

# Press Kit

# Full-Year 2018 Results

Outlook for 2019-2021 – France

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# Message from Casino's Chairman and CEO

*"The 2018 results reflect the success of the Group's transformation plan initiated four years ago.*

*Our subsidiaries in Latin America recorded another excellent performance, achieving further success in the cash & carry segment and revitalising the other formats.*

*In France, the Group maintained its trajectory of continuous improvement in profitability and strengthened its financial position by significantly reducing net debt, a trend that will continue in 2019.*

*We now have a model that is perfectly adapted to the in-depth changes affecting the retail sector. Our strategic leadership will be strengthened in 2019-2021 thanks to an increased focus on profitable formats, faster expansion of digitalisation and e-commerce, and the development of new businesses that capitalise on the Group's assets and expertise."*

Jean-Charles Naouri



# Changes affecting the retail sector

## Polarisation of consumer preferences

- Growth in convenience and premium store networks in city centres
- Decline in hypermarkets
- Growth in the discount segment

## Higher expectations in terms of quality, transparency and environmental impact

- Reduction in the consumption of industrial products
- Increased demand for quality foods (organic products and fresh produce)

## Demand for personalisation, choice and immediacy, driven by the digital revolution

- Digitalisation of customer relationships to simplify and personalise the shopping experience
- Rapid development of e-commerce
- Increased popularity of in-store eating areas

# A transformed Group in France that has delivered excellent results

Highest organic growth in 5 years and gross sales under banner up 2.8%

Growth in retail trading profit of 15% and improvement in profitability of 0.2 pts, in line with previous years

Significant progress on the Group's strategic priorities

- **Increased focus on profitable formats**
  - ✓ Launch of a disposal plan for loss-making hypermarkets
  - ✓ Expanded presence in growth **formats** and **geographies**
  - ✓ Disposal and closure of loss-making stores
- **Group e-commerce:** 18% of the business\*
- **E-commerce under the brick-and-mortar banners:** 59% growth in net sales
- **Organic:** growth of 16.3% and net sales of nearly €1bn

€1.5 billion asset disposal plan announced in June 2018 implemented ahead of schedule (and target revised to at least €2.5 billion)

Net debt reduced by €1 billion

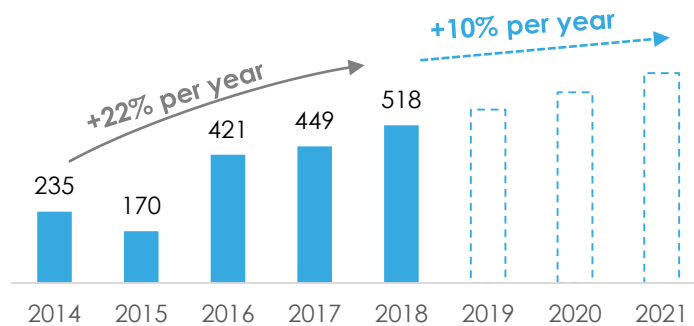
\* Online sales under banners and Cdiscount's GMV for the fourth quarter of 2018

# A Group positioned on a path of continuous profitability improvement and debt reduction

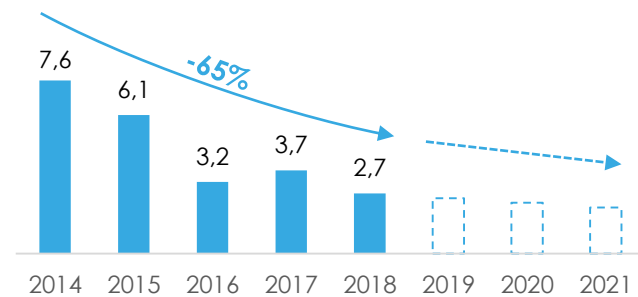
Improvement in 2018 in retail trading profit of 22% per year and in margin of 0.4 pts per year and a reduction in debt of 65%

Objectives for 2019-2021 in France aimed at continuing this positive financial trajectory:

**France retail trading profit**  
(in €m)



**France net debt**  
(in €bn)



**Margin**  
(% of sales) 1.2%  $\xrightarrow{+0.4 \text{ pts per year}}$  2.7%  $\xrightarrow{+0.2 \text{ pts per year}}$

# A Group with strong ambitions for 2021 in promising sectors for the future

1

Develop a format mix closely aligned with **new consumer trends, drawing on historic expertise in organic products** to become the leader in this segment by 2021

3

Speed up the **digitalisation of sales outlets** and develop a **unique ecosystem of mobile apps** to make life easier for consumers

2

**Double e-commerce sales and triple food e-commerce sales** by leveraging strategic partnerships (Amazon, Ocado) and consolidating Cdiscount's position in the non-food segment

4

Develop **new businesses in the services sector** (GreenYellow, 3W relevanC and ScaleMax)

# 1. Strengthen the favourable format mix

## OBJECTIVES

Increase the proportion of more profitable and more responsible premium and convenience formats aligned with new consumer trends

Speed up development in organic products to become No. 1 in France

## MEANS

**Reduce the proportion of hypermarkets** in the mix from 21% to 15% **and continue to open premium and convenience stores**, with 300 openings by 2021 (Monoprix, Franprix, Casino Supermarkets)

**Continue to roll out innovative concepts** (eating areas, 500 autonomous stores in 2021 at Monoprix, Franprix, Naturalia and Casino Supermarkets)

**Casino is rated A1+ (No. 1 in its sector) for its increased commitment towards social and environmental issues** (examples: private-label products without pesticide residue, labelling for animal welfare)

**Generate net sales of €1.5bn and become No. 1 in France in organic products** in 2021 (vs. €1.0bn in 2018, and No. 1 in Paris and No. 2 in France)

**Speed up expansion of Naturalia:** 50 store openings per year, for a total of **approx. 350 stores in 2021**



## 2. Double e-commerce sales and triple food e-commerce sales

Achieve **30%** e-commerce sales overall (vs. 18% in Q4 2018) and generate more than **€1bn in net sales** in food e-commerce

Strengthen Cdiscount's position, with a GMV\* target of **€5bn** in 2021 (vs. €3.6bn in 2018)



ocado



Generate **€1bn** in sales in the food e-commerce segment (vs. €300m in 2018) thanks to high-quality partnerships and the continued digitalisation of customer relationships via mobile apps

\*GMV : Gross Merchandise Volume

## 2. Create a future leader in food e-commerce with Monoprix by capitalising on key, strategic partnerships



amazon

Delivery in  
Paris within  
2 hours

### Same-day delivery in Paris thanks to the Monoprix-Amazon Prime Now partnership

- Development of a new Monoprix customer base and acquisition of digital expertise
- Very strong start with demand beating initial expectations, which will result in a further extension of the delivery area



ocado

Next-day  
delivery on  
50,000 items

### Next-day delivery thanks to disruptive technology with Ocado and a unique store network

- **The most efficient technology on the market with the Ocado automated platform** (orders prepared in 6-7 minutes vs. 20-30 minutes today) for next-day delivery in Paris and the northern half of France
- **A unique 8,000 store network with dense urban coverage enabling deployment of various last-mile logistics solutions (on-foot delivery, Shop & Go, etc.)**

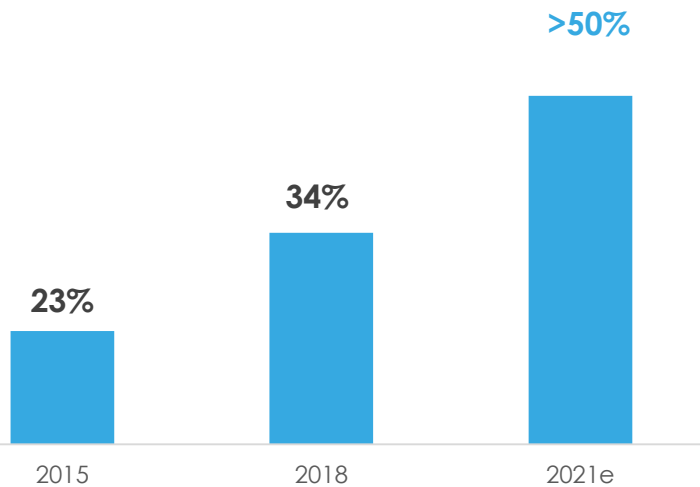
## 2. Speed up Cdiscount's profitable growth through the development of the marketplace and services

>50%

Increase the marketplace contribution to more than 50% in 2021 (vs. 34% in 2018)

Extend the line-up of **B2B and B2C services**

Expand operations in neighbouring European countries



Marketplace contribution to GMV



# 3. Speed up the digitalisation of sales outlets and develop an ecosystem of apps



Ramp up the mobile app ecosystem, which already totalled more than 10 million downloads in 2018



1. **Develop digital solutions to enhance the customer experience:** already, **approx. 15% of sales** are generated by users of the CasinoMax app launched in early 2018, which notably offers **mobile payment** (immediate, deferred or in four instalments) and **Scan & Go solutions** (also available on the Monoprix app)

2. **Increase in-store penetration of mobile apps to achieve a 2021 target of 40% of net sales** generated by CasinoMax app users (vs. 15% in March 2019, and 25% by the end of the year)

3. **Establish continuous contact with customers and the services offering through the replacement of paper catalogues** at Franprix and Monoprix with digital catalogues, **personalised targeted coupons** thanks to a proprietary platform, and a **cash-back service** with 300 sellers through the CasinoMax app

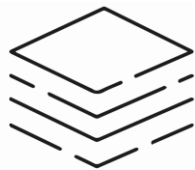
## 4. Develop the new businesses



1. **In energy:** by accelerating the development of GreenYellow in order to position the company as a leader in self-consumption solar in France

3W.relevanc

2. **In data:** by capitalising on the huge amounts of data collected every day both offline, from customers in brick-and-mortar stores, and online, via Cdiscount and Sarenza



SCALEMax

3. **In data centres:** by using the space available in our warehouses and storerooms to install computer servers

## 4. New businesses: GreenYellow

Consolidate GreenYellow's leadership position in the photovoltaic segment

**Objective: increase installed capacity to 950 MWp\*** by 2021 (vs. 190 MWp in 2018)

**Consolidate leadership position in self-consumption solar** in France by capitalising on partnership with Engie

Implement new energy performance contracts

**Objective: €170m in annual energy savings** by 2021 (vs. €66m in 2018), of which more than half generated with external customers

Develop B2C services and expand the line-up

**Expansion of electricity sales to consumers**, notably through Cdiscount, with the objective of winning 10% of the customers leaving the historical operator

**Development of a new gas offering** to be launched before the end of 2019



# 4. New businesses: Data and Data Centres

Generate €130m in revenues from data and data centres by 2021

3W.relevance

Data: achieve €100m in net sales by 2021  
(vs. €41m in 2018)

Database with information from physical and digital sources on more than **30 million profiles**

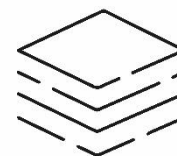
**Three business segments:** analysis of purchasing behaviours, activation of advertising campaigns and measurement of their offline impact



Data Centres (Scale Max): generate €30m in net sales in 2021

Use of the space available in the Group's warehouses and storerooms to install **computer servers**

**A clean, competitive and secure solution** whose first customers are in the banking sector



SCALE Max

# Main operating KPIs for France – Summary 2019-2021 outlook

|   | <u>2018</u> | <u>2021</u>            |
|---|-------------|------------------------|
| <b>1. Mix</b>                                 |             |                        |
| ▪ Openings of premium and convenience stores* |             | <b>300</b>             |
| ▪ Hypermarket gross sales (% of total)        | 21%         | <b>15%</b>             |
| ▪ Net sales of organic products               | €1.0bn      | <b>€1.5bn</b>          |
| <b>2. E-commerce</b>                          |             |                        |
| ▪ E-commerce** (% of total)                   | 18%         | <b>30%</b>             |
| ▪ Food e-commerce GMV***                      | €300m       | <b>€1bn</b>            |
| ▪ Cdiscount GMV                               | €3.6bn      | <b>€5bn</b>            |
| <b>3. Digitalisation</b>                      |             |                        |
| ▪ Deployment of Scan & Go****                 | 30%         | <b>100%</b> (end-2019) |
| <b>4. New businesses</b>                      |             |                        |
| ▪ Solar power installed capacity              | 190 MWp     | <b>950 MWp</b>         |
| ▪ Data and Data Center revenues               | €41m        | <b>€130m</b>           |
| <b>5. Cost saving plans</b>                   |             |                        |
| ▪ Cost savings                                |             | <b>€200m</b> (by 2020) |

\* Monoprix, Naturalia, Franprix, Casino Supermarchés

\*\* Online sales under the banners and Cdiscount's GMV

\*\*\* Food E-commerce = France E-commerce excluding Cdiscount

\*\*\*\* Scope: hypermarkets and supermarkets



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