



Groupe Casino (EPA: CO) 2Q17 Update: LatAm Continues to Boost Sales, France Sees Growth

- Casino reported 2Q17 revenues up by 7.9% from the previous year, comfortably beating the consensus estimate. Comps grew by 3.0%, above the consensus estimate of 2.3%.
- The company grew comparable sales in France by an impressive 1.8%. Comps were up 3.7% in Latin America.
- Cdiscount comps were 6.7%.

Note: 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.

2Q17 Update

French retailer Groupe Casino reported revenues for the quarter ended June 30 of €9,277 million, comfortably beating the consensus estimate of €9,169 million and up by 7.9% year over year. Organic revenue growth (which is growth at constant scope of consolidation and exchange rates, excluding oil and calendar effects) was 3.3%. Comps grew by 3.0%, beating the consensus estimate of 2.3%.

Sales growth in the second quarter included a positive currency effect of 4.3% and a fuel effect of 0.1%.

Latin America, where sales leapt by 17.7%, was the strongest segment yet again. Business in France was positive at 0.9%, but comps were stronger (see below). E-commerce business Cdiscount grew sales by 3.6% and comps by 6.7%.

Performance by Segment

France Retail

- Casino's French comps came in at an impressive 1.8%, including strong food retail comps of 2.9%. This was a solid acceleration from 0.2% in the first quarter. The company grew total French revenues by 0.9% and 2Q17 organic growth was 0.8%.
- Among the banners, Monoprix's comps continued to accelerate, with growth of 3.6% versus 2.1% in 1Q17. Casino accredited this to a twofold increase in new loyalty club members since the launch of a new loyalty card.
- Comps at Casino Supermarchés grew by 3.2%, led by strong performance in the fresh segment, due to the development of service counters and a stronger loyalty program.
- Franprix's comps grew 3.2% in 2Q17, versus 1.4% in 1Q17.
- Comps at convenience stores and other stores (including food service) declined by 1.6%, but that was a sequential improvement from (3.3)% in 1Q17.
- Hypermarkets posted comps of 0.4%, up from (1.9)% in 1Q17.
- Comps at Leader Price were 0.5%, a slight increase from 0.2% in 1Q17.



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Latin America Retail

- Latin America comps grew by 3.7%, slower than the 4.6% in 1Q17, reflecting decelerating inflation (except in Argentina) and lower foreign-currency appreciation against the euro compared to 1Q17. Total sales in the region grew by 17.7% in 2Q17 and organic growth was 6.4%.
- Under the Exito banner, there was “further growth in total sales” Casino said, without providing more information.
- Under the GPA Food subsegment, total sales (including VAT) jumped by 23.2%. Excluding VAT, organic growth was 9.1% and comps were 5.9%.

E-Commerce

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

- The gross merchandise volume (GMV) grew by 7.4% to €685 million.
- Comps grew by 11.6%, adjusted for special items, such as the sale or closure of specialized sites in 2016, the planned reduction of B2B sales, which was initiated in 3Q16, and others.

Outlook

Groupe Casino did not provide information on its outlook in the current statement. In its 1Q17 update, the company 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%.

For the year ended December 2017, analysts expect:

- Total revenues to increase by 8.7%.
- EBITDA to grow by 13.1%.
- Underlying diluted EPS to be €3.11 versus €2.56 in FY16.



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