

# **Cnova 2016 Financial Results**

**February 23, 2017**

# Disclaimer

## **Forward-Looking Statements**

*This presentation contains forward-looking statements. Such forward-looking statements may generally be identified by words like “anticipate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “future,” “will,” “seek” and similar terms or phrases. Examples of forward-looking statements include, but are not limited to, statements made regarding the possibility, timing and other terms and conditions of the proposed transaction and the related offer by Cnova’s controlling shareholder Casino for the outstanding shares of Cnova. The forward-looking statements contained in this presentation are based on management’s current expectations, which are subject to uncertainty, risks and changes in circumstances that are difficult to predict and many of which are outside of Cnova’s control. Important factors that could cause Cnova’s actual results to differ materially from those indicated in the forward-looking statements include, among others: the effect of the reorganization between Cnova Brazil, Via Varejo and Cnova on the ability of Cnova to retain and hire key personnel, maintain relationships with its customers and suppliers, and maintain its operating results and business generally; the outcome of any legal proceedings that may be instituted against Cnova and others relating to the reorganization between Cnova Brazil, Via Varejo and Cnova; changes in global, national, regional or local economic, business, competitive, market or regulatory conditions; and other factors discussed under the heading “Risk Factors” in the U.S. Annual Report on Form 20-F for the year ended December 31, 2015, filed with the SEC on July 22, 2016, and other documents filed with or furnished to the SEC. Any forward-looking statements made in this presentation speak only as of the date hereof. Factors or events that could cause Cnova’s actual results to differ from the statements contained herein may emerge from time to time, and it is not possible for Cnova to predict all of them. Except as required by law, Cnova undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise.*

## **Non-GAAP Financial Measures**

*To provide investors with additional information regarding our financial results, this presentation includes certain financial measures which may be defined as “non-GAAP financial measures” by the U.S. Securities and Exchange Commission (SEC). These measures may be different from non-GAAP financial measures used by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation of, or as a substitute for, the financial information prepared and presented in accordance with generally accepted accounting principles (GAAP).*

*For a reconciliation of these non-GAAP financial measures to the nearest comparable GAAP measures, see the Non-GAAP Reconciliations section included in the press release.*

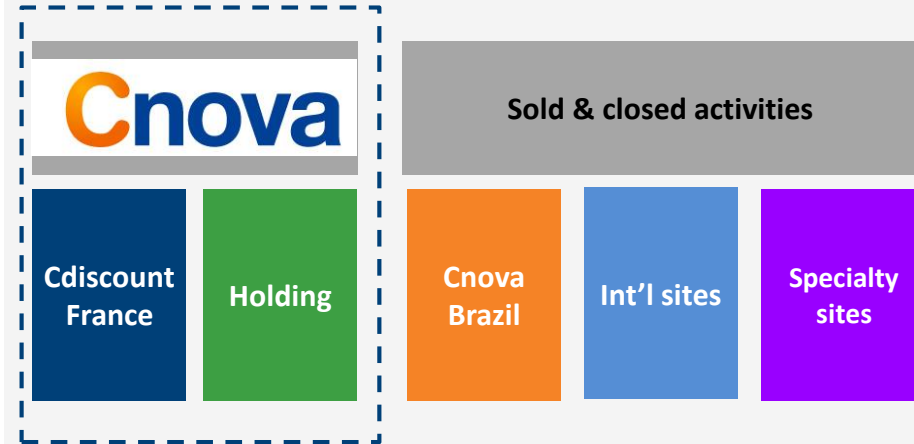
# Reporting changes in 2016

## Reporting structure December 31, 2015



- Cnova N.V.'s GMV breakdown at Dec. 31, 2015:
  - **Cdiscount France: €2.7 bn**
  - Cnova Brazil: €2.7 bn
  - Int'l & specialty: €0.1 bn
- Cnova N.V.'s Operating EBIT: €(117) million
  - **Cdiscount France: €(4) mn**

## Reporting structure December 31, 2016



- Cnova N.V.'s GMV at Dec. 31, 2016:
  - **Cdiscount France: €3.0 bn**
- Cnova N.V.'s Operating EBIT: €(3) million
  - **Cdiscount France: €5 mn**



## 2016 Highlights



2016 Financial Results



Strategy

GMV\*

€ **3.0**  
billion

- Growth of **13.6% like-for-like (“l-f-l”)** vs. 2015
- Positive impact from strong growth in:
  - Orders, mobile traffic, marketplace

Marketplace  
share of GMV

**31.4%**

- Increase of **332 bp** vs. 2015
- Positive impact from:
  - **fulfillment** services, tightened **quality control**

Net Sales

€ **1.9**  
billion

- Growth of **10.7% l-f-l** vs. 2015
- Main categories: **home furnishings, household appliances, hi-tech, fashion and IT**

Gross Margin

**13.8%**

- Improvement of **55 bp** vs. 2015
- **Marketplace commissions** and **consumer financing** as main drivers of improvement

Net Cash

(at 31 Dec. 2016)

€ **178**  
million

- Net Cash from continuing activities of €21 million
  - Positive change in working capital of €22 million
- Capex of €(44) million

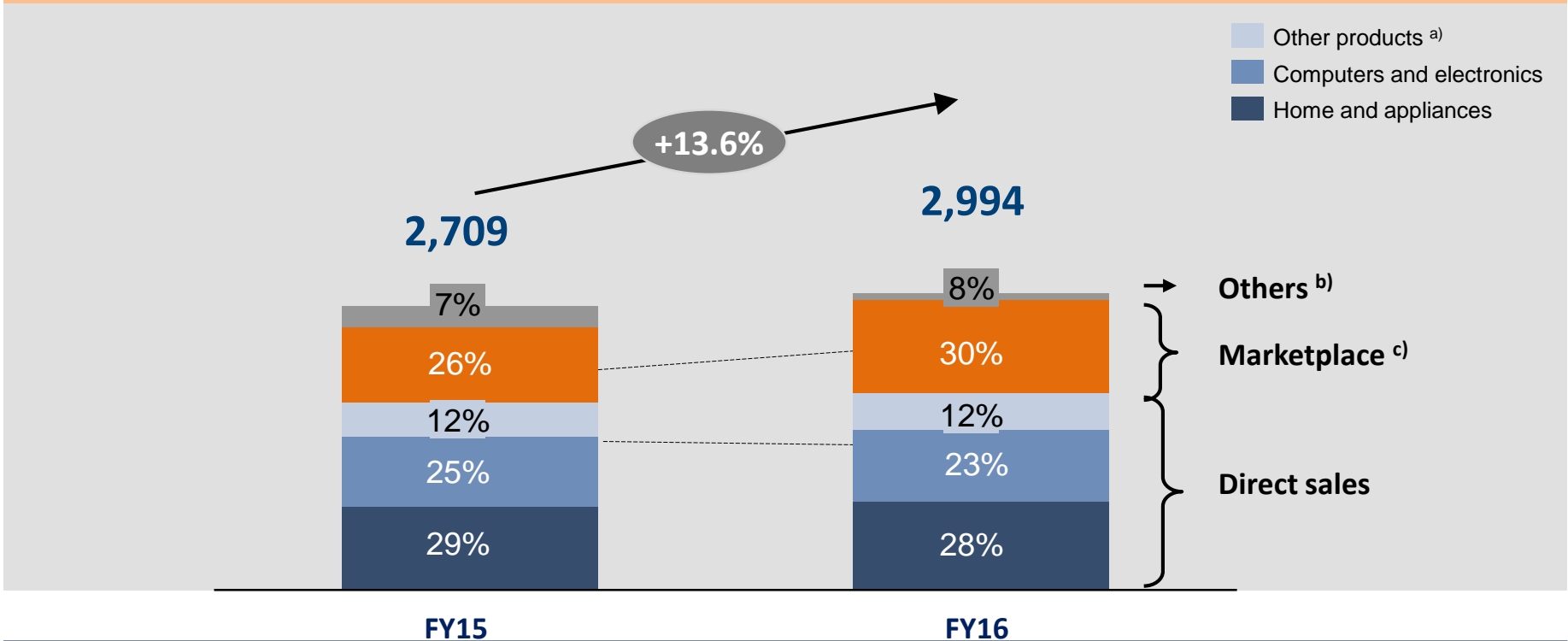
Active  
customers

**8.2**  
million

- Growth of **13%** vs. 2015
- Main drivers: **Traffic with 842 million visits (+10.8%), Cdiscount à volonté (CDAV) subscribers up 102%**

\* GMV: Gross Merchandise Volume = direct sales + other revenues + marketplace business volumes (calculated based on approved and sent orders) + taxes

**GMV Breakdown**  
 (€ million, % of total GMV)



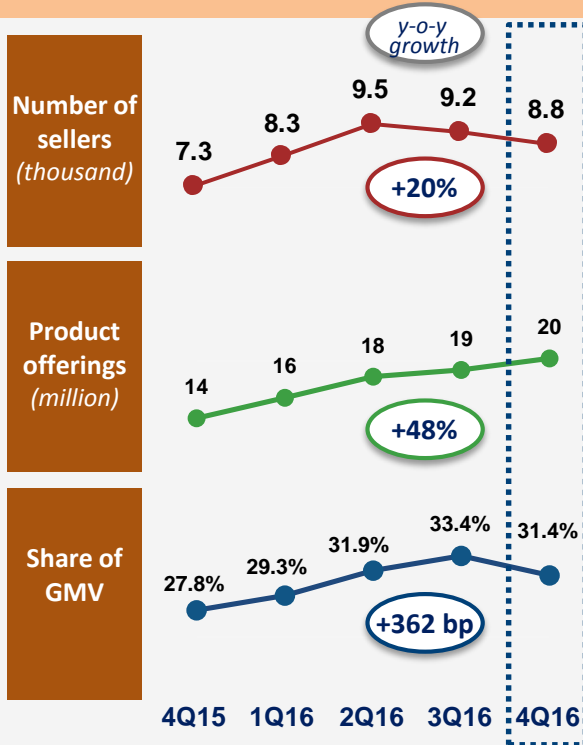
- **Total GMV grew 13.6%** in FY16 on a like-for-like basis
  - **Commercial activity** driven by a strong performance in H1 and a record **Black Friday** in November
  - **Marketplace share** of GMV of **31.4%**, up 332 bp vs. FY15. Good results of home, fashion and hi-tech. Expansion of number of **MP sellers** and **product offerings** with a continuous focus on **quality** of vendors
  - **Active customers** totaled 8.2 million (+13%); **CDAV customers** more than doubled

a) Other products include smaller categories such as leisure and personal goods.

b) Others include consumer financing fees, B2B activity and some supplier contributions.

c) Published FY16 marketplace share is 31.4% and is calculated using GMV less businesses not eligible to marketplace (BtB, supplier contribution, etc). FY16 marketplace share calculated based on total GMV is 29.8%.

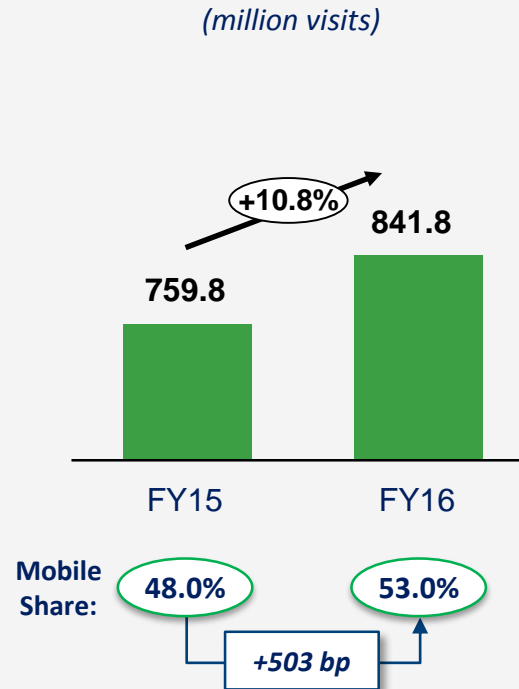
## Marketplace evolution



### ■ Milestones in FY16

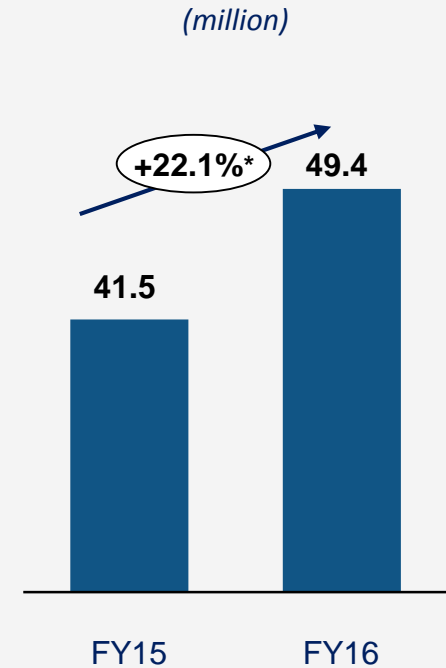
- **Continuous recruitment** of new sellers, but streamlining from **tightened quality control**
- **Ramp-up of fulfilment services:** from 3% in December 2015 to 9% in December 2016

## Traffic



- Growing **mobile share** up to **53%** (+503 bp)
- **Conversion rate** improvement above **30 bp on mobile** vs FY15
- **102% increase** of **CDAV** subscriber base
- **Best SEO progression** in French e-commerce sector

## Items sold



### ■ Main categories in marketplace and direct sales

- **Home furnishing** as well as **household appliances** and **hi-tech**, especially via the **marketplace** operations
- Personal goods, driven by **Black Friday** and Christmas sales



2016 Highlights



**2016 Financial Results**



Strategy

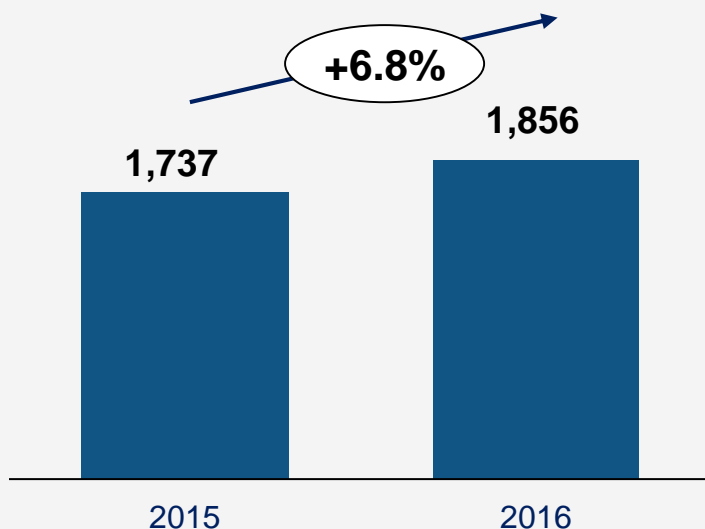


Cnova N.V. Key Figures <sup>1</sup> € million	2016	2015
GMV <sup>2</sup>	2,994	2,709
Net sales	1,856	1,737
Gross profit	255	229
<i>Gross margin</i> <sup>3</sup>	13.8%	13.2%
SG&A <sup>4</sup>	(258)	(252)
Operating EBIT <sup>5</sup>	(3)	(23)
<i>Cdiscount</i>	5	(4)
Net profit/(loss) (Continuing operations)	(69)	(88)
<i>Adjusted EPS</i> <sup>6</sup> (Continuing operations)	(0.11)	(0.12)
Net profit/(loss) (Discontinued operations)	150	(171)
<i>Adjusted EPS</i> <sup>6</sup> (Discontinued operations)	(0.41)	(0.34)

- Ernst & Young have substantially completed their audit of the annual financial statements and their audit report is currently being prepared. In accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), all figures have been adjusted as of January 1, 2015, to reflect: i) the merger of Cnova Brazil into Via Varejo on October 31, 2016, ii) the sale or closure of Cdiscount Cameroun, Cdiscount Colombia, Cdiscount Côte d'Ivoire, Cdiscount Ecuador, Cdiscount Panama, Cdiscount Sénégal, Cdiscount Thailand and Cdiscount Vietnam, and iii) the sale of the specialty site MonShowRoom. The results from these activities are reported under net profit/(loss) from discontinued operations.
- GMV: gross merchandise volume. GMV is defined as product sales + other revenues + marketplace business volumes (calculated based on approved and sent orders) + taxes.
- Gross margin: gross profit as a percentage of net sales.
- SG&A: selling, general and administrative expenses.
- Operating EBIT: operating profit/(loss) from ordinary activities.
- Adjusted EPS: earnings per share in euros, excluding non-recurring items, therefore excluding in 2016 the gain related to the transfer of Cnova Brazil to Via Varejo for discontinued operations.

## Net sales

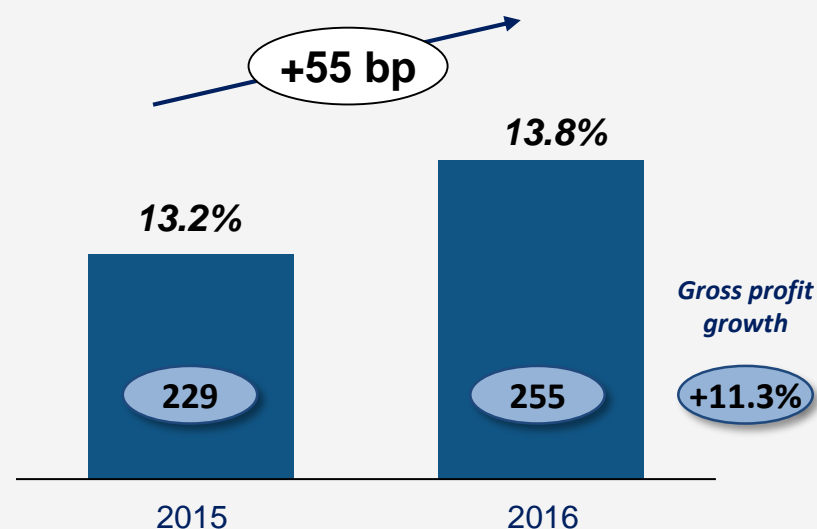
(€ million, y-o-y growth)



- Net sales up +10.7% LFL
- Marketplace commissions up +38%
- Home furnishing & Household appliances:
  - 45% of direct sales
- Hi-tech & IT:
  - 36% of direct sales

## Gross margin

(% of net sales, € million, y-o-y growth)

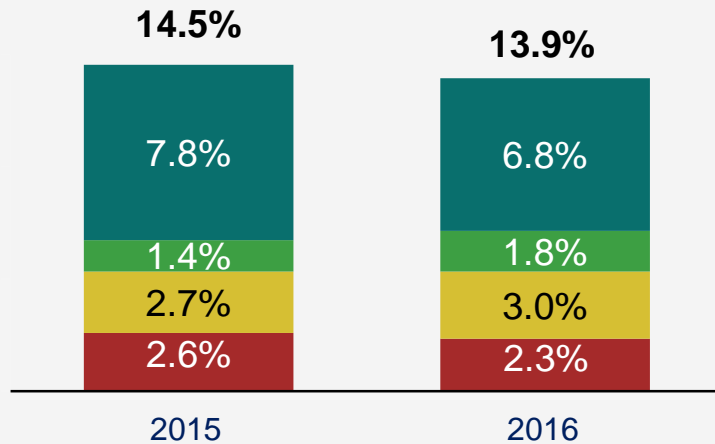


- Improvement of +55 bp in gross margin:
  - Acceleration of gross profit growth in 4Q16 (+11.3% y-o-y)
  - Continued positive impact from marketplace growth
  - Contribution from consumer financing fees revenues

## SG&A

(% of net sales)

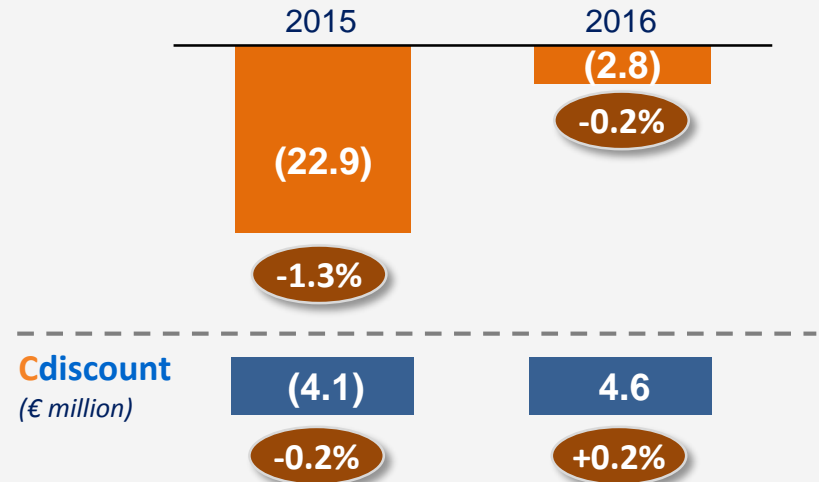
■ Fulfillment    ■ Tech and content  
■ Marketing    ■ G&A



- **Lower SG&A: 13.9%** (vs. 14.5% in 2015)
- **Fulfillment: +107 bp reduction** vs 2015
- **Marketing:** increase in online/offline ads
- **Tech & content:** higher maintenance costs

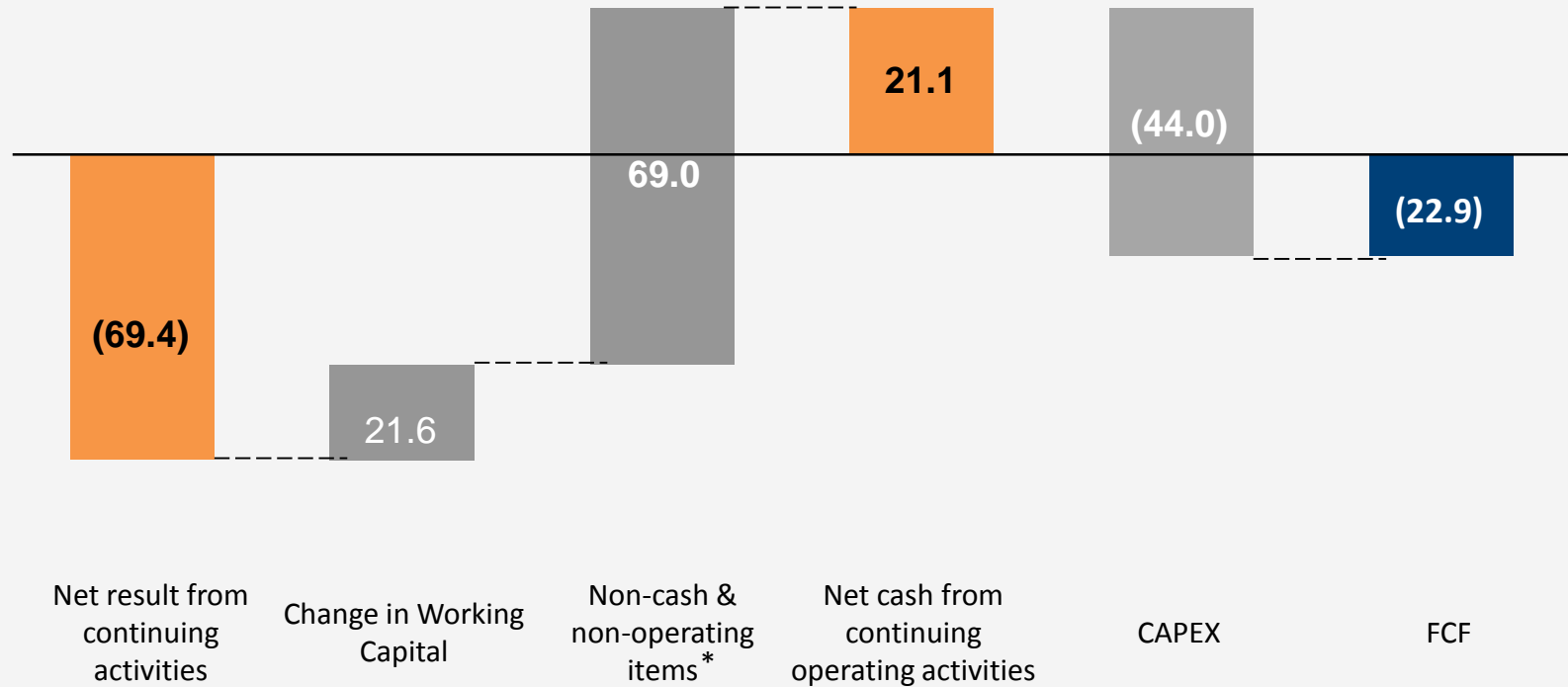
## EBIT

(€ million, % of net sales)



- **Cdiscount France: €4.6M, up €8.7M** vs 2015
- **Reduction of G&A costs** at Holding level

**2016 Free cash flow**  
 (€ million, twelve months)



- **Net cash from cont. activities** of € 21 million, including **working capital** improvement of € 22 million
- **Capex** of € (44) million, mainly IT investment on Cdiscount site and marketplace

Note: \* Representing mainly (i) D&A for € 20.6 million, (i) net financing result for € 31.0 million (iii) non-cash tax expenses (current and deferred) for € 10.7 million

# Agenda



2016 Highlights



2016 Financial Results



**Strategy**

# Operational and service improvements



- Subscriber growth: +102%
- Daily private offers to CDAV subscribers
- Expansion of number of SKU's available for express delivery



- 3 medias in one streaming service: video, music and books at a highly competitive price
- Multi-device platform: desktop, mobile, tablet, TV



- 200 minutes
  - 200 SMS
  - 200 Mo
- } At competitive price of €2.00 per month



- Photo storage service for CDAV clients
- Includes 20 Go of online multi-media storage

Extended delivery offerings



- Large items (> 30 kgs): same-day delivery of Monday thru Saturday
- Small/medium items (< 30 kgs): 7/7 delivery
- Reduction of marketplace delivery times thanks to fulfillment services

- **Expand *Cdiscount à Volonté* offers & client base**
  - Targeted growth for 2017 of high double digit
  - Expand new exclusive promotions to CDAV customers
  - Launch new and exclusive services
- **Expand product assortment**
  - With a focus on the profitable home furnishing category
- **Grow marketplace vendors in quality and quantity**
  - Continue recruitment of new sellers and push for improvements of quality and information transparency to clients (delivery tracking)
  - Develop fulfillment services to sellers
- **Accelerate improvement of marketplace profitability**
  - Take rate through additional services offered to vendors
  - Development of fulfillment services
- **Reinforce development of innovative financial and other services**
  - Grow recently launched services and launch of new services under development
- **Improvement of customers' satisfaction and service levels on Cdiscount's site and app**
  - Develop a new mobile application, adding more functionalities and improve performance
  - Implement potential enhancements to improve customers' shopping experience (mobile and desktop, customer & delivery services, ...)



**Thank you for your attention!**