

CNOVA N.V.

2017 Financial Results

AMSTERDAM, February 20, 2018, 07:45 CET Cnova N.V. (Euronext Paris: CNV; ISIN: NL0010949392) (“Cnova” or the “Company”) today announced its financial results for the full year 2017¹.

- **Traffic: 946 million visits (+12%)**
 - Cdiscount consolidates its 2nd position among e-retailers in France with 18 million unique monthly visitors
 - Mobile share of traffic: 59.5% (+ 645 bp)
- **GMV: €3.4 billion (+10% like-for-like², acceleration in 2H17)**
 - Mobile share: 38.1% (+ 737 bp)
 - Marketplace share: 32.0% (+ 56 bp)
 - CDAV share: 31.1% (+ 1,063 bp)
- **Net sales: €2.1 billion (+9% like-for-like²)**
- **Active customers: 8.6 million (+6%)**
 - Cdiscount à volonté members: +48%
- **Improvement in EBITDA in 2H17 versus 1H17**
 - 2017 EBITDA (€4 million) lower than 2016 due to temporarily strategic plan implementation costs
 - Quarterly improvement in EBITDA throughout 2017
 - Back to 2016 level (4Q17 EBITDA higher than 4Q16)
- **Net financial debt improved compared to June 30, 2017**

Key figures € in millions	2 nd semester ⁽¹⁾		Change	
	2017	2016	Reported	L-F-L ⁽²⁾
GMV	1,935.0	1,624.0	+19.1%	+10.8%
Net sales	1,239.8	998.0	+24.2%	+13.0%
Gross profit	165.5	133.8	+23.7%	
<i>Gross margin</i>	<i>13.4%</i>	<i>13.4%</i>	-5 bp	
SG&A	(171.5)	(133.4)	+28.6%	
Operating EBIT	(6.0)	0.4	<i>nm</i>	
EBITDA⁽³⁾	8.6	10.7	-20.3%	
Cdiscount	10.8	16.4	-33.9%	

¹ Ernst & Young have substantially completed their audit of the annual financial statements. In accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), all figures have been adjusted as of January 1, 2016, to reflect: i) the merger of Cnova Brazil into Via Varejo on October 31, 2016, ii) the sale or closure of international sites, and iii) the sale of the specialty site MonShowroom. The results from these activities are reported under net profit/(loss) from discontinued operations.

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) leap year impact in 2016 (-0.4 pt and -0.3 pt on FY17 GMV and net sales growth, respectively) and iv) Cdiscount sales made to Casino hypermarket and supermarket clients in France in relation with the multichannel agreement with Casino effective June 19, 2017 (+4.3 pts and +5.8 pts on FY17 GMV and net sales growth respectively, and +7.6 pts and +10.2 pts in 2H17). 1H17 growth excludes the adjustment related to TV products, which positively impacted 1H16 due to the mandatory shift to Digital Terrestrial Television (DTT), and the Euro football championship.

³ EBITDA: calculated as operating profit/(loss) from ordinary activities (Operating EBIT) before depreciation and amortization expense.

Key figures € in millions	Full year ⁽¹⁾		Change	
	2017	2016	Reported	L-F-L ⁽²⁾
GMV	3,390.5	2,994.3	+13.2%	+9.6%
Net sales	2,122.0	1,855.7	+14.4%	+9.3%
Gross profit	288.7	255.3	+13.1%	
<i>Gross margin</i>	13.6%	13.8%	-15 bp	
SG&A	(311.6)	(258.1)	+20.7%	
Operating EBIT	(23.0)	(2.8)	nm	
EBITDA⁽³⁾	3.6	17.7	-79.7%	
Cdiscount	9.1	25.1	-63.7%	
Net profit/(loss) (from continuing activities)	(92.3)	(65.2)	nm	
Adjusted EPS (from continuing activities)	(0.19)	(0.11)	nm	

2nd half operational and financial performance

Gross merchandise volume (GMV) totaled €1.9 billion in 2H17, an increase of 10.8% versus 2016 on a like-for-like (l-f-l) basis, increasing versus 1H17 growth (8.8%). On a reported basis, including in particular sales in Casino stores, GMV rose by 19.1% compared to 1H16. The mobile share of GMV continued to strongly increase to reach 39.3% in 2H17, i.e. +611 basis points compared to the same period in 2016.

Traffic at Cdiscount.com accelerated in 2H17 (+13.2%) to 504 million visits. For the first time, **mobile** accounted for more than 60% of traffic in 2H17. According to Médiamétrie latest survey⁴, Cdiscount ranks second among e-retailers in France in number of unique monthly visitors with 18 million visitors on desktop and mobile.

Net sales totaled €1.2 billion in 2H17. The 13.0% growth on a l-f-l basis showed a strong acceleration versus 1H17.

Gross profit was €166 million in 2H17 with a gross margin of 13.4%, stable versus 2H16.

SG&A costs amounted to €(171) million in 2H17, i.e. 13.8% of net sales with a strong improvement compared to 1H17 (15.9% of net sales). Implementation costs of the new strategic plan launched in the 2nd quarter 2017 (expansion of assortment and subsequent warehouse capacity, revamp of Cdiscount site and app) primarily explain the increase in SG&A versus previous year.

EBITDA totaled €9 million in 2H17, in progress versus 1H17. EBITDA improved quarter after quarter in 2017 both in value and compared to 2016. This trend reflects the first benefits of the strategic plan which led to a y-o-y EBITDA growth in the 4Q17.

Operating EBIT was €(6) million in 2H17, improving versus 1H17 (-€17 million).

Free cash flow amounted to €31 million in 2H17.

⁴ Médiamétrie study published in January 2018, based on October 2017 traffic data.

FY2017 operational and financial performance

Gross merchandise volume (GMV) totaled €3.4 billion, up 9.6% versus 2016 on a like-for-like (l-f-l). On a reported basis, including in particular sales in Casino stores, GMV rose by 13.2% compared to 2016. The mobile share of GMV strongly increased 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.

Traffic at Cdiscount.com grew by 12.4% in 2017 to 946 million visits with an acceleration in the 2nd half. The **mobile share** of traffic rose 645 basis points to 59.5% for the year 2017.

The number of **active customers** totaled 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.

Orders increased by 8.3% to reach 26.8 million in 2017 while the **number of items sold** rose by 6.9% to 52.8 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.

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 (AV and smartphones) and IT goods contributed to 35% of direct sales.

Gross profit was €289 million in 2017, i.e. 13.6% of net sales. Gross margin variation versus 2016 improved in 2H17.

SG&A costs amounted to €(312) million, i.e. 14.7% of net sales (compared to -€258 million and 13.9% in 2016), reflecting the strategic plan implementation costs.

As a result, **EBITDA** totaled €4 million in 2017 compared to €18 million in 2016. EBITDA improved quarter after quarter in 2017 both in value and compared to 2016.

It should also be noted that 2016 EBITDA benefitted from the reversal of a €5 million provision at the holding level that had been booked in 2015 in conjunction with divested operations in Brazil.

Operating EBIT was €(23) million.

The **operating loss** reported for 2017 amounted to €(50) million, including Cnova restructuring costs.

Net financial expense was €(40) million in 2017, reflecting higher costs of consumer financing activities which grow in line with the business.

Net loss from continuing operations amounted to €(92) million with an adjusted EPS of €(0.19).

Net financial debt:

Net financial debt position at December 31, 2017 was €(193) million⁵. It improved compared to June 30, 2017 level, following a degradation in 1H17 mainly due to the strategic plan implementation (increase in inventories related to product assortment growth and multichannel agreement with Casino as well as increased investment).

Key achievements

Customer offer and service enhancements of the **strategic plan** launched during the 2nd quarter of 2017 revolved around four main pillars: product catalogue expansion, multichannel offer reinforcement, enhancements of customer experience (including delivery edges) and technological advantages. This strategic plan resulted in significant investment (increase in inventory as well as technological and logistics investments) which negatively weighted on 1H17 performance but began to positively impact top-line and financial results in 3Q17.

⁵ Including €23.8 million (US\$28.5 million) of restricted cash on an escrow account.

Product catalogue expansion

- **Product assortment:** the number of products eligible for free express delivery available to CDAV customers tripled over the year while marketplace references surpassed the original target of +50% to reach +80%. Overall product offerings increased by 17 million throughout 2017 to reach 37 million by end December 2017.
- **Warehouse capacity:** to accommodate the extension of product catalogue, Cdiscount's warehouse capacity increased by around 70% to 530,000 sqm at end 2017. Three new warehouses were opened in 2017, respectively near Orléans, Orly Airport and Bordeaux - the latter being fully dedicated to Marketplace fulfillment. A new 40,000 sqm DC near Orly Airport is planned to open in 1Q18.

Multichannel offer reinforcement

- **Multichannel offer:** Cdiscount is now managing the Hi-tech and Home Furnishing product categories of integrated Géant hypermarkets and Casino supermarkets, providing immediate in-store availability for c. 4,000 references as well as combined promotions and commercial events. The multichannel agreement with Casino, effective June 19, 2017, generated €108 million of net sales in 2017. The multichannel strategy was reinforced by the opening of 4 Cdiscount showrooms in Géant hypermarkets in 2017, presenting Cdiscount Home and Technical goods product offerings as well as best deal offers with around 700 references displayed on more than 400 sqm. 6 new Cdiscount showrooms are expected to open in 2018.

Enhancements of customer experience

- **Same-day delivery:** extension of Cdiscount's unique same-day delivery offer in Bordeaux, Lille, Lyon and the Paris region. This service will be extended to 4 additional large cities to cover nearly half of the French population living in cities of more than 10,000 inhabitants by end 2018.
- **Real-time geolocation:** thanks to its exclusive partnership with Bringg, Cdiscount became the forerunner of real-time geolocation of large-product deliveries in France. This service, currently available in Paris, Bordeaux and Lyon regions will be extended all over France in 2018.
- **Logistics excellence:** finalized roll-out of the new warehouse management system in Réau and Saran DCs, allowing for increased productivity and shortened delivery times.
- **Services:** expanding range of services with the successful launch in 2017 of "Coup de pouce", an exclusive instant consumer credit offer, and Cdiscount Energie, the most affordable home energy supply solution in the market. Roll-out of product installation services "Cinstallé" launched end 2017 from over 20,000 references eligible today to 260,000 by end 2018.
- **Online customer experience:** revamp of Cdiscount sites and app with further personalization, value-added functionalities (apps for Google Home – parcel tracking and best deals, Paylib and chatbots) and daily games to offer a playful experience. Launch in November 2017 of a product subscription offer for recurring products, allowing automatic delivery at a chosen date, frequency and shipping mode.
- **Performance of sites and app:** Cdiscount mobile site now ranks 2nd among main e-commerce sites in France in terms of page loading speed⁶ while the Cdiscount application is one of the best rated in the Apple store with a 4.5/5 grade based on nearly 60,000 reviews.
- **Customer commitment:** Cdiscount reinforced its leadership on social media visibility and commitment (like, share, comments) in 2017 and is now the number 1 in France and the number 3 worldwide on social media commitment among main retailers⁷.

Technological advantages

- **DC Automation:** Cdiscount developed with Exotec Solutions a unique and state-of-the-art order robotized picking system, Skypod. This new solution will significantly improve DC productivity and Cdiscount's inventory storage surface requirement.
- **Innovation:** Cdiscount launched 52 POCs (*Proof of Concept*) with start-ups in 2017 in all service lines (Marketing, logistics, IT...), of which nearly two thirds of finalized tests were industrialized.

⁶ Fasterize data.

⁷ According to a Sprinklr study published in February 2018, based on the number of social media interactions in 2017 of main French and US retailers.

In addition, Cdiscount launched a logistics incubator, The Warehouse, with 4 start-ups selected in 2017 to work in one of Cdiscount's DC on new areas of logistics innovation.

Alongside with these strategic initiatives, Cnova developed new revenue streams through the creation of a comprehensive marketplace ecosystem with the ramp-up of fulfillment services, the introduction of premium packs offering increased visibility to sellers, tailored advertising, sales reports, financial and transportation services.

Outlook

In 2018 Cnova plans to accelerate the implementation of its strategic plan to offer the best on- and offline customer experience and reinforce its market positions through 4 main pillars:

- Offer the best products and services to its customers
 - Reinforce its leadership in large products, benefiting from fast delivery and installation services.
 - Drive increase in repurchases through assortment (daily products), CDAV and product subscription.
 - Launch new services with landmark partners, starting with a new long-term leasing offer.
- Further improve the customer experience at all steps
 - Increased personalization and gamification on Cdiscount mobile site and application.
 - Implement the rollout of Cdiscount's unique same-day delivery offer to more large French cities.
- Accelerate monetization
 - Benefit from the ramp-up of Marketplace services to sellers.
 - Generate new revenue streams based on a unique data expertise.
- Become a platform that is increasingly more open
 - Accelerate the dynamics of innovation in all departments through POCs with start-ups.
 - Develop partnerships with third parties.

About Cnova N.V.

Cnova N.V., one of the leading e-Commerce companies in France, serves 8.6 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.

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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Appendices
Cnova N.V. Consolidated Financial Statements⁽¹⁾

Consolidated Income Statement <i>€ in millions</i>	Full year		Change
	2017	2016	
Net sales	2,122.0	1,855.7	+14.4%
Cost of sales	(1,833.3)	(1,600.4)	+14.6%
Gross profit	288.7	255.3	+13.1%
<i>% of net sales (Gross margin)</i>	13.6%	13.8%	-15 bp
SG&A⁽²⁾	(311.6)	(258.1)	+20.7%
<i>% of net sales</i>	-14.7%	-13.9%	-78 bp
Fulfillment	(162.5)	(125.7)	+29.2%
Marketing	(45.4)	(33.2)	+36.7%
Technology and content	(69.8)	(55.8)	+25.0%
General and administrative	(34.0)	(43.4)	-21.6%
Operating EBIT⁽³⁾	(23.0)	(2.8)	nm
<i>% of net sales</i>	-1.1%	-0.2%	-93 bp
Other expenses	(26.9)	(18.5)	+45.6%
Operating profit/(loss)	(49.9)	(21.3)	nm
Net financial income/(expense)	(40.3)	(31.0)	+29.9%
Profit/(loss) before tax	(90.1)	(52.3)	nm
Income tax gain/(expense)	(2.2)	(12.9)	nm
Net profit/(loss) from continuing operations	(92.3)	(65.2)	nm
Net profit/(loss) from discontinued operations	(8.0)	132.2	nm
Net profit/(loss) for the period	(100.3)	67.0	nm
<i>% of net sales</i>	-4.7%	3.6%	nm
Attributable to Cnova equity holders (incl. discontinued)	(100.0)	73.1	nm
Attributable to non-controlling interests (incl. discontinued)	(0.3)	(6.1)	nm
Adjusted EPS (€) from continuing operations	(0.19)	(0.11)	nm
Adjusted EPS (€) from discontinued operations	(0.00)	(0.40)	nm
Adjusted EPS (€)⁽⁴⁾	(0.19)	(0.51)	nm

- 1) Ernst & Young have substantially completed their audit of the annual financial statements. In accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), all figures have been adjusted as of January 1, 2016, to reflect: i) the merger of Cnova Brazil into Via Varejo on October 31, 2016, ii) the sale or closure of international sites, and iii) the sale of the specialty site MonShowroom. The results from these activities are reported under net profit/(loss) from discontinued operations.
- 2) SG&A: selling, general and administrative expenses.
- 3) Operating EBIT: operating profit/(loss) before other expenses (strategic and restructuring expenses, litigation expenses and impairment and disposal of assets expenses).
- 4) Adjusted EPS: net profit/(loss) attributable to equity holders of Cnova before other expenses and the related tax impacts, divided by the weighted average number of outstanding ordinary shares of Cnova during the applicable period.

Consolidated Balance Sheet <i>At December 31 (€ in millions)</i>	2017	2016
ASSETS		
Cash and cash equivalents	43.8	15.3
Trade receivables, net	155.4	91.1
Inventories, net	407.9	224.8
Current income tax assets	2.4	1.3
Other current assets, net	107.1	346.2
Total current assets	716.7	678.7
Other non-current assets, net	6.1	4.6
Deferred tax assets	--	--
Property and equipment, net	34.3	15.3
Intangible assets, net	99.8	71.9
Goodwill	58.2	56.5
Total non-current assets	198.4	148.4
TOTAL ASSETS	915.1	827.1
EQUITY AND LIABILITIES		
Current provisions	9.0	6.8
Trade payables	579.7	576.6
Current financial debt	237.9	93.6
Current tax liabilities	48.8	46.4
Other current liabilities	142.3	110.7
Total current liabilities	1,017.8	834.1
Non-current provisions	14.0	12.1
Non-current financial debt	--	--
Deferred tax liabilities	0.4	--
Other non-current liabilities	4.5	2.1
Total non-current liabilities	18.9	14.2
Share capital	17.2	17.2
Reserves, retained earnings and additional paid-in	(138.6)	(37.2)
Equity attributable to equity holders of Cnova	(121.4)	(20.0)
Non-controlling interests	(0.1)	(1.2)
Total equity	(121.5)	(21.2)
TOTAL EQUITY AND LIABILITIES	915.1	827.1

Consolidated Cash Flow Statement		
<i>at December 31 (€ in millions)</i>		
	2017	2016
Net profit/(loss) from continuing operations	(92.0)	(65.4)
Net profit/(loss), attributable to non-controlling interests	(0.3)	0.2
Net profit (loss) for the period excl. discontinued operations	(92.3)	(65.2)
Depreciation and amortization expense	26.6	20.6
(Income) expenses on share-based payment plans	0.4	0.1
(Gains) losses on disposal of non-current assets and impairment of assets	1.8	6.1
Other non-cash items	0.0	0.5
Financial expense, net	40.3	31.0
Current and deferred tax (gains) expenses	2.2	12.9
Income tax paid	(2.4)	(2.1)
Change in operating working capital	(244.2)	17.3
<i>Inventories of products</i>	<i>(183.1)</i>	<i>19.3</i>
<i>Accounts payable</i>	<i>13.2</i>	<i>(41.5)</i>
<i>Accounts receivable</i>	<i>(80.2)</i>	<i>35.2</i>
<i>Working capital non-goods</i>	<i>5.9</i>	<i>4.4</i>
Net cash from/(used in) continuing operating activities	(267.7)	21.1
Net cash from/(used in) discontinued operating activities	6.5	(585.5)
Purchase of property, equipment & intangible assets	(68.6)	(44.0)
Purchase of non-current financial assets	(1.7)	(2.0)
Proceeds from disposal of prop., equip., intangible assets	0.0	0.6
Movement of perimeter, net of cash acquired	0.0	21.0
Investments in associates	(2.2)	(3.0)
Changes in loans granted (including to related parties)	(0.2)	106.5
Net cash from/(used in) continuing investing activities	(72.6)	78.9
Net cash from/(used in) discontinued investing activities	2.7	25.1
Transaction with owners of non-controlling interests	(0.1)	0.0
Additions to financial debt	(1.2)	(7.4)
Repayments of financial debt	8.5	(10.2)
Changes in loans received	384.7	(275.0)
Interest paid, net	(39.9)	(31.7)
Net cash from/(used in) continuing financing activities	352.1	(324.3)
Net cash from/(used in) discontinued financing activities	(1.7)	137.5
Effect of changes in foreign currency translation adjustments from discontinued operations	0.0	259.6
Change in cash and cash equivalents from continuing operations	11.8	(224.3)
Change in cash and cash equivalents from discontinued operations	7.5	(163.3)
Cash and cash equivalents, net, at period begin	4.2	391.8
Cash and cash equivalents, net, at period end	23.6	4.2

Upcoming Event

Tuesday, February 20, 2018 at 16:00 CET

Cnova 2017 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: February 20, 2018 at 13:00 ET / 19:00 CET

To: February 28, 2018 at 00:00 ET / 06:00 CET

Replay Pin Number: 13675582

Webcast:<http://public.viavid.com/index.php?id=128019>Presentation materials to accompany the call will be available at cnova.com on February 20, 2018.An archive of the conference call will be available for 3 months at cnova.com.