group has a constructive obligation to restructure. This is the case when management has drawn up a detailed, formal plan and has raised a valid expectation in those affected that it will carry out the restructuring by announcing its main features to them before the period-end.

Other provisions concern specifically identified liabilities and expenses.

Contingent liabilities correspond to possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Group's control, or present obligations whose settlement is not expected to require an outflow of resources embodying economic benefits. Contingent liabilities are not recognised in the statement of financial position but are disclosed in the Notes to the financial statements.

13.1 Breakdown of provisions and movements

(€ millions)	1 January 2018	Additions 2018	Reversals (used) 2018	Reversals (not used) 2018	Change in scope of consolidation	Effect of movements in exchange rates	Other	31 December 2018
Claims and litigation	530	141	(39)	(102)	-	(51)	4	**484**
Other risks and expenses	118	44	(22)	(31)	1	(1)	-	**109**
Restructuring	27	56	(37)	(2)	-	-	-	**43**
Total provisions	**676**	**241**	**(98)**	**(135)**	**1**	**(52)**	**4**	**637**
of which non-current	*514*	*135*	*(32)*	*(88)*	*-*	*(51)*	*5*	***483***
of which current	*162*	*106*	*(66)*	*(47)*	*1*	*-*	*(1)*	***154***

Provisions for claims and litigation, and for other risks and expenses are composed of a wide variety of provisions for employee-related disputes (before a labour court), property disputes (concerning construction or refurbishment work, rents, tenant evictions, etc.), tax disputes and business claims (trademark infringement, etc.).

Provisions for claims and litigation amount to €484 million and include €439 million for GPA (Note 13.2). Of this amount, additions to provisions, reversals of used provisions and reversals of surplus provisions, respectively, amounted to €125 million, a negative €28 million and a negative €81 million.

13.2 Breakdown of GPA provisions for claims and litigation (excluding Via Varejo)

(€ millions)	PIS/COFINS/CPMF disputes[(i)]	Other tax disputes	Employee disputes	Civil litigation	Total
31 December 2018	**31**	**316**	**65**	**26**	**439**
31 December 2017	32	324	83	35	**475**

(i) VAT and similar taxes.

In the dispute presented above and below in Note 13.3, GPA Food is contesting the payment of certain taxes, contributions and payroll obligations. The bonds posted by GPA pending final rulings from the administrative courts on these various disputes are included in "Other non-current assets" (Note 6.9). GPA has also provided various guarantees in addition to these bonds, reported as off-balance sheet commitments (Note 6.11).

(€ millions)	2018			2017		
	Bonds posted by GPA[(i)]	Assets pledged as collateral[(ii)]	Bank guarantees[(ii)]	Bonds posted by GPA[(i)]	Assets pledged as collateral[(ii)]	Bank guarantees[(ii)]
Tax disputes	**53**	**189**	**2,033**	51	216	1,843
Employee disputes	**104**	**1**	**43**	119	1	23
Civil and other litigation	**17**	**3**	**97**	21	2	70
Total	**175**	**192**	**2,173**	**192**	**218**	**1,937**

(i) See Note 6.9.
(ii) See note 6.11.1.

13.3 Contingent assets and liabilities

In the normal course of its business, the Group is involved in a number of legal or arbitration proceedings with third parties or with the tax authorities in certain countries (mainly involving GPA – see below).

As stated in Note 3.3.5, no associates or joint ventures have any significant contingent liabilities.

- **Class action against Cnova N.V. and the Group**

Some of the officers and directors of Cnova N.V. and the underwriters of its IPO were named in a class action before the United States District Court for the Southern District of New York alleging a breach of United States securities laws. The lawsuit claimed that misleading information was issued at the time of the IPO concerning the macro-economic situation in Brazil and the irregularities uncovered at Cnova Brazil. On 19 March 2018, the United States District Court for the Southern District of New York announced its final approval of the proposed settlement of this class action for an amount of USD 28.5 million. The USD 28.5 million was paid in first-half 2018 (see Note 11.1) and most of the amount was covered by an insurance settlement received from Cnova's insurers. The balance, including estimated related costs, was covered by the provision recorded in 2016. Consequently, the settlement had no material impact on the Group's net profit.
On 14 December 2018, Cnova was informed by the American Securities and Exchange Commission (SEC) that it had completed the investigation into stock management issues and the audit of Cnova's former subsidiary in Brazil launched in December 2015 and that it was not planning to take any action against Cnova. No penalties were levied on Cnova concerning this matter.

- **Arbitration between GPA and Peninsula**

On 12 September 2017, GPA received a request for arbitration from Fundo de Investimento Inmobiliáro Peninsula ("Peninsula") in order to discuss the calculation of rental charges and other operational matters related to leasing agreements concerning stores owned by Peninsula and operated by GPA. The lease contracts have a duration of 20 years as from 2005 and are automatically renewable for another 20-year period.
Despite the discussions concerning application of the lease terms, the request for arbitration has no impact on the operation of the leased stores, which is contractually guaranteed. At this stage of the arbitration process, it is not possible to make a reasonable estimate of the related risk. Based on the opinion of its legal advisors, the Company considers as possible the risk of an unfavourable ruling by the arbitration board.

- **Proceedings brought by the DGCCRF (French competition authority) against AMC and INCAA and investigations by the French and European competition authorities**

On 28 February 2017, the French Ministry of the Economy, represented by the Department of Competition Policy, Consumer Affairs and Fraud Control (DGCCRF), brought an action against Casino in the Paris Commercial Court. The case involves a series of credit notes totalling €22.2 million issued in 2013 and 2014 by 41 suppliers. The DGCCRF is seeking repayment of this sum to the suppliers concerned together with a fine of €2 million.
Also, on 11 April 2017, the common purchasing entity INCA Achats, and its parent companies Intermarché and Casino, were prosecuted for economic imbalance and abusive commercial practices that allegedly took place in 2015 against 13 multinational companies in the hygiene and fragrance industry, with a fine of €2 million.
The proceedings in both cases are still in progress.
The Group considers that it complied with the applicable regulations during negotiations with the suppliers concerned by both sets of proceedings. Consequently, no provision has been set aside for these matters.

Moreover, the Group is undergoing two inquiries by the French and European competition authorities.
In early February 2017, representatives of France's Competition Authority raided the premises of Vindémia Logistique and Vindémia Group and seized certain documents concerning their consumer goods supply and distribution activities on Reunion Island. At this stage, the Competition Authority has not issued any complaint. The Casino Group has contested the legitimacy of the raids before the Court of Cassation. The Group is not currently able to predict the outcome of the investigation.
At the end of February 2017, representatives of the European Commission raided the premises of Achats Marchandises Casino – A.M.C. (formerly E.M.C. Distribution) and Intermarché-Casino Achats (INCA-A), in connection with an investigation into fast-moving consumer goods supply contracts, contracts for the sale of services to manufacturers of branded products and contracts for the sale of fast-moving consumer goods to consumers. INCA-A has ceased operations since the raids took place. At this stage, the European Commission has not issued any complaint. The Casino Group has contested the legitimacy of the raids before the General Court of the European Union. The Group is not currently able to predict the outcome of this matter.
The preliminary investigations are still in progress and there were no significant developments in 2018.

In June 2018, after giving notice in accordance with French law No. 2015-990 of 6 August 2015, the French Competition Authority launched an informal investigation into the creation of joint purchasing organisations in the food retailing sector. The investigation concerns in particular the Horizon central purchasing organisation set up between Auchan, Casino, Metro and Schiever. It is still in progress.

- **GPA tax, social and civil contingent liabilities**

(€ millions)	31 December 2018	31 December 2017
INSS (employer's social security contributions)	**95**	103
IRPJ - IRRF and CSLL (corporate income taxes)	**224**	201
PIS, COFINS and CPMF (VAT and similar taxes)	**447**	429
ISS, IPTU and ITBI (service tax, urban property tax and tax on property transactions)	**34**	38
ICMS (state VAT)	**1,329**	1,460
Civil litigation	**115**	136
Total[i]	**2,244**	**2,367**

(i) Contingent liabilities of Via Varejo classified in discontinued operations and not included in the above table amount to €365 million as at 31 December 2018 (31 December 2017: €407 million).

GPA employs consulting firms to advise it in tax disputes, whose fees are contingent on the disputes being settled in GPA's favour. As at 31 December 2018, the estimated amount was €38 million (31 December 2017: €40 million).

Casino has given a specific guarantee to its Brazilian subsidiary concerning notifications of tax adjustments received from the tax administration, for a total amount of BRL 1,317 million at 31 December 2018 (31 December 2017: BRL 1,223 million), including penalties and interest. Under the terms of the guarantee, Casino has undertaken to indemnify GPA for 50% of any damages incurred, provided those damages are definitive. Based on the commitment given by Casino to its subsidiary, the risk exposure amounts to BRL 658 million (€148 million) at 31 December 2018 (31 December 2017: BRL 611 million, representing €154 million). As the risks of liability are only considered possible, Casino has not recognised a provision in its financial statements for this amount.

- **GPA contingent assets**

<u>Exclusion of ICMS from the PIS/COFINS tax base:</u>

Since the introduction of non-cumulative PIS and COFINS tax credits, GPA has asserted the right to deduct ICMS tax from the base used to calculate PIS and COFINS taxes. GPA's position was supported by a Brazilian federal supreme court (STF) ruling on 15 March 2017 that the ICMS tax should be excluded from the PIS and COFINS tax base. Based on the STF's ruling and the opinion of its internal and external advisors, GPA considered that the probability of having to settle the amounts deducted in prior periods was low. It therefore released in first-half 2017 the corresponding provisions set up in prior periods for an amount of BRL 117 million (€32 million).

Since the supreme court's ruling on 15 March 2017, the procedure has continued in line with the expectations of GPA and its advisors, without GPA's judgement being called into question concerning the release of the provisions, although the court has not yet handed down its final decision. GPA and its external legal advisors believe that this decision concerning the application method will not limit its rights under the legal proceedings brought since 2003 which are still in progress. However, an asset cannot be recognised for the tax credits until all the stages in the procedure have been completed. Based on the information available as of 31 December 2018, GPA estimates that these tax credits represent a potential asset of BRL 1,400 million (€315 million) for its Retail business.

In the case of Via Varejo, which is classified as a discontinued operation, the estimated potential tax asset amounts to around BRL 1,106 million (roughly €249 million), including an additional amount of BRL 453 million (€102 million) that will be owed exclusively to GPA.

Note 14 Related-party transactions

Related parties are:

- parent companies (mainly Rallye, Foncière Euris, Finatis and Euris);
- entities that exercise joint control or significant influence over the Company;
- subsidiaries (Note 17);
- associates (primarily Mercialys) (Note 3.3);
- joint ventures (Note 3.3);
- members of the Board of Directors and Management Committee (Note 8.4).

The Company has relations with all of its subsidiaries in its day-to-day management of the Group. The Company and its subsidiaries receive strategic advice from Euris, the ultimate holding company, under strategic advice and assistance agreements. The Company also receives other recurring services from Euris and Foncière Euris (provision of staff and premises). The expenses recorded during the year in respect of these agreements with Casino and its subsidiaries totalled €3.7 million, of which €3.1 million for strategic advisory services and €0.6 million for the provision of staff and premises.

In connection with the deployment of its dual model combining retail and commercial real estate activities, Casino and its subsidiaries are involved in a number of property development operations with Mercialys (Note 3.3.6).

Related-party transactions with individuals (directors, corporate officers and members of their families) are not material.

Note 15 Subsequent events

- **Signing of purchase pledges for the sale of six Géant hypermarkets**

On 19 January 2019, Casino Group announced that it had signed agreements to sell six hypermarkets in France to members of the E. Leclerc Group for a combined consideration of €101 million.
The hypermarket disposals do not form part of the non-strategic asset disposal plan announced on 11 June 2018 (Note 2); they result from the Group's stated intention to dispose of a certain number of structurally loss-making stores. The disposals are expected to close in the first half of 2019.

- **Sale of hypermarket and supermarket properties**

On 21 January 2019, the Group announced that it had signed an agreement with investment fund Fortress Investment Group for the sale of 26 store properties (13 Géant Casino hypermarkets, 3 Casino hypermarkets and 10 Casino supermarkets) based on a total valuation of €501 million.
The transaction was completed on 8 March 2019 and the Group received payment of 80% of the value of the assets, i.e., €392 million, net of transfer costs. The Group will now be associated with the value creation of the operation, via an interest held in the new entity created by the buyer to enhance the value of the portfolio and sell the portfolio on the market under the best possible conditions. As such, depending on the entity's performance, the Casino Group could receive up to an additional €150 million in the next few years.
The Group will continue to operate the stores under leases representing annual rent of €32 million.

- **Agreement for the sale of R2C**

On 14 February 2019, Casino announced the signature of an agreement with Compass Group providing for the sale of Casino's contract catering services, R2C.
The transaction is expected to be completed by the end of the first half of 2019, subject to consultation with the employee representative bodies and the approval of the French Competition Authority.

- **Signing of purchase pledges for the sale of loss-making stores**

On 15 February 2019, Casino announced the signature of agreements to sell a selection of structurally loss-making stores, both integrated stores and master franchisees' stores, for a total of €42 million.
In the case of the integrated stores, these commitments represent a value of €25 million in sale proceeds and relate to the following:

- 17 stores (8 Leader Price, 8 Casino supermarkets and 1 Hyper Casino) to be sold to Lidl, and
- the sale of the Géant hypermarket in Roubaix (59) to a Leclerc member with a simultaneous sale of its real estate to the owner of the shopping mall.

These 18 stores represented net sales of €88 million in 2018 for a trading loss of €12 million.
At the same time, master franchisees of the Group, with which the Casino group has a 49% stake, have signed an agreement to sell 16 stores (9 Leader Price and 7 Casino supermarkets) to Lidl for a total of €17 million.
These 16 stores represented net sales of €60 million in 2018 for a trading loss of €9 million.
The disposals are expected to be completed in the first half of 2019, subject to prior consultation with the employee representative bodies and the fulfilment of the usual conditions precedent.

- **Block sale of Via Varejo shares under a total return swap (TRS) contract**

Pursuant to the authorisation given by its Board of Directors on 20 February 2019, GPA has sold to a leading financial institution under a total return swap contract 40 million Via Varejo shares, representing 3.09% of the capital, for BRL 200 million (€45 million). The transaction will have the effect of reducing GPA's interest in Via Varejo to 36.27%.

- **Signature of purchase pledges to sell two Géant hypermarkets**

On 28 February 2019, Casino announced the signature of unilateral purchase agreements with a view to the sale of two Géant hypermarkets located in the towns of Nevers and Montauban to Groupement Les Mousquetaires for a total value of €23.4 million covering the real estate and business assets.
These stores represented net sales of €36 million in 2018 for a trading loss of €3.5 million.
The disposals are expected to be completed in the first half of 2019, subject to prior consultation with the employee representative bodies with whom a meeting was held on 27 February, and the fulfilment of the usual conditions precedent.

Note 16 Statutory Auditors' fees

Statutory Auditors' fees for the year ended 31 December 2018 (in € thousands)	EY	Deloitte
Statutory audit and review of the parent company and consolidated financial statements	5,718	4,595
Non-audit services	728	536
TOTAL	**6,445**	**5,131**

Services other than the statutory audit of the financial statements ("Non-audit services") by the Statutory Auditors to Casino, Guichard-Perrachon, the parent company, and to its subsidiaries, correspond mostly to procedures related to the issuance of statements and reports on agreed-upon procedures regarding data contained in the accounting records, or regarding internal control.

Note 17 Main consolidated companies

As at 31 December 2018, the Casino Group comprised 1,791 consolidated companies. The main companies are listed below.

Company	31 December 2018 % control	31 December 2018 % interest	31 December 2018 Consolidation method	31 December 2017 % control	31 December 2017 % interest	31 December 2017 Consolidation method
Casino, Guichard-Perrachon SA			**Parent company**			**Parent company**
France – Retailing						
Achats Marchandises Casino (AMC)	100	100	FC	100	100	FC
Casino Carburants	100	100	FC	100	100	FC
Casino Services	100	100	FC	100	100	FC
Casino International	100	100	FC	100	100	FC
CD Supply Innovation	50	50	EM	50	50	EM
Distribution Casino France (DCF)	100	100	FC	100	100	FC
Distridyn	49.99	49.99	EM	49.99	49.99	EM
Easydis	100	100	FC	100	100	FC
Floréal	100	100	FC	100	100	FC
Geimex	100	100	FC	100	100	FC
Horizon Achats	44	44	EM	-	-	-
Horizon Appels d'Offres	44	44	EM	-	-	-
Intermarché Casino Achats (INCAA)	50	50	EM	50	50	EM
Monoprix Group						
Les Galeries de la Croisette	100	100	FC	100	100	FC
Monoprix	100	100	FC	100	100	FC
Monoprix Exploitation	100	100	FC	100	100	FC
Monoprix On Line (formerly Sarenza)	100	100	FC	-	-	-
Monop'	100	100	FC	100	100	FC
Naturalia France	100	100	FC	100	100	FC
Simonop'1	-	-	-	100	51	FC
Société Auxiliaire de Manutention Accélérée de Denrées Alimentaires "S.A.M.A.D.A."	100	100	FC	100	100	FC
Société L.R.M.D.	100	100	FC	100	100	FC
Franprix-Leader Price Group						
Cofilead	100	100	FC	100	100	FC
DBMH	100	100	FC	100	100	FC
Distribution Franprix	100	100	FC	100	100	FC
Distribution Leader Price	100	100	FC	100	100	FC
Distri Sud-Ouest (DSO)	100	100	FC	100	100	FC
Franprix Holding	100	100	FC	100	100	FC
Franprix-Leader Price	100	100	FC	100	100	FC
Franprix – Leader Price Finance	100	100	FC	100	100	FC
HLP Ouest	70	70	FC	70	70	FC
Holding Mag 2	49	49	EM	49	49	EM
Holdi Mag	49	49	EM	49	49	EM
Holdev Mag	49	49	EM	49	49	EM
Gesdis	40	40	EM	40	40	EM
Leader Price Exploitation	100	100	FC	100	100	FC
NFL Distribution	100	100	FC	100	100	FC
Parfidis	100	100	FC	100	100	FC
Pro Distribution	70	70	FC	70	70	FC
R.L.P. Invest	100	100	FC	100	100	FC
Sarjel	100	100	FC	100	100	FC
Sédifrais	100	100	FC	100	100	FC
Sofigep	100	100	FC	100	100	FC

Company		31 December 2018 % control	% interest	Consolidation method	31 December 2017 % control	% interest	Consolidation method
Codim Group							
Codim 2		100	100	FC	100	100	FC
Hyper Rocade 2		100	100	FC	100	100	FC
Pacam 2		100	100	FC	100	100	FC
Poretta 2		100	100	FC	100	100	FC
Prodis 2		100	100	FC	100	100	FC
Property and Energy							
GreenYellow		73.44	73.44	FC	97.52	97.52	FC
L'immobilière Groupe Casino		100	100	FC	100	100	FC
Sudéco		100	100	FC	100	100	FC
Uranie		100	100	FC	100	100	FC
Mercialys Group							
Mercialys (listed company) (i)		**25.27**	**39.22**	**EM**	**40.24**	**40.24**	**EM**
Property development							
Plouescadis		100	100	FC	100	100	FC
Other businesses							
Banque du Groupe Casino		50	50	EM	50	50	EM
Casino Finance		100	100	FC	100	100	FC
Casino Finance International		100	100	FC	100	100	FC
Casino Restauration		100	100	FC	100	100	FC
Restauration Collective Casino		100	100	FC	100	100	FC
Perspecteev		21.8	21.8	EM	-	-	-
E-commerce							
Cnova N.V. Group (listed company)		**99.44**	**76.15**	**FC**	**99.46**	**76.11**	**FC**
Cdiscount Group		-	-	-	100	76.11	FC
Cdiscount		100	76.22	FC	100	76.19	FC
International – Poland							
Mayland Real Estate		100	100	FC	100	100	FC
International – Brazil							
Wilkes		100	77.65	FC	100	77.65	FC
GPA Group (listed company)		**99.94**	**33.09**	**FC**	**99.94**	**33.12**	**FC**
Financeira Itaú CBD S.A. – Crédito, Financiamento e Investimento (FIC)	(ii) (iii)	50	41.92	EM	50	41.93	EM
GPA Malls & Properties Gestão de Ativos e Serviços. Imobiliários Ltda. (GPA M&P)	(ii)	100	100	FC	100	100	FC
Novasoc Comercial Ltda. (Novasoc)	(ii)	100	100	FC	100	100	FC
Sendas Distribuidora S.A. (Sendas)	(ii)	100	100	FC	100	100	FC
Via Varejo (listed company)	**(ii)**	**39.37**	**43.23**	**FC**	**62.53**	**43.31**	**FC**
Banco Investcred Unibanco S.A. (BINV)	(ii) (iii) (vi)	50	21.62	EM	50	21.65	EM
Indústria de Móveis Bartira Ltda. (Bartira)	(iv) (vi)	100	100	FC	100	100	FC
C'nova Comercio Electronico	(iv) (vi)	100	100	FC	100	100	FC

Company		31 December 2018 % control	31 December 2018 % interest	31 December 2018 Consolidation method	31 December 2017 % control	31 December 2017 % interest	31 December 2017 Consolidation method
International - Colombia, Uruguay and Argentina							
Éxito Group (listed company)		**55.30**	**55.30**	**FC**	**55.30**	**55.30**	**FC**
Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones SA DIDETEXCO)	(v)	97.95	97.95	FC	97.75	97.75	FC
Viva Malls Trust	(v) (vii)	51	51	FC	51	51	FC
Viva Villavincencio Trust	(v)	51	26.01	FC	51	51	FC
Barranquilla Trust	(v)	90	45.90	FC	90	90	FC
Logistica y transporte de Servicios S.A.S	(v)	100	100	FC	100	100	FC
Tuya SA	(v)	50	50	EM	50	50	EM
Grupo Disco (Uruguay)	(v)	75.10	62.49	FC	75.10	62.49	FC
Devoto (Uruguay)	(v)	100	100	FC	100	100	FC
Libertad (Argentina)	(v)	100	100	FC	100	100	FC
International - Indian Ocean							
Vindémia Distribution		100	99.98	FC	100	99.98	FC
Vindémia Logistique		100	100	FC	100	100	FC
BDM (Mayotte)		71.44	71.44	FC	71.44	71.44	FC
SOMAGS (Mauritius)		100	100	FC	100	100	FC
French and international holding companies							
Bergsaar BV		100	100	FC	100	100	FC
Forézienne de Participations		100	100	FC	100	100	FC
Géant Foncière BV		100	100	FC	100	100	FC
Géant Holding BV		100	100	FC	100	100	FC
Géant International BV		100	100	FC	100	100	FC
Gelase		100	55.30	FC	100	55.30	FC
Helicco		100	100	FC	100	100	FC
Intexa (listed company)		**98.91**	**97.91**	**FC**	**98.91**	**97.91**	**FC**
Marushka Holding BV		100	100	FC	100	100	FC
Segisor SA		100	77.65	FC	100	77.65	FC
Tevir SA		100	100	FC	100	100	FC
Tonquin BV		100	100	FC	100	100	FC

(i) As at 31 December 2018, the Group held 25.27% of the voting rights and 39.22% of the shares, including 13.95% classified as held for sale in accordance with IFRS 5 (Note 3.1.4).

(ii) The percentage interests correspond to the percentages held by the GPA sub-group. As regards Via Varejo, GPA held 39.37% of the voting rights and 43.23% of the shares, including 3.86% through a total return swap (TRS) at 31 December 2018 (Note 2). On 20 February 2019, the holding increased to 36.27% following the signature of a second total return swap (Note 15).

(iii) FIC and BINV finance purchases made by GPA's customers. These entities were created through a partnership between Banco Itaú Unibanco S.A ("Itaú Unibanco"), GPA, and Via Varejo. They are accounted for by the equity method as GPA exercises significant influence over their operating and financial policies. Via Varejo's 14.24% share of FIC's net assets has been classified as held for sale in accordance with IFRS 5. BINV is a Via Varejo joint venture and has been classified in full as held for sale.

(iv) The percentage interests correspond to the percentages held by the Via Varejo sub-group.

(v) The percentage interests correspond to the percentages held by the Éxito sub-group. On 27 April 2015, Éxito signed a contractual agreement, initially with a two-year term, granting it more than 75% of the Disco voting rights and exclusive control over the sub-group's strategic decisions. On 29 December 2016, the agreement was extended until 30 June 2019. It will then be rolled over automatically until 30 June 2021.

(vi) Via Varejo's main subsidiaries and joint ventures are Cnova Comercio Electronico, BINV and Bartira. The entire sub-group has been classified as held for sale in accordance with IFRS 5.

(vii) The trust's governance is specified in the agreement between the parties. Éxito is the majority partner and FIC has rights with respect to certain Viva Malls business decisions concerning such matters as acquisitions and disposals in excess of a certain amount or the method of setting budgets and business plan targets. The agreement also states that Éxito is the sole provider of property management, administrative and marketing services for Viva Malls and that it is paid an arm's length fee for these services. A review of the substance of FIC's rights under the agreement confirms that their effect is solely to protect FIC's investment and that, consequently, Viva Malls is controlled by Éxito.

Note 18 Standards, amendments and interpretations published but not yet mandatory

Standards, amendments and interpretations adopted by the European Union as at the reporting date but not yet mandatory

The IASB has published the following standards, amendments to existing standards and interpretations, adopted by the European Union but not mandatory as at 1 January 2018.

IFRS 16 – *Leases*

IFRS 16, which replaces IAS 17 and the related interpretations as from 1 January 2019, removes the distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability representative of discounted future rentals for virtually all lease contracts. Operating lease expense is replaced by depreciation of the right-of-use asset and interest expense on the financial liability. Up to now, the Group has classified most of its leases as operating leases and recognised rental expense on a straight-line basis over the lease term. No asset or liability is recognised except to reflect any timing difference between the rental payment period and the period in which the related expense is recognised. Consequently, adoption of IFRS 16 will have a positive impact on performance indicators such as EBITDA and, to a lesser extent, trading profit, and a negative impact on finance costs. Consolidated net profit may also be reduced because total rental expense is generally higher at the beginning of the lease and decreases over time, unlike the straight-line charge recognised under the current standard. Additionally, net cash from operating activities will be higher as cash outflows corresponding to repayment of the principal amount of the financial liability and to interest payments will be classified as cash flows from financing activities.

The Group mostly has property leases; annual rent on the roughly 6,400 property leases amounted to €840 million in 2018, out of total rental expense for the year of €987 million. The adoption of IFRS 16 will affect primarily the accounting for the operating leases on the Group's stores and warehouses, operated for the most part by the Retail business.

In 2018, the Group continued to identify and analyse the data required for the application of IFRS 16 as at 1 January 2019. During the year, the Group started to deploy an IT application to manage leases from an operational and financial standpoint on a fully integrated basis. The deployment process will be completed during the first half of 2019.

The Group has decided to apply the full retrospective approach on transition to IFRS 16 as at 1 January 2019, by restating the comparative information for 2018.
The Group has chosen to apply the recognition exemptions in IFRS 16 concerning:

- short-term leases, and
- leases for which the underlying asset is of low value.

Lease payments not included in the initial measurement of the financial liability (for example, variable lease payments) will be recorded in operating expense, together with payments for short-term leases and leases for which the underlying asset is of low value.

The lease term will correspond to the non-cancellable period, together with the period covered by any option to extend the lease, if the Group is reasonably certain to exercise that option, and the period covered by any option to terminate the lease, if the Group is reasonably certain not to exercise that option. The Group will apply the position of the French accounting standards authority (*Autorité des normes comptables* – ANC) concerning the lease term to be applied to commercial leases in France.
The discount rate used to calculate the value of the right-of-use asset and the financial liability will be determined on a country-by-country basis.

At this stage, the estimated effect of applying IFRS 16 has been determined based on property leases, which account for substantially all of the impact. It does not include the effect on equipment leases, which is in the process of being estimated.

The estimated effect on the opening statement of financial position at 1 January 2018 would be as follows (excluding equipment leases):

- An increase in assets (mainly arising from the recognition of right-of-use assets) of between €3.7 billion and €4.2 billion.
- An increase in liabilities (arising from the recognition of a financial liability) of between €4.0 billion and €4.5 billion.
- A reduction in equity, before tax, of between €0.2 billion and €0.4 billion.

This impact can be broken down by segment as follows:

(€ billions)	France Retail	Latam Retail	E-commerce	Group total
Right-of-use	2.4 to 2.8	1.2 to 1.5	0.1 to 0.2	3.7 to 4.2
Lease liabilities	2.5 to 2.9	1.4 to 1.6	0.1 to 0.2	4.0 to 4.5
Equity, before tax	0.1 to 0.2	0.2 to 0.3	n.m.	0.2 to 0.4

The impact on profit attributable to owners of the parent will not be material.

The Group has chosen to present right-of-use assets and the related financial liabilities on separate lines of the consolidated statement of financial position. "Net debt" as defined by the Group (see Note 11) will not be impacted by the application of IFRS 16.

The actual effect of applying IFRS 16 as at 1 January 2019 may be different from the above estimates for the following reasons:

- the Group has not yet completed its tests and assessments of controls over the new lease accounting system, and
- the Group may change the chosen methods of applying new accounting standards in the period up to the date when its first financial statements presented in accordance with IFRS 16 are published (i.e., the 2019 interim financial statements).

As at 31 December 2018, off-balance sheet non-cancellable operating lease commitments (property leases and equipment leases) amounted to €3,252 million based on IAS 17 (Note 7.2). The difference between this off-balance sheet commitment and the estimated financial liability for property leases under IFRS 16 can be explained primarily as follows:

- The financial liability is greater because the estimate is based on the period during with the Group is reasonably certain of using the asset, which is longer than the non-cancellable period.
- The effect of this is offset by the effect of discounting the future lease payments, unlike under IAS 17.

In the absence of any generally accepted position concerning the application of impairment tests, the Group has not performed new impairment tests taking into account the effects of applying IFRS 16.

The accounting treatment of leases by the lessor is similar to that under IAS 17; leases continue to be classified as finance leases or operating leases as applicable. Based on the above, the Group does not expect the application of IFRS 16 to have a material impact on the financial statements, with regards to leases where the Group is lessor. However, certain additional disclosures will be made as from 2019.

IFRIC 23 – *Uncertainty over Income Tax Treatments*

This interpretation is applicable as at 1 January 2019, using the full or partial retrospective approach.
IFRIC 23 explains how to reflect the effects of uncertainty in accounting for current and deferred tax assets and liabilities under IAS 12 – *Income taxes*. It clarifies the following main points:

- Judgement should be used to determine whether uncertain tax treatments should be considered separately or together.
- An entity should assume that the taxation authority will examine all amounts reported to it and will have full knowledge of all relevant information when doing so.
- The decision whether to recognise current and deferred tax assets and liabilities should be made based on the probability (i.e., is it more probable than not) that the asset will be recovered or the liability will be paid.
- If it is not probable that the taxation authority will accept an uncertain tax treatment, the provision should be based on the estimated amount that the entity expects to pay or recover, as determined by (i) the most likely amount method or (ii) a method based on the weighted average of the various possible scenarios.

Amendments to IFRS 9 – *Prepayment features with negative compensation*

These amendments are applicable as at 1 January 2019 on a retrospective basis.
The amendments expand the classification of financial assets at amortised cost or at fair value through other comprehensive income and clarify the application of the "solely a payment of principal and interest" test to certain debt instruments with a prepayment feature where the effect of exercising this clause would reasonably lead to repayments that are lower than the amount of principal and interest due.

Standards and interpretations not adopted by the European Union as at the reporting date

The IASB has published the following standards, amendments to standards and interpretations applicable to the Group which have not yet been adopted by the European Union:

Standard **(application date for the Group subject to adoption by the EU)**	**Description of the standard**
Amendments to IAS 28 *Long-term interests in associates and joint ventures* (1 January 2019)	These amendments will be applicable on a retrospective basis. These amendments clarify that IFRS 9 (including the impairment rules) applies to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.
IFRS Annual Improvements Cycles 2015-2017 cycle (1 January 2019)	The main standards concerned are: ▪ IAS 12 – *Income Taxes*: these amendments clarify that the tax consequences of dividend payments (i.e., distributions of profits) should be recognised in profit or loss, equity or other comprehensive income according to where the transactions that generated the distributed profits were presented. They will be applicable on a retrospective basis as from the first comparative period presented. ▪ IAS 23 – *Borrowing Costs*: These amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally. These amendments will be applicable on a prospective basis.
Amendments to IAS 19 *Plan amendment, curtailment or settlement* (1 January 2019)	These amendments will be applicable on a prospective basis to plan amendments, curtailments and settlements of defined benefit plans. They require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement.
Amendments to IFRS 3 *Definition of a business* (1 January 2020)	These amendments, which will be applicable on a prospective basis, clarify the definition of a business and the application guidance for the assessment of whether an acquired set of activities and assets is a group of assets rather than a business. Under the amended definition, to be considered a business, the integrated set of activities and assets must create output in the form of goods and services delivered to customers, rather than being conducted and managed for the purpose of providing a return to investors or other owners, members or participants. In addition, an optional concentration test has been introduced to simplify the assessment of whether an integrated set of activities and assets is a group of assets and not a business.
Amendments to IAS 1 and IAS 8 *Definition of materiality* (1 January 2020)	These amendments, which will be applicable on a prospective basis, amend and expand the definition of materiality in IAS 1 and IAS 8. They also align the definition of materiality with the wording of the *IFRS Conceptual Framework*.

These interpretations and amendments are not expected to have any material impact on the Group's consolidated financial statements.

CASINO, GUICHARD-PERRACHON

Société anonyme
1 cours Antoine Guichard
42000 SAINT-ETIENNE

Statutory auditors' report on the consolidated financial statements

Year ended December 31, 2018

CASINO, GUICHARD-PERRACHON

Société anonyme
1 cours Antoine Guichard
42000 SAINT-ETIENNE

Statutory auditors' report on the consolidated financial statements

Year ended December 31, 2018

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.
This statutory auditors' report includes information specifically required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.
This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders' Meeting of CASINO, GUICHARD-PERRACHON,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Casino, Guichard-Perrachon for the year ended December 31, 2018.
In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.
The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

AUDIT FRAMEWORK

WE CONDUCTED OUR AUDIT IN ACCORDANCE WITH PROFESSIONAL STANDARDS APPLICABLE IN FRANCE.

WE BELIEVE THAT THE AUDIT EVIDENCE WE HAVE OBTAINED IS SUFFICIENT AND APPROPRIATE TO PROVIDE A BASIS FOR OUR OPINION.

OUR RESPONSIBILITIES UNDER THOSE STANDARDS ARE FURTHER DESCRIBED IN THE "STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS" SECTION OF OUR REPORT.

INDEPENDENCE

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*).

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.
These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of goodwill and brands	
Risk identified	***Our response***
Please see Notes "10.1 – Goodwill", "10.2 – Other intangible assets" and "10.5 – Impairment of non-current assets" to the consolidated financial statements	
As of December 31, 2018, the net carrying amounts of goodwill and brands with an indefinite life recorded in the consolidated statement of financial position amount to, respectively, €8,690 million and €1,515 million, which represents approximately 27% of total consolidated assets. As part of the valuation of these assets, the Group allocates goodwill and brands to cash-generating units (CGUs) using the method described in Notes 10.1, 10.2 and 10.5 to the consolidated financial statements, respectively. The Group performs impairment tests at least once a year and whenever a trigger for impairment is identified. We considered the valuation of goodwill and brands, including the goodwill relating to Franprix - Leader Price and the brand relating to Extra, to be a key audit matter due to the following: - their materiality in the consolidated financial statements; - the importance of management's estimates, assessments and significant assumptions on the basis of which their recoverable amount is determined, based on the future discounted cash flows expected to be derived from these assets; - the sensitivity of the valuation of these recoverable amounts to certain assumptions.	We examined the compliance of the methodology implemented by management with the accounting standards in force. We also assessed the main estimates used and analyzed in particular: - the consistency of cash flow projections with the budget and the medium-term business plan prepared by management, as well as the consistency of these projections with the Group's historical performance and the economic context in which the Group operates; - the methods and parameters used to determine the discount rates applied to estimated cash flows. With the assistance of our valuation experts, we recalculated these discount rates using the most recent market data available, compared the results obtained with (i) the rates adopted by management and (ii) the rates observed for several players operating in the same business sector as the Group, and assessed the reasonableness of the rates adopted by management; - the relevance of the sensitivity scenarios used by management. Finally, we examined the appropriateness of the disclosures provided in the notes to the consolidated financial statements, especially those relating to sensitivity tests.

Valuation of rebates to be received from suppliers at year-end	
Risk identified	***Our response***
Please see Notes "6.2 – Cost of goods sold" and "6.8 – Other current assets" to the consolidated financial statements	
Within the scope of its retail activities, the Group receives rebates from its suppliers in the form of discounts and commercial cooperation fees. These benefits, generally paid on the basis of a percentage defined contractually, and applied on purchases made from suppliers, are recorded as a deduction from cost of goods sold. Considering the material impact of these accounting entries on net profit for the year, the large number of contracts involved and the necessity for management to estimate the related purchases for each supplier, we considered the valuation of rebates to be received from suppliers at year-end to be a key audit matter.	Within the scope of our audit, we : ▪ examined the internal control measures relating to the process for monitoring these rebates in the Group's various significant subsidiaries and carried out tests on the key controls; ▪ reconciled, on a sampling basis, the contractual terms relating to rebates to be received from suppliers with their valuation; ▪ examined the estimates used by management to determine these year-end rebates, in particular the valuation of the level of purchases at year-end used to determine the amounts of the invoices to be issued; ▪ - followed up on the collection of these receivables subsequent to the year-end date.

Recognition of tax credits and follow up on the contingent tax liabilities at GPA	
Risk identified	***Our response***
Please see Notes "5.1 – Key indicators by reportable segment", "6.8 – Other current assets", "6.9.1 – Breakdown of other non-current assets" and "13.3 – Contingent assets and liabilities" to the consolidated financial statements	
Within the scope of its retail activities at GPA, the Group recognizes ICMS tax credits. The balance amounts to €519 million as of December 31, 2018. These tax credits are accounted for as a reduction of cost of goods sold in the income statement.	We interviewed the various persons who hold responsibilities in the GPA organization to identify and to obtain an understanding of the tax credits, existing disputes and liabilities and the related judgements.

Recognition of tax credits and follow up on the contingent tax liabilities at GPA	
Risk identified	***Our response***
These tax credits are recognized based on: (i) the interpretation of tax legislation and jurisprudence, in particular in the retail sector in Brazil, (ii) legal opinions provided by the subsidiary's external tax advisors, when it is considered that they can be estimated and that their recoverability is probable. Furthermore, as described in Note 13.3 to the consolidated financial statements, the Group estimated to €315 million the amount of contingent PIS and COFINS tax credit assets in relation to the exclusion of ICMS from the calculation basis of these two taxes. GPA is also involved in various administrative and legal proceedings in Brazil arising, notably, from tax claims filed by the Brazilian tax authorities. These tax risks that are estimated at €2,128 million as of December 31, 2018 were analysed as contingent liabilities and no provisions weere recognized as of December 31, 2018, as indicated in Note 13.3 to the consolidated financial statements.	Concerning tax credits, we examined: - the internal control environment and process in which these tax credits are monitored and we tested the related key controls using sampling techniques; - the documentation that evidences either the recognition of ICMS tax credits over the year, or the qualification of the PIS and COFINS tax credits as a contingent tax asset; - the legal or technical opinions provided by law firms or external experts chosen by management to assess the recognition of the tax credits shown in the consolidated financial statements; - the assumptions used by management to draw up the recovery plan underlying the recognized ICMS tax credits. Concerning contingent liabilities, we: - reconciled the list of identified disputes with the information provided by GPA's main law firms that we contacted; - examined the information on the legal or technical proceedings and/or opinions provided by the law firms or external experts chosen by management to assess the qualification of the various disputes as contingent liabilities; - examined the risk estimates prepared by the Group and reconciled them with the figures in relation to the contingent tax liabilities that are included in the notes to the consolidated financial statements.

Recognition of tax credits and follow up on contingent tax liabilities at GPA	
Risk identified	***Our response***
We considered the recognition and recoverability of both the tax credits and the valuation and monitoring of contingent tax liabilities to be key audit matters for the following reasons: (i) the significance in the accounts of the tax credit balance, the contingent asset relating to PIS and COFINS tax credits and the amount of contingent tax liabilities as of December 31, 2018, (ii) the complexity of the Brazilian tax legislation related to taxes and (iii) the use of judgements and estimates by management in connection with the recognition of tax credits and the valuation of the contingent tax liabilities.	Finally, we assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

Presentation and valuation of the Via Varejo discontinued operations	
Risk identified	***Our response***
Please see Notes "2 – Significant events of the year" and "3.5 – Non-current assets held for sale and discontinued operations" to the consolidated financial statements	
Via Varejo constitutes the entire "Latam Electronics" operating sector and the e-commerce business in Brazil through its subsidiary Cnova Brazil (hereinafter "Via Varejo"). As of December 31, 2018, the Via Varejo assets and liabilities held for sale are shown on a separate line and total respectively €5,698 million and €4,426 million, hence net assets amounting to €1,272 million (about 11% of the consolidated net assets). As described in Note 2 to the consolidated financial statements, the disposal of the Group's investment in Via Varejo initiated in 2016 could not be finalized as of December 31, 2018. However, while seeking to continue with such disposal to strategic investors, the subsidiary's Board of Directors authorized alternatives to conclude this disposal by December 31, 2019.	Within the scope of our audit: - we analyzed the documentation underlying the ongoing disposal of Via Varejo which led the Group's management to maintain Via Varejo in assets held for sale and discontinued operations, particularly (i) the minutes of the GPA Board of Directors' meeting which authorized the alternatives to conclude the sale by December 31, 2019, including the possibility of selling its investment via stock market transactions and (ii) the terms of sale of a portion of the ordinary shares of Via Varejo in December 2018, as described in Note 2 to the consolidated financial statements;

<table>
<tr><th colspan="2">Presentation and valuation of the Via Varejo discontinued operations</th></tr>
<tr><th>Risk identified</th><th>Our response</th></tr>
<tr><td colspan="2">Please see Notes “2 – Significant events of the year” and “3.5 – Non-current assets held for sale and discontinued operations” to the consolidated financial statements</td></tr>
<tr><td>As the Group therefore estimated the disposal of Via Varejo to be highly probable in 2019, Via Varejo’s activities were maintained in discontinued operations in accordance with IFRS 5:
- the assets and liabilities as well as the cash flow of Via Varejo were presented on a separate lines respectively of the consolidated statement of financial position and of the consolidated statement of cash flows;
- the after tax net profit of the Via Varejo activities was presented in a separate line of the consolidated statement of income (“Net profit from discontinued operations”);
- Via Varejo was valued at the lower of its carrying amount and its fair value less selling costs.
Given the significance of Via Varejo’s contribution to the consolidated financial statements and the degree of judgement in relation to (i) the highly probable nature of the disposal that justifies to maintain the recording of the Via Varejo’s business in the discontinued operations and (ii) the valuation of the investment, we believe the presentation and valuation of the discontinued operations of Via Varejo to be a key audit matter</td><td>- we examined the presentation of all of the items comprising the assets and liabilities, the cash flow statement and the after tax net profit of the Via Varejo activities in “Assets held for sale” and “Liabilities associated with assets held for sale” (Note 3.5.1), as well as in profit and cash flow from discontinued operations (Notes 3.5.2 and 3.5.3), with regard to IFRS 5.
- we assessed the methods for determining the fair value of these assets and liabilities, less estimated selling costs, as of December 31, 2018. In particular, we considered whether the estimate of the fair value of Via Varejo was consistent with the disposal arrangements planned by management.
Finally, we assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements.</td></tr>
</table>

Specific verifications

AS REQUIRED BY LAW, WE HAVE ALSO VERIFIED IN ACCORDANCE WITH PROFESSIONAL STANDARDS APPLICABLE IN FRANCE THE INFORMATION PERTAINING TO THE GROUP PRESENTED IN THE BOARD OF DIRECTORS’ MANAGEMENT REPORT.

WE HAVE NO MATTERS TO REPORT AS TO ITS FAIR PRESENTATION AND ITS CONSISTENCY WITH THE CONSOLIDATED FINANCIAL STATEMENTS.

We attest that the consolidated statement of non-financial performance provided by Article L.225-102-1 of the French Commercial Code features in the Group information presented in the management report, it being specified that, pursuant to Article L.823-10 of this Code, we have not verified the fairness of the information contained in this statement or its consistency with the consolidated financial statements and it should be covered in a report by an independent third-party body.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as Statutory Auditors of Casino, Guichard-Perrachon by the Shareholders' Meeting held on April 29, 2010.

As at December 31, 2018, our audit firms were both in their 9th year of uninterrupted engagement. Previously, Ernst & Young Audit had been Statutory Auditor since 1978.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

OBJECTIVE AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgement throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also bring to its attention any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.
We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as defined in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 13, 2019

The Statutory Auditors

Ernst & Young et Autres	**DELOITTE & ASSOCIES**	
Yvon SALAÜN	Frédéric MOULIN	Patrice CHOQUET