



Carrefour (ENXTPA: CA) 4Q and FY16 Trading Update: Growth Slows in France

- Carrefour reported FY16 sales growth of 3.3% at constant currency to €85.7 billion including VAT ex fuel (down 0.7% in reported currency, including fuel).
- In France, Carrefour's largest market, FY16 sales fell by 0.5% ex fuel. At constant currency, sales in Asia fell 4.1%, sales in Latin America grew 16.8% and sales in other European countries rose 2.3%.
- Carrefour said that its omnichannel strategy in France and good momentum in global food sales contributed to its performance in the year.

FY16 Sales

French retail giant Carrefour reported FY16 sales growth of 3.3% at constant currency and excluding fuel. As reported and including fuel, group sales were down 0.7%, broadly in line with the consensus expectation of a 0.6% fall in net revenues. This took revenues to €85.7 billion including VAT and fuel.

Excluding fuel and calendar effects, comps were +3.0%—Carrefour noted that this was the fifth consecutive year of comparable sales growth and the best yearly performance over the period.

4Q16 Sales

4Q16 sales were up 3.5% at constant currency ex fuel. Comps were +2.9%. Growth in the quarter was driven mainly by LatAm and the European markets excluding France.

Performance by Geography

France

- **FY16:** Ex-fuel sales in France declined by 0.5%. Comparable sales were up 0.3%. Carrefour highlighted that it managed to increase its comps in a “persistently difficult environment.”
- Carrefour pointed to its omnichannel momentum, noting that the gross merchandise value of its food and nonfood e-commerce activities in the country exceeded €1 billion for the year.
- **4Q16:** Ex-fuel sales in France declined by 0.3% and comps were 0.7%, which the company characterized as a “solid performance.” However, this marked a softening from French comps of +1.2% in the previous quarter.
- Supermarkets and convenience/other format stores once again outperformed, with comps of +3.3% and +2.9%, respectively, in the quarter. This was slightly below the rates recorded in 3Q16.
- Comparable sales in hypermarkets comps were down 1.2% in the quarter, marking a slight sequential weakening from (1.0)% in the previous quarter.
- The company said that the conversion of stores acquired from Dia, to the Carrefour banner, is nearly complete.



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Other European Countries:

- **FY16:** Ex-fuel sales grew by 2.3% at constant exchange rates and comps were +2.0%.
- **4Q16:** Ex-fuel sales increased by 3.9% at constant currency and comps were +2.5%. Carrefour noted that every country in this segment posted positive comps, with comparable sales growth in Spain, the retailer's third-largest market, of 4.1%.

Latin America

- **FY16:** Carrefour's LatAm businesses posted strong double-digit growth in FY16 as well as in 4Q16. In FY16, ex-fuel sales grew by 16.8% at constant currency and comps came in at +13.5%.
- **4Q16:** Ex-fuel sales increased by 14.3% at constant currency and comps grew by 10.8%. Comps in Argentina were particularly strong at +15.1% and in Brazil were a solid 9.0%. Carrefour mentioned that the currency effect across the LatAm segment was positive at +3.2%.

Asia

- **FY16:** Performance for the year in Asia was more disappointing, as ex-fuel sales fell 4.1% at constant currency and segment comps were (5.0)%.
- **4Q16:** The decline in ex-fuel sales slowed to (2.3)% at constant currency and comps were (4.2)%. Comparable sales in China were down by 5.4%, but this was a sequential improvement from prior periods. Comps in Taiwan were +0.2%, representing an increase for the eighth consecutive quarter.

Outlook

The company did not provide further information on its full-year results, which it is expected to report on March 9, 2017. For FY16, analysts expect EBIT to fall by 0.6% to €2.43 billion and GAAP EPS to climb 5.1% to €1.43.



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