

## CNOVA N.V.

### Second Quarter 2017 Activity

Amsterdam – July 11, 2017, 07:45 CEST — Cnova N.V. (Euronext Paris: CNV; ISIN: NL0010949392) (“Cnova” or the “Company”) today announced unaudited 2<sup>nd</sup> quarter 2017 operating data as well as details of its strategic realignment plan.

- **GMV: €685 million (+11% like-for-like\*)**
  - Mobile share: 37.2% (+ 776 bp)
  - Marketplace share: 35.0% (+ 314 bp)
  - CDAV share: 32.0% (+1,547 bp)
- **Net sales: €410 million (+9% like-for-like\*)**
- **Traffic: 208 million visits (+12%)**
  - Mobile share of traffic: 59% (+ 767 bp)
- **Active customers: 8.4 million (+10%)**
  - CDAV subscribers: +103%
- **Orders: 5.7 million (+9%)**
  - CDAV share: 29.6% (+1,415 bp)
- **Launch of volume-centric strategic realignment**
- **Cdiscount renews market share gains (Gfk)**

Emmanuel Grenier, Cnova CEO, commented:

*“During the 2<sup>nd</sup> quarter of 2017, our traffic and GMV grew at a double-digit rates, our customer loyalty program doubled in size and our marketplace accounted for more than one-third of our GMV. It is clear to us that, thanks to our technological expertise, we have one of the best traffic growth dynamics in France, and our mission going forward is to leverage this into higher GMV and net sales growth rates on a sustainable basis. To do this, we have embarked on a new strategic realignment plan designed to one, expand massively our direct sales product range; two, reinforce our multichannel offer; and three, accelerate the introduction of new B2B revenue streams.*

*Cdiscount is entering into a new growth phase which will see, compared to the end of 2016, its direct sales product range nearly quadruple in size, a 50% increase of its marketplace product catalogue and an 80% expansion of its distribution center floor space by the end of the 1<sup>st</sup> quarter of 2018. The new revenue streams we are introducing or accelerating will include increased marketplace fulfillment, new B2B services for our marketplace vendors such as foreign exchange and merchant financing, new data-based revenues, consumer credit and insurance solutions. And on top of all of this, we are improving customer satisfaction before and after purchase. For example, we are launching a new multichannel strategy that includes a new delivery option, and we are making more progress in terms of light product delivery speed. We have completely revamped our mobile site/application and customer area to make it more reactive and to make ordering products easier and faster.*

*The implementation of these growth initiatives, which temporarily weigh on margins and free cash flow this year, will allow Cdiscount to reinforce its top player status while strengthening its underlying profitability profile on a sustainable basis. These strategic moves are already stimulating top-line growth. They also allow us to enter into new markets where we are making market share advances.”*

\* Like-for-like: includes adjustments related to i) the sale or closure in 2016 of the specialty sites Comptoir des Parfums, Comptoir Santé and MonCornerDéco, ii) the voluntary pullback of B2B sales initiated in the 3<sup>rd</sup> quarter of 2016, iii) the exclusion of TV products, which benefited from the mandatory shift to Digital Terrestrial Television (DTT), and the Euro football championship in the 2<sup>nd</sup> quarter 2016 (respectively, 1.5pt and 1.8pt on GMV and net sales growth), iv) the impact of 2017 summer sales starting one week later than in 2016 (respectively, 2.3pt and 2.0pt on GMV and net sales growth), and v) Cdiscount sales realized with Casino clients in France resulting from the multichannel agreement with Casino effective June 19, 2017.

## 2<sup>nd</sup> Quarter 2017 Highlights

**GMV (gross merchandise volume)** totaled €685 million, an increase of 11.5% compared to the same period in 2016 on a like-for-like (l-f-l) basis. On a reported basis, GMV rose 7.4% compared to 2016. The mobile share of GMV was 37.2% representing a growth of 776 basis points.

The **marketplace** share of total GMV continue to expand, reaching 35.0% for an increase of +314 basis points. The number of products available increased by 28%. The share of marketplace GMV fulfilled by Cdiscount rose from 5% at the end of June 2016 to 13% one year later while the number of vendors using Cdiscount's fulfillment services doubled y-o-y. The quality of our marketplace vendors showed continuous improvement with customer satisfaction, up by 14 points on average since the beginning of 2017 compared to last year.

**Net sales** totaled €410 million in the 2nd quarter 2017, up 8.6% on a l-f-l basis compared to the same period in 2016 (+4.5% on a reported basis). Home furnishings and household appliances accounted for 50% of direct sales, while hi-tech items (AV and smartphones) and IT goods represented 34% of direct sales.

According to Gfk (May 2017), Cdiscount's Technical Goods (Hi-tech, Computers and Home Appliances) value and volume market share grew y-o-y by +151 and +229 basis points, respectively.

**Traffic** at Cdiscount.com during the 2nd quarter of 2017 grew by 11.6% year-on-year (y-o-y) to 208 million visits. Traffic has grown on average by double-digits on a y-o-y basis every quarter since the beginning of 2016. According to Médiamétrie, Cdiscount posted the highest progression among the five main e-retailers in France during the first five months of 2017 in terms of the number of desktop unique monthly visitors.

The **mobile share** of traffic increased +767 basis points to 59.5% during the same period and has been growing by an average of 600 basis points per quarter since the beginning of 2016.

Traffic	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
Growth (y-o-y)	+12.1%	+10.7%	+6.5%	+13.2%	+11.4%	+11.6%
Mobile Share	50.6%	51.8%	54.2%	55.1%	56.9%	59.5%

The number of **active customers** also continued to rise, reaching 8.4 million at June 30, 2017 (a y-o-y increase of 9.5%).

Membership of **Cdiscount à volonté (CDAV)**, Cdiscount's customer loyalty program doubled y-o-y.

**Orders** totaled 5.7 million during the 2<sup>nd</sup> quarter of 2017, for a y-o-y increase of 8.9%. CDAV customers accounted for 29.6% of the 2nd quarter 2017 orders compared to 15.4% during the same period in 2016.

The **number of items sold** increased to 11.1 million from 10.4 million during the same period in 2016 (up 6.4%).

## 2017 Strategic Realignment Plan

The Group is embarking on a wide ranging growth plan in order to return to a sustainable double-digit GMV growth rate while strengthening sources of profitability. **Strategic initiatives** launched during the 2<sup>nd</sup> quarter 2017 were primarily of three types: product catalogue expansion, multichannel offer reinforcement and the launch of new revenue streams.

### Product catalogue expansion:

- Cdiscount is currently in the middle of a massive product range extension program designed to almost quadruple the number of CDAV-eligible direct sale references and increase marketplace references by one-half. In addition to reinforcing its market leading position in the Home product category, Cdiscount is boosting its diversity and availability of items in Leisure, Family markets (Sport, Games, Baby...), Technical Goods (notably accessories) and plans to launch a Fashion segment by the end of 2017. Cdiscount also strives to anticipate demands on innovative and "trendy" products (connected objects, hand spinners, fidget cube, etc.). At June 30, 2017, Cdiscount had already doubled the number of SKUs that were available at the beginning of the year. Newly available SKUs represented close to 7% of total volumes sold and 5% of total net sales in the second half of June 2017.

- In order to accommodate the increasing size of the product range, Cdiscount has initiated a warehouse capacity expansion program that should increase by close to 80% total distribution center (DC) floor space between the end of 2016 and the end of the 1<sup>st</sup> quarter 2018. At the end of June 2017, total floor space had grown to 380 thousand m<sup>2</sup> (up from 295 thousand m<sup>2</sup>, or +28%, compared to the end of June 2016), including a 30,000 m<sup>2</sup> extension of the Orléans DC. By the end of March 2018, Cdiscount plans to have over 10 major and several smaller DCs throughout France with a total floor space trending toward 600 thousand m<sup>2</sup>. This will include a newly built 60,000 m<sup>2</sup> DC in the southern part of Paris opening in July 2017.

#### **Multichannel offer reinforcement:**

- In conjunction with the expansion of Cnova's product catalogue as well as to achieve more synergies with Groupe Casino in France (Casino), Cnova is implementing with Casino a reinforced multichannel strategy which allows Géant hypermarkets and Casino supermarkets (DCF) as well as Cdiscount to carry the same home furnishing high-tech and household appliance items, offer a wider variety of delivery options to DCF and Cdiscount customers (Cdiscount home delivery, Click-&Collect pick-up, online purchase with immediate DCF in-store pickup and the usual in-store purchases) and achieve operational cost savings. It also addresses the increasing trend whereby consumers are buying more of these product categories online while preserving the inclination of many customers to discover and inspect products in-store. As a consequence, Cnova is now managing both DCF's and Cdiscount's home furnishing and household appliance inventory (Cnova bought Casino hypermarkets and supermarkets existing inventories on June 18, 2017, for a total consideration of about €78 million including VAT).

#### **Launch of new revenue streams:**

- Roll-out of Fulfilment-by-Cdiscount (FBC) and premium pack (higher visibility and statistics report) for marketplace sellers.
- Monetizing the flow of vendors on our marketplace interface with new advertising revenues.
- Launch of new services for vendors, including foreign exchange and merchant financing.
- Plan to offer a wider range of insurance options, initially to include school, pet and credit card services with an extension to home and loan insurance.

#### **Technology and Logistics**

Cdiscount continues to maintain its technological and logistics edges in the French market:

- According to Yooda, Cdiscount posted the strongest SEO progression in the French e-commerce sector in 2017 thus far.
- Cdiscount is optimizing the performance of its platforms through the implementation of React Native, the deployment of Progressive Web App (PWA) and the testing of Accelerated Mobile Pages (AMP).
- Cdiscount's mobile site has been completely revamped such that there is a higher visibility of promotions, optimized ergonomics and new functionalities. As a result, the mobile share of total GMV reached its highest level ever in June 2017 (39%) and the page load speed should continue to improve throughout the 3<sup>rd</sup> quarter 2017.
- The reinforced multichannel offer dovetails nicely with Cdiscount's Click-and-Collect pick-up point network (C-&-C), many of which are part of Casino's bricks and mortar footprint in France. During the 2nd quarter 2017, more than half (53%) of our orders were delivered through our C-&-C network.
- Cdiscount began in July 2017 to offer same-day delivery of a selection of its light product (<30 kg) catalogue to its customers in Paris. The entire light product catalogue will be available for Paris same-day delivery beginning October 2017.
- Planning for delivery by drone, first tested in December 2016, is moving forward in conjunction with Thales.
- Warehouse modernization proceeds apace with the planned installation of additional 3D automated packaging machines.

### Second Quarter Activity

Cnova N.V.	Second Quarter <sup>(1)</sup>		Change	
	2017	2016	Reported <sup>(1)</sup>	L-F-L <sup>(2)</sup>
<b>GMV<sup>(3)</sup> (€ millions)</b>	<b>685.2</b>	637.9	+7.4%	+11.5%
Marketplace share	35.0%	31.9%	+314 bp	
CDAV share	32.0%	16.5%	+1,547 bp	
<b>Net sales (€ millions)</b>	<b>410.3</b>	392.5	+4.5%	+8.6%
<b>Traffic (visits in millions)</b>	<b>207.9</b>	186.2	+11.6%	
Mobile share	59.5%	51.8%	+767 bp	
<b>Active customers<sup>(4)</sup> (millions)</b>	<b>8.4</b>	7.7	+9.5%	
<b>Orders<sup>(5)</sup> (millions)</b>	<b>5.7</b>	5.2	+8.9%	
CDAV share	29.6%	15.4%	+1,415 bp	
<b>Number of items sold (millions)</b>	<b>11.1</b>	10.4	+6.4%	

- 1) All figures are unaudited and have been adjusted for all periods to reflect i) the merger of Cnova Brazil into Via Varejo on October 31, 2016, ii) the sale or closure of Cdiscount international sites, and iii) the sale of the specialty site MonShowroom. These are reported as discontinued activities in accordance with IFRS 5 as of January 1, 2016.
- 2) Like-for-like: includes adjustments related to i) the sale or closure in 2016 of the specialty sites Comptoir des Parfums, Comptoir Santé and MonCornerDéco, ii) the voluntary pullback of B2B sales initiated in the 3rd quarter of 2016, iii) the exclusion of TV products, which benefited from the mandatory shift to Digital Terrestrial Television (DTT), and the Euro football championship in the 2nd quarter 2016 (respectively, 1.5pt and 1.8pt on GMV and net sales growth), iv) the impact of 2017 summer sales starting one week later than in 2016 (respectively, 2.3pt and 2.0pt on GMV and net sales growth), and v) Cdiscount sales realized with Casino clients in France resulting from the multichannel agreement with Casino effective June 19, 2017.
- 3) GMV (gross merchandise volume) is defined as product sales + other revenues + marketplace business volumes (calculated based on approved and sent orders) + taxes.
- 4) Active customers at the end of June having purchased at least once through cdiscount.com during the previous 12 months.
- 5) Total placed orders before cancellation due to fraud detection and/or customer non-payment.

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**About Cnova N.V.**

Cnova N.V., one of the leading e-Commerce companies in France, serves 8.4 million active customers via its state-of-the-art website, Cdiscount. Cnova N.V.'s product offering of more than 23 million items provides its clients with a wide variety of very competitively priced goods, several fast and customer-convenient delivery options as well as practical payment solutions. Cnova N.V. is part of Groupe Casino, a global diversified retailer. Cnova N.V.'s news releases are available at [www.cnova.com](http://www.cnova.com). Information available on, or accessible through, the sites referenced above is not part of this press release.

This press release contains regulated information (gereguleerde informatie) within the meaning of the Dutch Financial Supervision Act (Wet op het financieel toezicht) which must be made publicly available pursuant to Dutch and French law. This press release is intended for information purposes only.

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**Upcoming Events**

Tuesday, July 25, 2017 at 07:45 CEST	Cnova First Half 2017 Activity & Financial Results
Tuesday, July 25, 2017 at 16:00 CEST	Cnova First Half 2017 Activity & Financial Results Conference Call & Webcast

**Conference Call and Webcast connection details**Conference Call Dial-In Numbers:

Toll-Free:	
France	0 800 912 848
UK	0 800 756 3429
USA	1 877 407 0784
Toll:	1 201 689 8560

Conference Call Replay Dial-In Numbers:

Toll-Free:	1 844 512 2921
Toll:	1 412 317 6671

Available From: July 25, 2017 at	13:00 EDT / 19:00 CEST
To: August 2, 2017 at	00:00 EDT / 06:00 CEST
Replay Pin Number:	13665365

Webcast:

<http://public.viavid.com/index.php?id=125127>

Presentation materials to accompany the call will be available at [cnova.com](http://cnova.com) on July 25, 2017.

An archive of the conference call will be available for a limited time at [cnova.com](http://cnova.com) following its conclusion.

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