Financial communication

Jean-Charles NAOURI

Good morning everyone. As you know, the presentation of our results this year has a very specific context. The Covid-19 epidemic is disrupting our lifestyles, impacting our personal and professional lives, and turning our daily routines upside down. In these circumstances, we have been able to count on the professional commitment of the Group's teams to continue to fulfil our core mission, whether in the stores or in the logistics centres and the warehouses. To this end, I would like to thank all our employees for their commitment, and particularly those engaged in daily operational roles and the extraordinary way that they have rallied round.

Before moving on to the usual presentation of the highlights of the past year, it seems important to take stock of how the Group is coping with the current situation. The Casino Group is currently focused on priority issues, which are first and foremost the implementation of measures needed to preserve the health of employees and customers. We have had masks in place since last Tuesday. All Group employees have been wearing masks for over ten days now. Of course, the Group's employees also have access to hand sanitizer and, finally, we have now fully installed plexiglass protection at the checkouts. We are in full compliance with other instructions, namely distancing between customers and encouraging of the use of automatic check-out systems. Fifty percent of customer flows in hypermarkets are now via an automatic cash register.

Like other retailers, we are facing a demand that is completely new in scale, both in stores, Click & Collect outlets and for home delivery. In France, convenience formats and e-commerce are particularly sought after in large cities, much more so than hypermarkets. With our network of 7,200 stores and the Cdiscount brand, the Group must be ready to step up to its task.

A crisis unit meets on an ongoing basis, in real time, involving suppliers, public authorities and industry, to ensure the continuity of supply chains and secure store operations.

Finally, and I will not list every one of them here, a series of initiatives has been launched aimed at the most vulnerable populations. These include hours reserved for the over-65s and caregivers, ready-to-deliver baskets, telephone orders, and the expansion of Cdiscount's food and hygiene offer.

I) Significant events for the Group in 2019

The significant events in France are the acceleration of the Group's strategic repositioning on the formats that we consider buoyant, with the disposal of Leader Price bringing the total proceeds from signed disposals under the disposal plan to €2.8 billion.

In 2019, our gross sales under banner was up 1.9% on a same-store basis. This is the comparable net sales, including Cdiscount's GMV.

Note that in Q4 2019, 24% of activity in France was done through e-commerce, compared with 18% in 2018.

Our current retail trading margin in France increased by 0.5 points, bringing our margin rate in France to 3.8% of sales, with trading profits up 12% to €622 million.

France's net debt was reduced to €2.3 billion as a result of the disposal plan and recurring free cash flow (excluding the disposal and Rocade plans) of €367 million. Excluding non-recurring expenses, this free cash-flow is €576 million.

Lastly, we note a very important point for us: the ongoing modernisation of the retail business, with faster development of automated payment systems (smartphones, self-service check-outs, autonomous stores) and growth in home delivery services (opening of the Ocado warehouse one week ago, on a test basis for the time being).

In Latin America, the year was marked by the Group's restructuring, with businesses in Colombia, Uruguay and Argentina placed under the umbrella of the GPA subsidiary. We note Assaí's excellent momentum, with sales up 22% and margin up 20 basis points. Likewise, the success of Exito's new formats, with a margin up 20 basis points. And finally, in Latin America as in France, but even more so here, a digital transformation and strong growth in e-commerce of nearly 40%.

The year was marked by an acceleration in strategic repositioning with the sale of Leader Price, which came to fruition in March but began in the summer of 2019. In total, we signed €2.8 billion of disposals, with €1.8 billion in proceeds received as of end-2019. On the back of €1.1 billion in disposals in 2018, a further €1 billion in assets sold was targeted in 2019, including store properties, R2C and Vindemia.

On 20 March 2020, we announced the signing of an agreement with Aldi for the sale of 567 stores and 3 Leader Price warehouses for an amount of €735 million, including a €35 million earn-out payment, dependent on a series of business indicators being met. The Group retains ownership of the Leader Price brand and will continue to sell products under this brand in stores operating under the other banners, both in France and internationally. The sale of Leader Price completes the so-called "Rocade" plan for the disposal and closure of loss-making stores launched at end-2018. In total, we sold 17 hypermarkets and 14 integrated supermarkets, and closed 4 integrated supermarkets.

Excluding Leader Price, the impact on turnover was €500 million on a full year basis, partially offset by the nearly €300m positive impact of independent retailers joining the franchise network.

There was a full-year positive impact on trading profit of €50 million, and €18 million in 2019.

In Latin America, all assets are now placed under the umbrella of GPA, and Casino holds 41.2% of GPA. This operation lasted throughout 2019 and ended on 2 March 2020 with GPA being listed on the Novo Mercado.

II) Progress on strategic priorities in France

1) Format and categories mix

We have a very precise vision for our long-term format. We are hence changing our format mix over the years, in order to move closer to this vision.

We sold Leader Price and sold or closed 17 hypermarkets and 18 supermarkets. Note the launch of significant commercial synergies between Franprix and Monoprix.

Conversely, we have accelerated the expansion of convenience, with the opening of 213 stores. In 2020, we plan to further accelerate our expansion in this area.

A word on the organic segment: we made sales of €1.1 billion in 2019, or 8.7% of total sales in France. Naturalia has continued to grow, and organic products now make up 14% of Monoprix's sales.

2) E-commerce and digital solutions: modernisation of the retail business

As you know, we have developed the concept of autonomous stores, which can open on Sunday afternoons or weekday evenings. We now have more than 300 autonomous stores that generated a significant increase in customer traffic of more than 0.8% in Q4. The impact

was even greater in supermarkets, with several points of increase in traffic due to Sunday afternoon and evening openings.

Thanks to these automatic payment techniques, 45% of payments in hypermarkets are now made by smartphone or automatic check-out, and 36% in supermarkets. This is a profound evolution of the model, even before the current crisis. It seems to correspond both to a need for industrial efficiency and better customer satisfaction, and in the current period responds to heightened customer worries and concerns.

We will continue this development in terms of payments, and have naturally negotiated a €5 million agreement with the trade unions to train check-out operators, with a view to promoting some of them to customer advisor roles. This agreement has been very well received internally, and provides social support for a modernising process that seems inevitable.

In terms of digital solutions, CasinoMax is continuing to evolve, with 20% of sales generated by users of the app in the last two months of the year. As you know, we have offered customers a “CasinoMax Extra” subscription, where for 10 euros per month customers can benefit from a general discount of 10% on all prices. At this stage, we have around 80,000 subscribers.

3) *E-commerce and digital solutions: E-commerce*

Cdiscount grew by 9% over the year. The marketplace share in GMV increased to 38.1%, up 3.7 points. The contribution of B2C services to GMV growth also increased by 3.4 points, and the international platform saw very strong growth in Q4, with GMV up 85%.

In food e-commerce, the Ocado warehouse was launched on a test basis last week. We believe that it will be able to deliver to the public in the coming weeks. We are very optimistic and highly confident that this warehouse will be able to meet the wishes of customers seeking the home delivery of Monoprix products.

Excluding Ocado, food e-commerce was up 11% to €353 million. Note, finally, that Naturalia and the Casino private-label products are now listed on Amazon Prime Now. Of course, as in the physical stores, food e-commerce has seen extremely strong growth in recent weeks. Here again, the key point for us will be Ocado becoming operational in the near future. This should allow a significant increase in deliveries for an amount initially estimated at potentially 500 million euros.

4) *New business*

GreenYellow had a successful year with a tripling of the pipeline, EBITDA of €76 million, international expansion on different continents with non-Casino customers, and the implementation of various partnerships. In particular, the 50/50 partnership with Engie as part of Reservoir Sun.

The last point concerns the Data business, with relevanC. In 2019, we had sales of €67 million, up 51% versus 2018. Naturally, these sales are generated exclusively externally, and are therefore not internal to the Casino Group.

This concludes my quick overview of the main strategic developments. I will give the floor to David, who will tell you about the results.

III) 2019 Results

David LUBEK

Thank you Jean-Charles.

Before going into the details of the full year results, some preliminary remarks on the main standards applied.

The first point is the application of IFRS 16. Naturally, this standard, for which the Group has chosen to apply the "full retrospective" transition method, is applied in the presentation of the 2019 accounts. The 2018 accounts are therefore restated to permit meaningful comparison with the 2019 accounts. Certain pre-IFRS data will be mentioned in the case of financial targets previously formulated in this format.

Secondly, the application in 2019 of IFRS 5 relating to discontinued operations at Leader Price in light of the decision to sell this business, which was also reflected in the signing of an agreement with Aldi on 20 March 2020. The 2018 results have been restated accordingly, to make them comparable with the 2019 results. At the time of this disposal, goodwill impairment was recorded in the income statement under discontinued operations. ViaVarejo, which was sold on 14 June 2019, is also treated as a discontinued operation over the two years.

1) 2019 Key figures

The key figures of the full year results are shown in this table, in total change and at constant exchange rates. Net sales reached €34.6 billion, up 4.2% at constant exchange rates compared with 2018. EBITDA was €2,640 million, up 0.6% at constant exchange rates.

Trading profit stands at €1,292 million, i.e. down 3.1% at constant exchange rates, with this fall due to the absence of tax credits in Brazil this year.

Trading profit excl. tax credits of €1,292 million is up 5.5% at constant exchange rates.

Underlying net profit, group share, is €212 million, and underlying, diluted EPS is €1.62. Their change compared to 2018 is mainly explained – I will come back to this – by tax credits in Brazil and the change in the tax expense.

The Group's net debt is €4.1 billion. The increase compared with 2018 is mainly due to GPA's debt to finance the takeover bid for Exito, as part of the reorganisation of our activities in Latin America.

Lastly, net debt in France is €2.3 billion compared with €2.7 billion in 2018, in line with the progress of the disposal plan.

Let us move on to trading profit by segment, starting with the France Retail segment.

2) France Retail 2019 results

In France, same-store sales grew by +0.3% over the full year, with positive same-store growth for all banners. Over two years, the pace was over 2% in the second and third quarters, before slowing down in the fourth quarter, in a context marked by strikes and their impact on household confidence. Gross sales, including Cdiscount, increased by 1.9% on a same-store basis.

The EBITDA margin was 9% of net sales, an improvement of 57 basis points, due to cost-cutting plans.

The retail trading margin reached 3.8% of net sales. Trading profit amounted to €622 million, an increase of 12%. From a pre-IFRS 16 perspective, after taking into account the €68 million increase in rental expenses linked to the disposal plan, it still improved by 5%. The effects of the Rocade plan and cost-savings plans hence more than offset the increase in rental expenses, and their impact should be amplified over the full year 2020 in view of measures taken in the second half, while most of the rental expense is already absorbed in 2019.

Let us move on to the E-commerce segment, i.e. Cdiscount.

3) 2019 E-commerce Results (Cdiscount)

It was another year of profitable growth for Cdiscount, which saw its gross merchandise volume (GMV) increase by 9.1% while improving its EBITDA margin by 153 basis points; i.e. a €30 million increase in EBITDA.

This increase in profitability is linked to the increase in the Marketplace share to 38.1% of GMV, supported by a fulfilment by Cdiscount share of 31% and by the expansion of the range of 64 million products (+34% compared to last year).

The improvement in results is also linked to improvements in new B2C services and B2B monetization revenues, with new services offered to marketplace sellers. All of these items were addressed in the presentation of Cdiscount’s full year results.

Let us move on to Latin America.

4) 2019 Latin America results

Net sales increased by 9.7% at constant exchange rates, driven by strong Cash & Carry growth in Brazil and the good performance of Exito’s activities.

Latin America's trading profit is virtually stable at €612 million, excluding tax credits and currency effects.

In Brazil, Assai posted organic growth of +22% – its seventh year of growth above 20% – driven by the opening of 22 stores. This increase in activity is accompanied by very good operating performance, with the trading margin up by 20 basis points thanks to rigorous cost control and the excellent performance of the new stores.

Multivarejo performed well in its renovated formats, both in supermarkets (Mercado Extra and Compre Bem) and in its Pao premium stores in Acucar, as well as in its e-commerce business, which grew by 40%. The fall in Multivarejo’s trading margin is due to promotional investments, particularly in hypermarkets, and the one-off effect of store renovations. The Group has identified 30 loss-making hypermarkets, most of which will have to be converted to the Cash & Carry format, with a minority being closed. Once completed, this plan should enable GPA to benefit from an optimised fleet.

The Exito Group’s net sales increased by 6.2% and its trading profit by 10.3% at constant exchange rates. We note in particular the success of the Exito Wow, Carulla Fresh Market and Surtimayorista concepts (Cash & Carry), as well as solid omnichannel growth at +37%.

Lastly, total trading profit for the Latam segment, including the effect of recovering tax credits and currency effects, was down 19.3% due to the absence of tax credits recovery this year (compared with €112 million the previous year) and a currency effect of -4%. On the subject of tax credits, although it is difficult to predict the precise date of their implementation in advance, we are once again looking at potentially significant amounts in 2020 and in the coming years, as court rulings are made and initiatives are carried out to monetise them.

5) 2019 Underlying Net Financial Expense

The underlying net financial expense is now presented in accordance with IFRS 16, including financial expenses on one hand, and interest expenses related to lease liabilities on the other.

In France, financial interest expenses were virtually stable at €157 million, excluding interest expenses on lease liabilities.

E-commerce financial expenses were stable at €56 million.

In Latin America, interest expenses increased in Brazil following the financing implemented as part of the takeover bid for Exito, while Exito’s financial expense improved following the sharp reduction in its debt at year-end.

6) Underlying Net Profit, Group Share

Underlying net profit summarises the previous items and the effect of the tax burden.

In total, the underlying net profit, Group share, amounted to €212 million. This was down versus 2018, mainly due to Brazil and a tax effect in France.

In detail, trading profit was down in Brazil due to the currency effect and the lack of tax credits recovery. As seen above, financial expenses are increasing in Brazil. Lastly, the tax expense in France was impacted by the reduction in tax loss carryforwards, in particular at Cdiscount, and by the transformation of the CICE into an exemption from taxable social expenses.

7) Underlying diluted earnings per share

Underlying diluted earnings per share came to €1.62. The change compared with the previous year is mainly due to the change in underlying net profit, the average number of shares being almost stable while dividends attributable to TSSDI deeply-subordinated bonds fell by €48 million to €37 million.

8) Other operating income and expenses

Before discussing changes in net debt, a word on other operating income and expenses, which have no impact on the underlying net financial expense but have an impact on cash flows.

In Latin America and e-commerce, non-recurring expenses decreased to €100 million.

In France, the increase in non-recurring expenses was mainly non-cash and in the order of €200 million, due to the disposal plan. These expenses, which relate mainly to asset impairment, have no impact on our cash flows.

Cash expenses are essentially linked to the Rocade plan (-€95 million). These are self-financed by proceeds from the sale of loss-making stores, as you will see in the following slide.

Restructuring costs excluding the Rocade plan total €55 million, compared with €104 million in 2018, €169 million in 2017 and €208 million in 2016. As expected, there has thus been a sharp fall in these restructuring costs, down 75% in three years.

After the income statement items, let us move on to a presentation of the balance sheet.

9) Change in net debt by entity

Net debt by segment shows an overall increase of €675 million, from €3.4 billion to €4.1 billion, of which:

An improvement in France of €441 million, which takes into account Casino's repayment of €200 million of Segisor debt, i.e. an improvement of €640 million excluding the Segisor effect, linked to the disposal plan;

Virtual stability in E-commerce: as in 2018, Cdiscount has mainly self-financed its growth;

An increase in Latam debt linked to the reorganisation of our activities, with GPA's new debt financing its takeover bid for Exito, and Exito's deleveraging following Casino's acquisition of its stake in GPA. You can see that Exito ends with a positive cash position. The net effect corresponds to the cost of GPA's NCI puts in Exito. In addition, Segisor's debt was halved following Casino's partial repayment in connection with this reorganisation.

10)Free cash flow France: reductions in inventories and CAPEX

Before presenting the summary table of cash flows in France, here is an update on two key initiatives aimed at improving our cash flow generation in 2019.

First of all, the reduction in inventories. WCR contributed €161 million to 2019 cash flows, reversing the trend of the last two years. This figure is the result of the aggressive inventory reduction plans implemented this year. The reduction of slow-moving SKUs, the implementation of local inventory storage capabilities and physical marketplaces, and the optimisation of logistics plans have enabled us to generate significant cash resources.

This result was achieved despite a difficult business environment in December, including strikes and their impact on household confidence – a context that was already described when presenting our Q4 earnings and which of course explains the deviation from the €200 million target that we set for this indicator. This year, we will continue our efforts to control inventories while further optimising our SKUs, our order management, and pooling between brands.

Next, gross CAPEX. In line with our objective, we have reduced gross CAPEX to €354 million, down from €556 million in 2018 and €639 million in 2017. This decline, which we consider to be sustainable over time, is explained by the end of major retailer transformation programmes (particularly at Franprix, Géant and Casino). It was carried out without jeopardising the priority investments in digital activities – as shown by the rapid deployment of autonomous stores – and in Monoprix. CAPEX is still greater than depreciation expense, indicating the sustainability of this level that we intend to maintain over time.

11)Free cash flow France

The table shows the breakdown of free cash flow in France.

In summary:

Recurring free cash flow, i.e. excluding non-recurring items, the asset disposal plan and the Rocade plan, came to €576 million;

There was a strong improvement in operating free cash flows, excluding asset disposal and the Rocade plan, of €284 million compared with last year, mainly due to the fall in CAPEX and inventories;

Free cash flow excluding Rocade and the disposal plan came to €367 million; that is, €380 million from a pre-IFRS 16 perspective. Compared with the target that we set at the beginning of the year, the majority of the deviation is explained by the fall in activity at the time of the December strikes, as addressed in the Q4 earnings presentation. It is important to note that this level of free cash flow covers financial expenses and dividends in 2019, with non-recurring expenses taken into account;

The Rocade plan and the disposal and closure of loss-making stores generated a surplus of €27 million. We therefore eliminated more than €50 million of recurring losses over a full year, without incurring any net implementation costs;

Including disposals carried out under the disposal plan, total cash flows exceeded one billion euros.

Let us move on to the changes in net debt.

12)France net debt

Net debt improved from last year by €440 million, i.e. €640 million excluding the effect of repaying Segisor's debt.

Free cash flows excluding the disposal plan cover dividends and interest expenses (€370 million), while disposals (€660 million) finance debt reduction.

The other items offset each other overall:

The change in IFRS5, which includes both negative assets previously classified under IFRS5 and sold in 2019, and positive new disposal processes. At the end of 2019, 80% of the assets

in the disposal plan classified under IFRS 5 were the subject of a disposal that had already been signed and was yet to be received, with the rest of these assets being under discussion;

Various changes in debt linked to events limited to 2019: in particular, the cost of setting up the Group's refinancing, the unwinding of the GPA forward contract, the continued unwinding of the Mercialys TRS, and the financing of the Leader Price current account.

13)Finalisation of the Group's refinancing plan, strengthening its liquidity and financial structure

A few words about the Group's refinancing carried out in 2018. This page summarises the main features of this refinancing:

- A new €2 billion syndicated credit line expiring in October 2023, involving 21 French and international banks; the average debt maturity of our lines is thus extended from 1.6 years to 3.6 years;
- New financing totalling €1.8 billion maturing in January 2024, in the form of Term Loan B and a High Yield bonds issue, extending our debt maturity to 3.8 years on average.

This is an important step for the Group, as these refinancing operations, which clearly were carried out at the time we had to do so, secure our liquidity over time. Coupled with the already signed disposals, they exempt us from having to go to the market until 2023, which gives us considerable security in the current environment.

These refinancing operations include covenants that govern future dividend payments. As we have already indicated, the dividend paid in 2020 will be zero, and future payments will be determined depending on the group's situation and in accordance with its banking and bond documentation.

14)Maturities on bond debt

Maturities on bond debt at 31 December 2019 include €5.7 billion in bonds and Term Loan B, of which €257 million were redeemed in early March, using in particular the €193 million in the escrow account in place for this purpose.

As you can see, following the bond buybacks carried out in November 2019 and the redemption in March, the remainder to be redeemed by end-2022 amounts to €1,050 million, including €597 million in May 2021 and €452 million in June 2022. This amount corresponds to that of the disposals already signed but not yet received: Leader Price for €700 million to €735 million; Vindemia for €219 million; and the earn-outs expected on transactions with Apollo and Fortress, which are anticipated to be between €100-200 million. The Group's financing is therefore already secured until end-2022, even before any additional disposals and without us having to go to the market again during this period.

15)Strong liquidity position maintained in France

Lastly, a few words on liquidity in France.

As you can see, the Group had €4 billion in liquidity in France at end-December 2019, including €2.3billion in credit lines and €1.7 billion in cash or cash equivalents, to which was added the €193 million in cash in the escrow account that financed the redemption of the March bond.

Most of our credit lines expire in October 2023, as I mentioned earlier. We can of course draw on these lines at any time, so our liquidity is guaranteed over time. As regards the current period, our activity, as Jean-Charles pointed out, is significantly higher than the average. We therefore do not see any negative effect of the Covid-19 pandemic on our liquidity position at present.

To conclude this financial part, a word about our financial objectives. In the current context, for obvious reasons and like other listed companies, we are not making any quantitative forecasts further than a year ahead. This necessarily cautious stance, in the general context that you understand, does not change our determination and our daily dedication to executing all of our plans to control costs, reduce CAPEX, reduce inventories, and to our strategy of asset disposals in France.

Jean-Charles NAOURI

Thank you, David. To conclude, on page 31, Casino Group is fully committed at all levels to securing the supply for communities while ensuring the safety of employees and customers. The Group's strengths – the importance of convenience, the proportion of e-commerce and automatic payment systems – are made available to customers to meet their needs under the best possible security conditions. We will continue the accelerated tailoring of operating methods and the development of new offers that best meet the demands of the current unprecedented context.

There you go. We are now happy to answer your questions.

Speaker

Thank you. Ladies and gentlemen, if you would like to ask a question, please dial 01 on your telephone keypad.

Arnaud JOLY (Société Générale)

Hello everyone. I have three questions. The first concerns the impact of Covid-19 on non-food products, in particular with regard to Géant and Cdiscount. I wanted to know whether there was a shift effect from the closure of specialised stores, and/or if there was a sharp fall in sales for non-essential product categories. I am thinking in particular of everything related to furniture and textiles. So there it is: could you give an overview of the impact on Géant and Cdiscount for non-food products?

I have a second question, once again related to Covid-19. Have you noted an increase in variable operational costs since the start of the containment period? I am thinking in particular of the cost of transport.

And lastly, a technical point. I wanted to know whether, out of the EUR 2.3 billion in net debt in France, you had taken into account the sale of Leader Price, and whether you have a French net debt target for end-2020. Thank you.

Jean-Charles NAOURI

The first question relates to developments in the non-food sector. As you know, at Géant, non-food products have a very low share. I would say that the change is not very significant, with some categories rising and others falling. What is more significant is at Cdiscount, where we have seen very high demand and we have chosen to allocate resources to so-called “essential” products, including the allocation of logistics and home delivery resources with the various service providers, among which La Poste. We have ensured – and continue to ensure on a daily basis – that the so-called “essential” categories are given preference. We therefore limit the growth of so-called “non-essential” categories. It is difficult to give a non-exhaustive definition of what constitutes “essential”. In effect, this means food, hygiene in the broad sense, cleanliness. And these are the categories that are considered essential in the current context, such as animal houses, toys, for children staying at home, and DIY. We have seen significant growth. I prefer not to give any figures at this stage because all of this is very volatile, and we favour the essential categories over more conventional categories where demand is very strong. But here again, as for some of the other major players, we opt to prioritise things that seem the most important in the current context.

To answer the second question about variable operating costs, there is indeed an increase. But it is nevertheless controlled. There is no fundamental change in terms of changes to variable costs.

I will let David answer the question on debt.

David LUBEK

Yes, so, obviously, as IFRS 5 has been applied, Leader Price is included in debt at €2.3 billion. We have reached 2.8 billion in signed disposals to date, so we still have 1.7 billion left to meet our target of 4.5 billion. You see that if you deduct 1.7 billion from the current debt, we fall to a fairly low level. Simply, today, as I said earlier, we are not setting any quantified targets more than one year ahead, as the general context makes it unreasonable, as part of today's reasonable financial communication, to display any such targets. This does nothing to alter the targets that we have set ourselves and that we are pursuing, both in terms of disposal and in terms of cash flow and operational control.

Jean-Charles NAOURI

In terms of asset disposals, we can add to this by saying that for the past fortnight, both Leader Price's signing, and with the current crisis, the other disposal projects have slowed down. But basically this is only over the last fortnight, and the target that David has reiterated remains in place.

Xavier LE MENÉ (Bank of America Merrill Lynch)

Good morning. Thank you for taking my question. The current environment obviously changes consumer behaviour. I would like to know whether you are already seeing one of the trading up or trading down effects. This is partly my first question, and partly to see about the penetration of own brands in a context such as this. And second, what do you think about the current context and the effect that this will have on consumer behaviour in the future? Do you think there will be accelerated growth in online sales? Do you think there will be somewhat fundamental changes in consumer behaviour over the coming months?

Jean-Charles NAOURI

I think that in the current context, the golden rule is caution. Any consideration must be made with extreme caution, since all of this is extremely volatile. And so we need to be really careful with any claims that we may make about changing consumer behaviour. What we can say is that consumers, in our opinion, at least within the scope of our business, prefer local formats over more distant alternatives, and small formats over large. This is in any case what we are seeing here. I'd say that this is the most striking point. That is, consumers' desire not to travel too far to do their shopping. This is both out of choice and in response to government directives. So we are seeing a differential change between the formats that responds to this observation.

Furthermore, are we to assume that e-commerce is actually rather buoyant? In any case, this is what we see here, both in traditional e-commerce formats but perhaps also in slightly more innovative e-commerce modes relating to home delivery. So, our strategy is to rely even more than in the past, or in any case as much as in the past, but bolstered by current trends, on food e-commerce. So we are pleased that Ocado is up and running for the past few days, and we hope that it will be fully operational in the coming weeks. We see that here again at Cdiscount, home delivery of so-called "essential" products, particularly food, clearly respond to a very obvious customer need. One which was nothing like as obvious a few months ago. These are the two trends that, with extreme caution, I would like to comment on.

Maria-Laura ADURNO (Morgan Stanley)

Hello, I had a few questions. First, I just wanted to know the amount of reverse factoring for this year, and is there an IFRS 16 impact for this year on your working capital? And the other question I had was about the RCF. How much did you draw down today? Thank you.

David LUBEK

The IFRS 16 standard has no impact on working capital. This standard does not change anything. So the EUR 160 million that we have published corresponds to the effort that we announced to control inventories that we are achieving this year with some success. We will continue to do so during 2020 as a means to generate significant cash resources.

The figures for reverse factoring will be published in the accounts, which will be released soon. It is down compared to last year, and this drop has not had any impact on our working capital, as I pointed out previously.

For RCF, it is fully accessible and drawdowns can be made at any time to meet short-term working capital requirements, as happens regularly. Last year, we used more commercial paper at the beginning of the year, and more RCF at the end. At the moment, we are obviously drawing down less from RCF since we have an inflow of cash linked to the additional orders we are seeing. We will obviously publish the RCF drawdown figures every quarter, but we are not going to publish it every day. At the moment we are rather in a period equivalent to last year, with a lower drawdown requirement.

Nicolas CHAMP (Barclays)

Good morning. Thank you for taking my question. It's a short technical question about the 2019 results. Regarding the cost of your refinancing plan – I'm talking about commissions to banks – we have seen figures of around EUR 40-50 million. I would like to know at what level it is recorded in your income statement. Is it made in terms of financial income or non-recurring expenses? The second question, still on the 2019 financial result: Does this include interest rate swap unwindings again? And if so, for what amounts? Third question – of course, I understand that in the current context, like all the other companies, you are reluctant to state targets, which is understandable. Nevertheless, for the aspects that are more "in your hands", over which you have control, could you give us a little more visibility on the change that you expect for your non-recurring expenses in 2020, which increased significantly last year, as well as for the level of financial expenses for 2020? These items do not seem to depend directly on the Covid-19 situation, in particular the items relating to financial expenses.

David LUBEK

With regard to the cost of the refinancing plan, it is amortized in the accounts over the duration of the refinancing. So we will see its partial arrival each year in the financial result. Part of it is included in the financial expenses for 2019, and it is amortized each year over the duration of the financing established in the accounting rules.

Interest rate swaps were unwound, as happens every year. I do not have the amounts in front of me, but it is obviously taken into account in the total change in net debt France, bearing in mind that this has no net impact, as what is collected on the one hand is recorded on the other as non-cash financial expenses. Unwinding interest rate swaps has no impact on the debt.

As regards non-recurring expenses, in 2019 they partially supported non-renewable events, of course. I am thinking in particular of the cost of implementing the Group's restructuring in Latam, which gave rise to specific expenses. There was also a set of costs linked to Group safeguarding measures. We have put everything in place to ensure that the Group is properly advised and protected in this context. All of this is obviously over now. Restructuring costs are the items we look at over time, and you have seen that they are down sharply. They are currently down 75% compared to three years ago. We are not giving

any financial guidance this year for the reasons specified at the beginning. However, the only non-recurring expenses that we could have this year, at this stage in our forecast, would be linked to Covid-19. For the time being, we do not envision any major non-recurring expenses. Caution is required. But we are obviously doing everything we can to keep these non-recurring expenses, expenses, and costs in general, at the lowest possible level.

Clément GENELOT (Bryan GARNIER)

Yes, hello. I have two questions. The first is about price. We know that consumers are currently focusing heavily on food. What is your view on changes in your non-food sales, and the prices that are significant for sales and also for the margin? The second question is to say that today, in France, all other food retailers have already announced the payment of an extraordinary bonus for their employees. Do you want to follow this example? If so, should we expect this be recorded as a non-recurring expense?

Jean-Charles NAOURI

For Monoprix, textiles are actually less buoyant than food, so it's via management that we optimise the margin. I would say that the Monoprix team, which is an exceptional team, essentially manages the result and the margin by offering fewer sales and giving fewer miscellaneous discounts. These are the things at which the team excels, and we are quite aware of the contribution of textiles in the coming weeks and months, with net sales being quite good. But nothing like at the level of food. So no concerns about Monoprix's contribution, nor that of food, of course. But no concern about textiles, either.

Some of our competitors have made statements regarding bonuses. We are of course going to issue a bonus. But we believe that it needs to be negotiated with the unions, which is what we are currently doing. Obviously, the same bonus cannot apply for a teleworking employee as for a cashier. So, we think a one-size-fits-all bonus would be unfair. This is what the main unions think. So the idea is to issue a bonus that will ultimately depend on each person's situation, the size of which being that discussed by our competitors. However, we believe that the bonus must be tailored to specific situations. We must also wait for the experts to fully understand the legislative, regulatory and tax aspects of this bonus, since this area is still in a state of change. It therefore seems important to us to understand the specific tax exemption conditions, if any, relating this bonus.

What will be the impact of this bonus? I would say that given the changes in activity, it seems entirely proportionate to pay it. So this will not have a significant negative impact on the financial results, regardless of the accounting method. The change in current activity is such that it is both normal and manageable for the Group to pay out a bonus of this size.

Christian DEVISMES (CM-CIC)

Yes, good morning, ladies and gentlemen. I have three small financial questions. The first concerns the non-recurring items for France that have increased from -162 million to -209 million. At the same time, restructuring costs have fallen. So can we have some details about the costs which, on the other hand, have increased? The second question, which is once again financial, is about other financial investments and other non-cash items. We have -439 for other financial investments and -20 for other non-cash items. There are entries that cancel each other out, but roughly speaking it comes to -450 million euros. I have identified the unwinding of the GPA forward contract for -€110 million. Could we have the other lines that explain this cash consumption? And the third question is how can we know the amount of IFRS 16 depreciation? I could not see it in your income statement. Thank you.

David LUBEK

The answer to the last question is attached to the results. You have a table summarising the impact on the various aggregates (EBITDA, financial results and assets and liabilities for the application of IFRS 16). It's on page 45. This gives you the impact of IFRS 16 on trading

profit and on EBITDA. From this, you can find the impact on depreciation. Part of the lease payments is treated as depreciation and part as financial expenses.

For non-recurring expenses, they are explained on the one hand, as Jean-Charles said, by some further restructuring expenses. There were some very specific expenses in 2019 that were linked, on the one hand, to the reorganisation of Latam. This was a major operation that we had been anticipating for several years, and which is absolutely crucial for having a simplified, visible and attractive asset. These expenses will not be repeated, but they were borne in 2019. There are also a number of expenses which, as in previous years, have been linked to the defence of the Group and the implementation of a number of protections and safeguards, heeding a range of different advice, which comes at a certain cost. Once again, the key thing about all these expenses is that they do not recur in 2020.

Of the other items you have mentioned, there is actually a line at 400 million, roughly 200 million for the escrow account, and 100 million for the GPA forward contract. Economically, the unwinding of the forward contract has no impact. It is just a cash impact. This is an economic exposure that has been reintegrated into the debt. Then, 100 million in various financial investments, as we do every year, with capital increases of subsidiaries and the like.

The other line includes positive items of 200 million in financial investments and negative items including the financing of the Leader Price current account, bearing in mind that Leader Price is now managed to be cash flow positive, which has been the case since February-March. This is what we are seeing, as our approach is now not to gain customers for Leader Price but to maintain the existing customer base through good service, with a view to generating cash.

Robert JOYCE, Goldman Sachs

I have a few questions. First one, of the EUR 4.5 billion asset disposal plan you have announced, can you say how much cash has been received in to-date? Then, if we add this to the EUR 1.6 billion of assets held under IFRS 5, how much of the EUR 4.5 billion plan is now reflected in the balance sheet in some way or other?

Second, sorry, I missed the French explanation for this, but the cash non-recurring items up €304 million versus €177 million. Can you give us an idea of what you expect this to be in 2020?

Third, on the non-food side, again, I missed the answer to this, how has non-food been trading in Monoprix in recent weeks? Finally, on Cnova, I think 40% to 50% of Cnova sales are on credit. I am just wondering if you can tell us the size of receivable balance at year end and what kind of impairment charge was taken against that in 2019?

David LUBEK

I will answer the financial questions. The first one is on the €4.5 billion of asset sales and so far, we have cashed-in €1.8 billion and we have signed €2.8 billion. The €1 billion difference between the two is basically Leader Price and Vindemia. The €2.8 billion are reflected in our IFRS 5 and our net debt position. €1.7 billion remains to cash-in, sign and deliver and that will further improve our cash and debt position. I said it in French, but it is important to reiterate that we will receive the cash that was secured from disposals already signed, which is Leader Price et Vindemia, and the earn-outs expected on transactions with Apollo and Fortress which will be between EUR 100 and EUR 200 million. This cash allows us to secure the redemption of the buyback of the bonds due in 2021 and 2022. Our disposal plan already secures our position until the end of 2022.

On the non-recurring items, the €300 million you mentioned includes the expense close to €100 million linked to the Rocade plan that is self-financed by the disposals of the Rocade plan. The Rocade plan brings us €50 million of recurring additional trading profit and we did that with no net expense. The rest of the cash exceptionals are the restructuring costs which, excluding Rocade, are quite low compared to previous years. We have other exceptional

costs, which I mentioned before in French, which are partly linked to the LATAM restructuring and partly to other specific items linked to 2019, in relation to the safeguard plan. None of these exceptionals are going to recur in 2019, so looking forward in 2020, of course, we intend to keep these exceptionals under control at a low level. The only uncertainty is how much COVID will cost, but so far, we do not see much exceptional cost but of course, we have to be cautious. All the exceptionals I mentioned for 2019, will not recur in 2020.

As far as Cnova is concerned I would refer you to their public issue, which is quite detailed. The important thing is that the credit is extended by Banque Casino, which basically had an excellent performance in 2019, I can refer you to their press release. We see no risk or problem linked to any kind of receivables at year-end. I refer you to Cnova's public communication, which is quite detailed. Do you want to add something Jean-Charles?

Jean-Charles NAOURI

I think I already commented on this and I do not think it is useful to come back to this point in further detail.

David LUBEK

Therefore, non-food is okay so far. We see a big uplift in food and as Jean-Charles said before, we are prioritising food in terms of service to our consumers. What our consumers need right now is service in food and they are receiving it; we see no shortages.

Jean-Charles NAOURI

I see that there are no more questions. Thank you for being here under these very difficult circumstances and in these challenging communication conditions. We will stop our call here. Our financial communications team will, of course, be available in the coming hours and days if you have any additional questions.

Thank you

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