25/07/2019

Alternative performance indicators

The Casino Group believes that alternative indicators which are not defined in any IFRS standard provide additional information that is useful to the market when analysing the Group's underlying trends, as well as its performance and financial position. These indicators are also used by management to analyse performance. As they are not defined in any IFRS standard, they are not directly comparable with indicators with sometimes similar names reported by other companies. They are not intended to replace the IFRS indicators presented in the financial statements, nor should they be seen as more important.

This document has been drawn up in line with Position no. 2015-12 issued by France's securities regulator (*Autorité des Marchés Financiers* – AMF) on alternative performance indicators.

The Group has applied IFRS 16 as from 1 January 2019 and elected to apply the "full retrospective" transition method, which led to the restatement of the 2018 financial statements, allowing them to be compared with the 2019 financial statements.

The performance indicators presented in the Group's financial communications do not include the impact of IFRS 16. The IFRS 16 impacts presented in the following note reconcile the data with the financial statements for the six months ended 30 June 2019.

IAS 29 on the treatment of hyperinflation in Argentina has been applied since the second half of 2018, with limited retrospective application in first-half 2018. Previously reported data for the period from 1 January 2018 to 30 June 2018 have therefore been restated.

Alternative performance indicators not published in the financial statements

Underlying financial income/(expense)

Underlying financial income/(expense) corresponds to net financial income/expense restated for changes in the fair value of equity derivatives (such as total return swaps and forward contracts on GPA shares) and the effects of discounting tax liabilities in Brazil.

The Group uses this indicator to measure recurring financial income/(expense).

The table below reconciles underlying financial income/(expense) to the aggregates reported in the consolidated financial statements:

(€ millions)	30 June 2019	IFRS 16	30 June 2019 incl. IFRS 16
Net finance costs	(159)	3	(157)
Other financial income	105		105
Other financial expenses	(112)	(134)	(245)
Plus/(minus):			
Change in fair value of derivative instruments not qualifying for hedge accounting	(50)	0	(50)
Other	4		4
Underlying financial income/(expense)	**(213)**	**(131)**	**(344)**

(€ millions)	30 June 2018	IFRS 16	30 June 2018 incl. IFRS 16
Net finance costs	(155)	4	(151)
Other financial income	51		51
Other financial expenses	(145)	(116)	(261)
Plus/(minus):			
Change in fair value of derivative instruments not qualifying for hedge accounting	31	0	31
Other	12	0	12
Underlying financial income/(expense)	**(206)**	**(112)**	**(318)**

Underlying net profit
Underlying profit, Group share
Minority interests in underlying profit
Underlying earnings per share

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 result from restatements made to calculate underlying financial income/expense (see above).

Minority interests in underlying profit represent the share of underlying net profit attributable to non-controlling interests. This indicator is therefore equal to net profit from continuing operations attributable to non-controlling interests, adjusted for non-controlling interests in other operating income and expenses and the impact of non-recurring financial items, as well as income tax expense/benefits related to these adjustments (see the definition of underlying net profit).

Basic underlying earnings per share corresponds to underlying net profit, Group share for the period divided by the weighted average number of shares outstanding during the period that make up the share capital. Diluted underlying earnings per share is calculated by adjusting underlying profit, Group share and the weighted average number of shares outstanding, for the impact of all potentially dilutive instruments.

The Group uses these indicators to measure changes in recurring profit from operations. The table below reconciles underlying net profit to the aggregates reported in the consolidated financial statements:

(€ millions)	30 June 2019	IFRS 16	30 June 2019 incl. IFRS 16
Net profit/(loss) from continuing operations	**(174)**	**(88)**	**(262)**
Plus/(minus):			
Other operating income	308	76	383
Other financial income and expenses[1]	(47)	-	(47)
Tax effect related to the above restatements and direct non-recurring tax effects	(27)	(21)	(47)
Underlying net profit/(loss)	**60**	**(33)**	**27**
o/w attributable to non-controlling interests	*76*	*(15)*	*62*
o/w Group share	***(16)***	***(18)***	***(35)***

(€ millions)	30 June 2018	IFRS 16	30 June 2018 incl. IFRS 16
Net profit/(loss) from continuing operations	**39**	**(23)**	**16**
Plus/(minus):			
Other operating income/(expenses)	137	(1)	136
Other financial income and expenses[(1)]	43		43
Tax effect related to the above restatements and direct non-recurring tax effects	(39)	0	(39)
Underlying net profit/(loss)	**180**	**(24)**	**156**
o/w attributable to non-controlling interests	*133*	*(13)*	*120*
o/w Group share	***46***	***(11)***	***36***

(1) See paragraph above on "underlying financial income/(expense)".

Free cash flow before and after dividends and net interest paid

Free cash flow before dividends and net interest paid is defined by the Group as cash flow from operating activities, as presented in the consolidated statement of cash flows, less net capital expenditure (see below).

Free cash flow after dividends and net interest paid is defined by the Group as free cash flow before dividends received and net interest paid less dividends and net interest paid.

This indicator allows the Group to measure cash flow arising from and used in operating activities. Management believes that free cash flow thus defined provides investors with critical perspective on the liquidity available to shareholders and for debt repayments and acquisitions, after the necessary investments have been made in fixed assets to support ongoing business operations, interest on borrowings and long-term value creation. Free cash flow is used to measure Group performance and overall liquidity. The table below reconciles **free cash flow before and after dividends and net interest paid** to the aggregates reported in the consolidated financial statements:

(€ millions)	Continuing operations	Discontinued operations	30 June 2019 Group	IFRS 16 impact, Group	Group incl. IFRS 16 impact
Net cash from/(used in) operating activities	**(916)**	**(598)**	**(1,514)**	**569**	**(945)**
Cash outflows related to acquisitions of property, plant and equipment, intangible assets and investment property	(516)	(49)	(565)	0	(565)
Cash inflows related to disposals of property, plant and equipment, intangible assets and investment property	414	1	415	(0)	415
Free cash flow before dividends and net interest paid	**(1,017)**	**(646)**	**(1,664)**	**569**	**(1,095)**
o/w other			*(1,668)*		
o/w France			***4***		
*Rocade and disposal plan restatements**			*128*		
o/w France restated for the Rocade and disposal plans			***133***		

** Including €150 million for Rocade and €23 million for the disposal plan recognised under changes in scope of consolidation in the statement of cash flows in the notes to the interim consolidated financial statements.*

(€ millions)	Continuing operations	Discontinued operations	30 June 2019 Group	IFRS 16 impact, Group	Group incl. IFRS 16 impact
Free cash flow before dividends and net interest paid	**(1,017)**	**(646)**	**(1,664)**	**569**	**(1,095)**
Interest paid, net	(257)	(66)	(323)	(166)	(489)
Dividends paid to owners of the parent	(169)	-	(169)	-	(169)
Dividends paid to non-controlling interests	(42)	(0)	(42)	-	(42)
Dividends paid to holders of deeply subordinated perpetual bonds	(62)	-	(62)	-	(62)
Free cash flow after dividends and net interest paid	**(1,548)**	**(712)**	**(2,260)**	**403**	**(1,857)**
o/w other			(1,903)		
o/w France			**(357)**		

(€ millions)	Continuing operations	Discontinued operations	30 June 2019 Group	IFRS 16 impact, Group	Group incl. IFRS 16 impact
Net cash from/(used in) operating activities	**(344)**	**(283)**	**(627)**	**541**	**(87)**
Cash outflows related to acquisitions of property, plant and equipment, intangible assets and investment property	(528)	(64)	(592)	0	(591)
Cash inflows related to disposals of property, plant and equipment, intangible assets and investment property	223	5	229		229
Free cash flow before dividends and net interest paid	**(649)**	**(341)**	**(990)**	**541**	**(449)**
o/w other			(1,141)		
o/w France			**150**		

(€ millions)	Continuing operations	Discontinued operations	30 June 2018 Group	IFRS 16 impact, Group	Group incl. IFRS 16 impact
Free cash flow before dividends and net interest paid	**(649)**	**(341)**	**(990)**	**541**	**(449)**
Interest paid, net	(290)	(87)	(377)	(156)	(533)
Dividends paid to owners of the parent	(168)		(168)		(168)
Dividends paid to non-controlling interests	(40)	(2)	(42)		(42)
Dividends paid to holders of deeply subordinated perpetual bonds	(38)		(38)		(38)
Free cash flow after dividends and net interest paid	**(1,186)**	**(431)**	**(1,616)**	**385**	**(1,232)**
o/w other			(1,420)		
o/w France			**(196)**		

Free cash flow is also tracked by operating segment.

For the purposes of communicating the financial information for the six months ended 30 June 2019, free cash flow described as “free cash flow + net proceeds from disposal and Rocade plans” includes proceeds from the Rocade disposal and the disposal plan recognised under changes in scope of consolidation (for a positive €128 million) and totals a positive €133 million. The Rocade and disposal plans had no impact on free cash flow for the six months ended 30 June 2018.

Free cash flow generated by continuing operations (before and after dividends and net interest paid) corresponds to total consolidated free cash flow less free cash flow from discontinued operations.

Gross capex, net capex in continuing operations, net capex

Gross capex corresponds to "Cash outflows related to acquisitions of property, plant and equipment, intangible assets and investment property", as presented in the consolidated statement of cash flows.

Net capex corresponds to gross capex less "Cash inflows related to disposals of property, plant and equipment, intangible assets and investment property", as presented in the consolidated statement of cash flows.

These two items are components of free cash flow.

The table below reconciles **net capex in continuing operations** to the aggregates reported in the consolidated financial statements:

(€ millions)	30 June 2019	30 June 2018
Cash outflows related to acquisitions of property, plant and equipment, intangible assets and investment property	(516)	(528)
Cash inflows related to disposals of property, plant and equipment, intangible assets and investment property	414	223
Net capex in continuing operations	**(102)**	**(305)**

Net capex is also tracked by operating segment.

The table below reconciles consolidated **net capex** to the aggregates reported in the consolidated financial statements. The application of IFRS 16 had no impact on these aggregates. Net capex for France is presented excluding the disposal plan and Rocade in order to isolate the related impacts on the statement of cash flows.

(€ millions)	30 June 2019
Cash outflows related to acquisitions of property, plant and equipment, intangible assets and investment property	(565)
Cash inflows related to disposals of property, plant and equipment, intangible assets and investment property	415
Consolidated net capex	**(150)**
o/w other	**(357)**
o/w France	**207**
*Rocade and disposal plan restatements**	*(357)*
o/w France restated for the Rocade and disposal plans	**(150)**

** The €357 million relates in full to the disposal plan and is presented in the statement of cash flows under "Cash inflows related to disposals" in the notes to the consolidated financial statements for the six-month period ended 30 June 2019.*

(€ millions)	30 June 2018
Cash outflows related to acquisitions of property, plant and equipment, intangible assets and investment property	(592)
Cash inflows related to disposals of property, plant and equipment, intangible assets and investment property	229
Consolidated net capex	**(363)**
o/w other	**(306)**
o/w France	**(57)**

Net investment in continuing operations

Net investment is based on the amounts reported in the statement of cash flows, and is equal to the sum of (i) acquisitions of non-current financial assets less disposals of non-current financial assets, (ii) changes in loans and advances granted and (iii) the effect of changes in scope of consolidation resulting in the acquisition/loss of control or related to equity-accounted investees.

This indicator measures non-operational investments.

The table below reconciles the **net investment in continuing operations** to the aggregates reported in the consolidated financial statements:

(€ millions)	30 June 2019	30 June 2018
Cash outflows related to acquisitions of financial assets	(27)	(22)
Cash inflows related to disposals of financial assets	59	20
Effect of changes in scope of consolidation resulting in acquisition or loss of control	129	(74)
Effect of changes in scope of consolidation related to equity-accounted investees	(16)	(4)
Change in loans, advances granted	16	3
Net investment in continuing operations	**162**	**(77)**

Non-GAAP indicators published in the financial statements

The indicators presented below are included in the consolidated financial statements. Only the definitions of these indicators are provided. The corresponding reconciliation tables can be found in the notes to the financial statements.

Trading profit

Trading profit is defined as operating profit before (i) certain items 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) and (ii) certain non-recurring items 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).

Before the application of IFRS 16, trading profit included lease payments. Further to the application of IFRS 16, trading profit includes only variable lease payments, leases for which the underlying asset is of low value and depreciation of the right-of-use asset.

Trading margin corresponds to trading profit expressed as a percentage of net sales.

EBITDA

EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined as trading profit plus recurring depreciation and amortisation expense included in trading profit.
Before the application of IFRS 16, EBITDA included lease payments.
Further to the application of IFRS 16, EBITDA includes only variable lease payments and leases for which the underlying asset is of low value.

EBITDA margin corresponds to EBITDA expressed as a percentage of net sales.

Operating cash flow

Net cash from operating activities before change in working capital, net finance costs and income tax (operating cash flow), as presented in the statement of cash flows, corresponds to net cash from/(used in) operating activities before changes in working capital, interest paid net of interest received and income tax paid. It is calculated based on consolidated net profit excluding non-cash items or items unrelated to operating activities (such as depreciation, amortisation, provisions other than on current assets, fair value adjustments, expenses related to share-based payments, gains/losses on disposal of non-current assets, and gains/losses due to changes in percentage ownership of subsidiaries resulting in the acquisition/loss of control or changes in non-controlling interests), adjusted for net finance costs, non-recourse factoring costs, and the difference between dividends received from equity-accounted investees and the Group's share of their profit.
Net cash from operating activities of continuing operations corresponds to total net cash from operating activities less the pre-tax profit of discontinued operations.
Net cash from operating activities is also tracked by operating segment.

Before the application of IFRS 16, net cash from operating activities included lease payments. Further to the application of IFRS 16, net cash from operating activities includes only variable lease payments and short-term leases or leases for which the underlying asset is of low value. Repayment of lease liabilities and interest payments related to leases are now included in cash flow from/(used in) financing activities.

(€ millions)	30 June 2019	IFRS 16 impact	30 June 2019 incl. IFRS 16
Operating cash flow	**471**	**560**	**1,031**
- Profit/(loss) before tax from discontinued operations	(48)	(43)	(91)
- Non-cash restatement related to discontinued operations	(39)	(36)	(75)
+ Neutralisation of profit on disposal of discontinued operations	63		63
Operating cash flow from continuing operations	**446**	**481**	**927**

(€ millions)	30 June 2018	IFRS 16 impact	30 June 2018 incl. IFRS 16
Operating cash flow	**747**	**524**	**1,271**
- Profit/(loss) before tax from discontinued operations	(74)	(50)	(125)
- Non-cash restatement related to discontinued operations	(40)	(45)	(85)
+ Neutralisation of profit on disposal of discontinued operations	(5)		(5)
Operating cash flow from continuing operations	**628**	**429**	**1,057**

Net cash

Net cash corresponds to cash and cash equivalents less bank overdrafts.

Net debt

Net debt corresponds to loans and other borrowings including related derivatives with a negative fair value designated as fair value hedges and reverse factored trade payables reclassified as financial liabilities (“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 with a positive fair value designated as fair value hedges, (iv) financial assets arising from a significant disposal of non-current assets and (v) net assets held for sale attributable to owners of the selling subsidiary.

Net debt is also tracked by operating segment.

Other terms

Constant exchange rates

The expression "at constant exchange rates" means applying prior-year exchange rates to the current year, with all other things being equal.

Same-store net sales

Same-store net sales include e-commerce sales and sales of merchandise excluding fuel from stores open for at least 12 months. The figure is calculated at constant exchange rates.

Organic net sales

Organic net sales correspond to consolidated net sales at constant scope of consolidation and exchange rates.

Gross merchandise volume (GMV)

The gross merchandise volume of e-commerce sites corresponds to sales including tax made directly on the Cdiscount group websites and by independent marketplace merchants. For all other retailing activities (excluding fuel), gross merchandise volume corresponds to the total net sales generated by each banner from integrated stores and franchises, excluding fuel.

Food sales

Food sales are defined as net sales before tax of fast moving consumer goods, fresh produce and processed products.

Calendar effect

The calendar effect measures the theoretical impact on net sales growth of calendar differences from one year to the next. It includes:

- ✓ the impact of the change in the number of selling days per calendar week from one year to the next (increase/decrease in number of days compared to Y-1 over a given period: month, quarter or year),
- ✓ the impact of calendar differences concerning selling days that traditionally see a significant surge or drop in net sales (public holidays, school holidays, long weekends, major promotional campaigns, seasonal sale periods and key holidays).

Customer traffic

Customer traffic corresponds to the number of check-out transactions.

Organic trading profit

Organic trading profit corresponds to consolidated trading profit at constant scope of consolidation and exchange rates.