



## Carrefour (ENXTPA: CA) 1Q17 Update: In-Line Top Line but Meaningful Weakening Across Regions

- Carrefour reported comparable group sales rose 1.4% in 1Q17, marking a significant sequential weakening from 2.9% comparable sales growth in 4Q16.
- French comps came in at 0.5%, weaker than in the prior quarter, with supermarket and hypermarket formats seeing softer growth.
- International comps were up 2.1% in 1Q17, with Latin American sales growing at a more modest pace than in the final quarter of 2016.

### 1Q17 Update

Like most European companies, Carrefour reports sales performance quarterly, but only updates on profits at the half-year and full-year.

Carrefour reported the following for 1Q17, ended March 31:

- Total group sales climbed 6.2% to €21.3 billion including VAT; this was in line with estimates recorded by S&P Capital IQ. Currency effects added 3.9% to reported group-level growth and automotive fuel sales growth added 1.3% to the total.
- On a comparable basis, stripping out fuel and calendar effects, group sales rose 1.4%. This marked a significant sequential weakening from 2.9% comparable sales growth in 4Q16, but it was within the 1.25%–1.4% estimate range recorded by S&P Capital IQ.
- The company nudged up its French revenues by 0.8%, or by 0.5% on a comparable basis ex fuel and ex calendar effects. Again, this was weaker than 4Q16, when French comps were up 0.7%.
- International sales leapt by 10.9%, and were up by a more modest 2.1% on a comparable ex-fuel and ex-calendar basis. This compared to international comps of 4.5% in 4Q16.

### Performance by Region and Format

The following figures are for comparable sales growth, which strips out fuel, and calendar and currency effects.

- Carrefour's French sales were up 0.5%, with hypermarkets down 1.6%, supermarkets up 2.2% and convenience/other formats up 4.4%. This represented a softening of growth at hypermarkets and supermarkets versus 4Q16, but a strengthening at convenience/other formats.
- Spanish sales were up 0.3%, Italian sales were up 1.6% and Belgian sales were down 1.8%. Spain and Belgium were significantly weaker than in 4Q16.
- Latin American sales were up 7.8% (versus a 10.8% increase in 4Q16), including Brazilian sales up 5.6%.
- Asian sales were down 4.0% (versus down 4.2% in 4Q16), with Chinese sales down 5.5%.



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## Outlook

Carrefour recently restated its intention to grow group sales by 3%–5% at constant exchange rates in FY17.

At actual exchange rates, analysts expect the company to grow revenues by 4.6% to €80.2 billion in FY17. Consensus calls for EBIT to rise by 8.2% and for normalized EPS to increase by 16.5% to €1.62.



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