



(ENXTPA: CA) 3Q17 Update: Very Weak French Performance and Lower Brazilian Inflation Drag Down the Top Line

- Carrefour reported that 3Q17 net sales were up just 0.4%. Net sales were up 1.9% at constant currency.
- In France, comparable sales growth slowed to (0.9)%, from 1.3% in 1H17.
- Comparable sales were down in French hypermarkets and supermarkets, in part, management said, because of the timing of a company promotion.

3Q17 Update

French retailer Carrefour reported 3Q17 net sales growth of 0.4%. At constant exchange rates, the company grew revenues by 1.9%, versus 3.2% in the first half of the year.

Excluding fuel and calendar effects, comparable sales grew by 0.5% in 3Q17. This compared with comp growth of 2.1% in 1H17.

Performance by Geography

The figures below exclude fuel and calendar effects.

France: Comparable sales fell by 0.9% in 3Q17, down from a 1.3% increase in 1H17. Carrefour's French comps fell by 1.7% at hypermarkets and by 1.2% at supermarkets. French comps at convenience stores and other formats were up 2.2%. Management attributed the weakness in the French market to the later timing of a promotional campaign this year compared with last year and to a highly promotional environment.

Other European countries: Comparable sales in Europe excluding France grew by 0.6%, down from 2.2% in 1H17. Comp growth was negative in Spain, Italy and Belgium, but was "particularly dynamic" in Poland and Romania.

Latin America: Carrefour's Latin America businesses performed best, reporting comparable growth of 4.4%. This was down from 7.3% in 1H17. Food-price inflation in Brazil slowed significantly in the latest quarter.

Asia: Performance was weakest in Asia, where comps fell by 3.0%. This was, however, an improvement from the 4.3% decline reported for 1H17.

Outlook

The company reiterated that it expects to grow total full-year sales by 2%–4% at constant currency. The company expects capital expenditure of €2.2–€2.3 billion and that it will maintain free cash flow at the same level as 2016.

For FY17, analysts expect Carrefour to grow total sales by 3.7%, but for EBIT to decline by 12.2%, according to S&P Capital IQ. Consensus calls for adjusted EPS of €1.14, down 18.1% year over year. These figures were collated before the latest results were announced.



FLASH REPORT

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