

CNOVA N.V. Full Year 2017 Activity

AMSTERDAM – January 12, 2018, 07:45 CET — Cnova N.V. (Euronext Paris: CNV ; ISIN: NL0010949392) (“Cnova” or the “Company”) today announced unaudited operating data for the quarter and full year ended December 31, 2017, and provided a progress report on its strategic realignment plan.

- **GMV: €3.4 billion (+10% like-for-like¹)**
 - Mobile share: 38.1% (+737 bp)
 - Marketplace share: 32.0% (+56 bp)
- **Net sales: €2.1 billion (+9% like-for-like¹)**
- **Continued strong market share gains since April 2017²**
- **Traffic: 946 million visits (+12%)**
 - Mobile share of traffic: 59.5% (+645 bp)
- **Active customers: 8.6 million (+6%)**
 - CDAV subscribers: +48% y-o-y
- **Orders: 27 million (+8%)**
 - CDAV share: 30% (+1,109 bp)

Emmanuel Grenier, Cnova CEO, commented:

“After an outstanding sales performance in the 3rd quarter, Cnova concluded 2017 with record breaking Black Friday traffic and sales performances. 2017 saw the launch of our new strategic plan in the 2nd quarter. Our double-digit GMV growth, continued market share gains month since April² as well as the increase in customer satisfaction³ illustrate the relevance of this plan, which reinforced our positioning as the leading French e-merchant. The significant investments required for its implementation are however temporarily weighing on our financial performance, although with a sequential improvement throughout the year 2017.

First, we aim to make available the best products and services to our customers at the most competitive prices. To do so, the number of products eligible for our free express delivery option of our loyalty program Cdiscount à volonté tripled over the year while our marketplace references increased by more than 80%. We also successfully launched innovative new services for our customers such as our exclusive instant consumer credit offer (“Coup de pouce”) and our home energy supply solution, the most affordable on the market, Cdiscount Energie.

Second, we significantly enhanced customers’ experience all along the customer journey. As a first step, before purchase, with the complete revamping of our mobile site and app, now one of the best rated in the market with a 4.5/5 grade. And also after purchase with our unique same-day delivery offer now available in Paris, Lyon and Lille.

Third, we are accelerating the development of monetization through the creation of a comprehensive marketplace ecosystem dedicated to our vendors: ramp-up of fulfillment services, offer of tailored advertising as well as financial and transportation services.

As we move into 2018, we remain committed to accelerate the implementation of our strategic plan, striving to offer the best on- and offline customer experience, while reinforcing new revenue streams and dynamics of innovation.”

¹ Like-for-like (l-f-l): figures have been adjusted to make them comparable across periods, by eliminating: i) operating data related to the specialty sites Comptoir des Parfums, Comptoir Santé et MonCornerDéco due to their sale or closure in 2016, ii) B2B operating data due the voluntary pullback of their sales initiated in the 3rd quarter of 2016, iii) the leap year impact in 2016 (-0.4 pt and -0.3 pt on GMV and net sales growth, respectively) and iv) Cdiscount sales made to Casino clients in France in relation with the multichannel agreement with Casino effective since June 19, 2017 (+4.3 pts and +5.8 pts on GMV and net sales growth, respectively).

² Gfk Technical Goods market shares.

³ Internal measurement of client satisfaction through the Net Promoter Score (NPS).

Full Year 2017 Highlights

GMV (gross merchandise volume) totaled €3.4 billion, an increase of 9.6% versus 2016 on a like-for-like (l-f-l) basis. On a reported basis, GMV rose 13.2% compared to 2016. After a modest start in the first quarter of 2017, Cdiscount commercial performance has been boosted by the strategic realignment plan initiated in the second quarter of 2017 which led to an historical sales performance in the 3rd quarter and a record-breaking Black Friday in November.

Mobile share of GMV continued to strongly increase at 38.1% for the full year 2017, i.e. +737 basis points compared to 2016.

The **marketplace** share of total GMV reached 32.0% in 2017 compared to 31.4% in 2016. The number of marketplace references increased by more than 80% year-on-year (y-o-y). The share of marketplace GMV fulfilled by Cdiscount more than doubled y-o-y to reach 19% at the end of 2017.

Net sales totaled €2.1 billion in 2017, up 9.3% on a l-f-l basis compared to 2016 (+14.4% on a reported basis). Home Furnishings and Household Appliances accounted for 45% of direct sales, while Hi-tech items (audio visual and smartphones) and IT goods represented 35%.

According to GfK, Cdiscount posted continued market share gains in Technical Goods (Hi-tech, Computers and Home Appliances) since April with y-o-y market share gains of respectively 1.5 pt and 1.4 pt in value and 1.7 pt in volume in October and November.

Traffic at Cdiscount.com grew by 12.4% in 2017 to 946 million visits. The **mobile share** of traffic rose 645 basis points to 59.5% in 2017.

The number of **active customers** amounted to 8.6 million, a y-o-y increase of 6.0%. Membership of **Cdiscount à volonté** (CDAV) continued to grow rapidly, increasing by 48% compared to December 2016.

Cdiscount confirmed its leadership in **social media visibility** and **commitment** among top e-retailers in France. According to a NukeSuite study published in November 2017, Cdiscount ranks first on Facebook France in terms of interactions (likes, shares and comments). Cdiscount strong social media profile was confirmed during Black Friday with a total of 223,000 interactions, by far the best performance among main retailers in France⁴.

Orders increased by 8.3% to reach 26.8 million in 2017. CDAV customers accounted for 29.7% of total orders in 2017 compared to 18.6% in 2016, purchasing on average three times more frequently than non-CDAV customers.

The **number of items sold** rose by 6.9% to 52.8 million in 2017.

Strategic Realignment Plan Progress Report

The Strategic Realignment Plan (product catalogue expansion, reinforcement of multichannel strategy and customer delivery and technological enhancements) launched in the 1st semester of 2017 has been successfully implemented.

Product catalogue expansion:

- By the end of 2017, Cdiscount already tripled the number of CDAV-eligible SKUs (objective to quadruple by 1Q18) and the number of marketplace references increased by more than 80%, outpacing by far the objective of 50%.
- This product catalogue expansion was supported by the extension of Cdiscount's distribution center (DC) floor space which increased this year by around 70% to 530,000 sqm at end 2017 with a total of 10 DCs.

Multichannel strategy reinforcement:

Cdiscount is now managing the Hi-tech and Home Furnishing product categories of Géant hypermarkets and Casino integrated supermarkets (collectively, DCF), providing immediate in-store availability for c. 5,000 references. 2017 net sales generated in DCF stores amounted to €108 million.

⁴ According to a Sprinklr survey published on November 27, based on the volume of references associated to Black Friday made on social media, news, blogs, and forums in French.

In the 2nd half of 2017, several additional initiatives were undertaken to enhance our multichannel offer:

- After the successful launch in September of a 300 sqm “Cdiscount corner” in Géant Fenouillet (Toulouse), three new corners opened in Géant stores located in Amiens, Nîmes and Quimper in December. These corners allow customers’ in-store shopping of Cdiscount products with over 600 references presented in a showroom dedicated to Cdiscount Home product offerings as well as in areas dedicated to Technical Goods items and best deals offers.
- Development of in-store interactive terminals presenting Cdiscount product catalogue with over 68,000 SKUs available with customers’ recommendations and detailed product sheets as well as dedicated in-store sales assistants to help customers in their purchases.
- Additional synergies with DCF were implemented through combined promotions and commercial events, in particular very powerful exclusive offers during Black Friday.

Delivery enhancements and logistical innovations:

- Same-day delivery: Cdiscount is the only player to offer same-day delivery for both large (>30 kg) and small products (<30 kg) in the Paris region and Lyon and of small products in Lille. This service is scheduled to be available in other large cities in 2018.
- Sunday delivery: after an exclusive test on Sunday delivery with Chronopost in Paris since 2016, Cdiscount extended this service to 14 major French cities as of the end of 2017.
- Real-time geolocation: thanks to its exclusive partnership with Bringg, Cdiscount became the forerunner of real-time geolocation of large-product deliveries in France. Customers benefit from reduced delivery time slots and are able to contact and rate the carrier. This service, currently available in Paris, Bordeaux and Lyon regions will be extended all over France in 2018.
- Automation: Cdiscount exclusively developed in its Cestas warehouse with Exotec Solutions a unique and state-of-the-art order picking system, Skypod, with robots programmed to pick up products stored as high as 10 meters and bring them to warehouse operators. This new solution will significantly improve DC productivity and reduce by four Cdiscount’s inventory storage surface requirement.
- Innovation: Cdiscount launched the incubator “The Warehouse” and selected for its first round 4 start-ups: NoMagic.AI (machine learning), ez-Wheel (autonomous electric wheel), ShopRunBack (parcel returns automation) and Citodi (optimization of delivery rounds). These start-ups benefit from a 500 sqm dedicated floor space in one of Cdiscount’s DC. This program will be rolled-out in 2018 with new areas of logistics innovation.

Technological advantages and customer experience:

- Personalization: acceleration of personalization throughout the whole customer journey on sites and app with customized homepage and messages, targeted offers and product recommendations based on purchasing behavior and geolocation.
- Gamification: new games and challenges every week attracting around 10,000 players per day.
- Sites and app performance: deployment of React technology. Cdiscount mobile site now ranks 2nd among main e-commerce sites in France in terms of page loading speed⁵ while Cdiscount application is one of the best rated in the Apple store with a 4.5/5 grade based on 46,000 reviews.
- Voice and chatbot: development of chatbots with a first test on wine products and two apps for Google Home on deals of the day and parcel tracking.
- Payment means: introduction of Paylib and Lydia, targeting a younger customer base.

⁵ FASTERIZE data.

New revenue streams:

- Services: successful launch of market disruptive B2C services such as “Coup de pouce”, an instant consumer credit offer and a mass-market home energy supply solution, Cdiscount Energie, the most affordable on the market.
- Fulfillment: acceleration in *Fulfillment-by-Cdiscount* (FBC) services offered to marketplace vendors. GMV share and number of SKUs nearly doubled vs end 2016.
- Development of services to marketplace vendors thanks to the ramp-up of a full marketplace ecosystem with value-added services which will further enhance profitability: premium packs with increased visibility for vendors’ offers, tailored advertising, sales reports, financial and transportation services.

4th Quarter 2017 Highlights

GMV amounted to €1.1 billion for the 4th quarter 2017, up 7.9% on a I-f-I basis compared to the same period in 2016 (+15.9% on a reported basis).

Net sales totaled €701 million in the 4th quarter 2017, i.e. an increase of 9.2% on a I-f-I basis compared to the same period in 2016. On a reported basis, net sales were up by 20.1% vs the 4th quarter 2016. All categories benefited from Black Friday in November (up 80% compared to 2016), which also contributed to the site **traffic** dynamism with a record growth of nearly 40% vs 2016 Black Friday.

Cdiscount unveiled a new **brand strategy** early November relying on the signature “*N’économisez pas votre plaisir*”, i.e. “Don’t spare your pleasure”. Based on Cdiscount core values, i.e. proximity and boldness, this new strategy is expected to reinforce Cdiscount’s emotional connection to its customers and consolidate its position as the leading French e-retailer.

Annex A – Full Year Activity

Cnova N.V.	Full year ⁽¹⁾		Change	
	2017	2016	Reported ⁽¹⁾	L-F-L ⁽²⁾
GMV⁽³⁾ (€ millions)	3,390.5	2,994.3	+13.2%	+9.6%
Marketplace share	32.0%	31.4%	+56 bp	
Mobile share	38.1%	30.8%	+737 bp	
CDAV share	31.1%	20.4%	+1,063 bp	
Net sales (€ millions)	2,122.0	1,855.7	+14.4%	+9.3%
Traffic (visits in millions)	946.1	841.8	+12.4%	
Mobile share	59.5%	53.0%	+645 bp	
Active customers⁽⁴⁾ (millions)	8.6	8.2	+6.0%	
Orders⁽⁵⁾ (millions)	26.8	24.7	+8.3%	
CDAV share	29.7%	18.6%	+1,109 bp	
Number of items sold (millions)	52.8	49.4	+6.9%	

Annex B – Fourth Quarter Activity

Cnova N.V.	4 th quarter ⁽¹⁾		Change	
	2017	2016	Reported ⁽¹⁾	L-F-L ⁽²⁾
GMV⁽³⁾ (€ millions)	1,093.4	943.2	+15.9%	+7.9%
Marketplace share	30.6%	31.4%	-78 bp	
Mobile share	39.2%	34.5%	+465 bp	
CDAV share	32.3%	25.9%	+647 bp	
Net sales (€ millions)	701.2	584.1	+20.1%	+9.2%
Traffic (visits in millions)	282.2	253.3	+11.4%	
Mobile share	61.3%	55.1%	+629 bp	
Active customers⁽⁴⁾ (millions)	8.6	8.2	+6.0%	
Orders⁽⁵⁾ (millions)	8.4	8.2	+2.3%	
CDAV share	31.4%	25.4%	+602 bp	
Number of items sold (millions)	17.3	17.1	+1.1%	

- 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 (l-f-l): figures have been adjusted to make them comparable across periods, by eliminating: i) operating data related to the specialty sites Comptoir des Parfums, Comptoir Santé and MonCornerDéco due to their sale or closure in 2016, ii) B2B operating data due the voluntary pullback of their sales initiated in the 3rd quarter of 2016, iii) the leap year impact in 2016 (-0.4 pt and -0.3 pt on GMV and net sales growth, respectively) and iv) Cdiscount sales made to Casino clients in France in relation with the multichannel agreement with Casino effective since June 19, 2017 (+4.3 pts and +5.8 pts on GMV and net sales growth, respectively).
- 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 December having purchased at least once through Cdiscount sites and app during the previous 12 months.
- 5) Total placed orders before cancellation due to fraud detection and/or customer non-payment.

About Cnova N.V.

Cnova N.V., one of the leading e-Commerce companies in France, serves 8.7 million active customers via its state-of-the-art website, Cdiscount. Cnova N.V.'s product offering of more than 37 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. Information available on, or accessible through, the sites referenced above is not part of this press release.

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