



Groupe Casino (EPA: CO) 1Q17 Trading Update: Business in LatAm Shines While Weakening in France

- Groupe Casino reported 1Q17 revenues of €9,321 million, up by 11.6% from the previous year and up by 3.1% on an organic basis. Comps grew by 2.5%.
- Sales in France fell by 1.0% and organic growth was (0.5)%. Comps grew slightly by 0.2%. Sales in Latin America jumped by 30.2%, with 7.7% organic growth, and comps grew by 4.6%.
- E-commerce sales grew by 1.5% (2.8% organic growth) and comps grew by 4.0%. Management confirmed that it expects group operating profit to grow by 10% at current exchange rates.

Note: Groupe Casino completed the sale of its Thailand and Vietnam businesses in 1H16 and began the process to sell Via Varejo and its subsidiary Nova Brazil in November 2016. Considering these events, Casino has restated its statements from 1Q15 to 4Q16, to exclude their impact. Consensus estimates were unavailable, so we have not included them in our discussion below.

1Q17 Update

Groupe Casino grew revenues by 11.6% year over year, to €9,321 million, in the first quarter ended March 31, 2017. Organic revenue growth (growth at constant scope of consolidation and exchange rates, excluding automotive fuel and calendar effects) was 3.1% during the period and comparable sales grew by 2.5%.

Casino said that the overall growth was driven by a positive currency and fuel effect of 10.1% and 0.3%, respectively, and was slightly offset by a negative calendar effect of 1.8%, due to the timing of Easter and a leap year in 2016.

Once again, Latin America (which contributes to nearly 47% of total sales) performed best, with sales growth of 30.2%, while business in France (which contributes to 48% of sales) was subdued, with sales declining by 1.0%. The e-commerce business Cdiscount (which contributes to 5% of group sales) saw growth of 1.5%.

Performance by Segment

France Retail

- Total sales declined by 1.0% to €4,504 million. Organic growth was (0.5)%, due to store renovation work and transfers to franchises, but traffic grew by 1.1% during the period, Casino said. Comps grew slightly by 0.2%.
- Among the French banners, Monoprix and Casino Supermarkets were the only ones that posted positive growth, with total sales up by 1.6%. Monoprix saw organic growth of 2.4% and comps of 2.1%, driven by fresh food and apparel, and Casino Supermarkets saw organic growth of 4.1% and comps of 1.9%, driven by fresh food sales.
- Convenience stores and other stores (including food service outlets) saw sales decline the most, with total sales down by 5.5%, organic sales down by 5.6% and comps down 3.3%.



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- Hypermarkets saw sales fall by 2.3%, organic sales fall by 2.6% and comps fall by 1.9%.
- Franprix's total sales fell by 2.0% and organic sales were down by 0.3%, while comps grew by 1.4%.
- Leader Price saw sales decline by 0.9%, organic growth of (2.7)% and comps of 0.2%.

Latin America Retail

- Total sales jumped by 30.2% to €4,348 million, while organic sales grew by 7.7% and comps grew by 4.6%, driven by decelerating inflation (except in Argentina).
- Organic growth under the Exito banner (excluding GPA Food) was driven by strong comparable sales growth in Uruguay and expansion in all the regions, Casino said.
- Under the GPA Food subsegment, organic growth was 9.8% and comparable sales growth was 5.8%, impacted by a sharp fall in inflation (about up 5.2% in 1Q17 against up 13.1% in 1Q16).

E-Commerce

This includes all of Casino's e-commerce operations, including fascias that may fall under the segments discussed above.

- Online gross merchandise volume (GMV) amounted to €770 million, up by 5.2% year over year. Cdiscount's marketplace share improved by 267 basis points to 32.0%, driven by a 38% increase in the number of product offerings and a continued improvement in customer service.
- Comps grew by 7.7%, adjusted for the sale or closure of specialized sites in 2016, the planned reduction of B2B sales which was initiated in 3Q16 and restatement for the leap year impact (February 29, 2016).

Outlook

Groupe Casino maintained its outlook for the rest of FY17 and expects:

- Group operating profit to grow by 10% at current exchange rates.
- Operating profit for the food retail business in France to grow by 15%.



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