

Cnova 2017 Financial Results Conference Call

February 20, 2017

Forward-Looking Statements

This presentation contains forward-looking statements. Such forward-looking statements may generally be identified by, but not limited to, words such as “anticipate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “future,” “will,” “seek” and similar terms or phrases. 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: maintain its operating results and business generally; the outcome of any legal proceedings that may be instituted against the Company; 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 Dutch Annual Report for the year ended December 31, 2016. 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.



2017 Key Business Highlights



Strategic Priorities



2017 Financial Results



Outlook

2017 Key Business Highlights

Summary of 2017 Achievements

An ambitious strategy resulting in strong investments to improve customer experience

1

Increase of Cdiscount product assortment (x3)

Over €200m invested in working capital

2

Strong investments in technology and logistics

warehouse capacity up 70%

3

Multichannel development

*Opening of 4 showrooms
Immediate delivery*

4

Improved seamless customer experience

*Revamped mobile site and app
#2 fastest mobile site¹*

Market share

gain in 2H17

+1.8pt in volume²

GMV

€3.4bn

+10% l-f-l³

Traffic

946m visits

+12%

Active customers

8.6m

+48% in CDAV membership

¹ Fasterize data.

² GfK Technical Goods market shares.

³ 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 3Q16, iii) 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 June 19, 2017 (+4.3 pts and +5.8 pts on GMV and net sales growth, respectively).



2017 Key Business Highlights



Strategic Priorities



2017 Financial Results



Outlook

Key strategic priorities

1

***Best Offer
& Best Services***

2

***Enhanced
Customer
Experience***

3

***Increased
Monetization***

4

Innovation

Cdiscount, Leading French e-merchant

Strategic Priorities

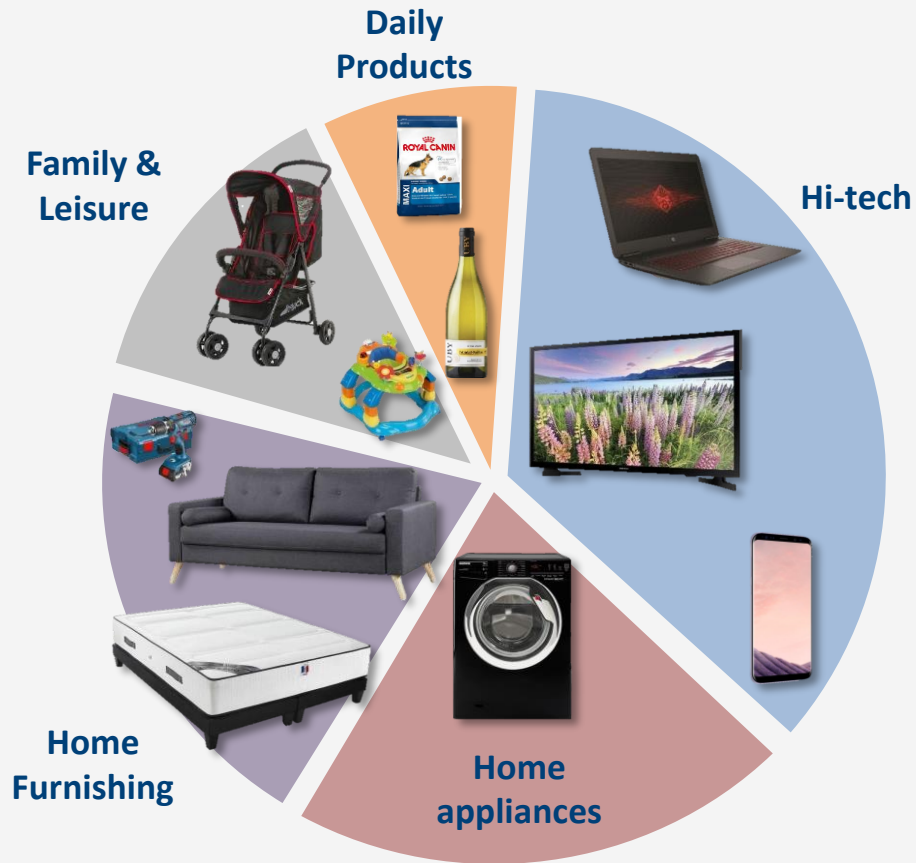
Best Offer & Best Services

Enhanced Customer Experience

Increased Monetization

Innovation

Cdiscount product assortment in 2017



- 1 Reinforce **Technical goods** market leading position
Online Market share > 30%
- 2 Revamp **Home categories**
x4 in Furniture & Deco SKUs covering all styles, trends & prices
- 3 Accelerate on **Family & Leisure** and **recurring** Daily products

x3 in SKUs eligible for free **express delivery**



Same-day delivery

- **x3 SKUs** eligible up to more than 250k
- Objective: **8 major French cities** by end 2018 **covering nearly half of the population** living in cities of more than 10,000 inhabitants

Real-time geolocation on large orders

- First player to offer this service in France
- **Nationwide** by end of 2018

Warehouse automation

- Skypod Exotec: robotized picking system
- Improved productivity & storage

Launching 3 Unique and Unmatched Services

2017



Coup de pousse

- **Instant** consumer credit offer, a **two-click journey**
- **Express option** to receive the money within 24 hours
- Strong **commercial success**



Cdiscount Energie

- Same electricity but **15%* cheaper**
- Rapid online subscription in **less than 5min**
- **Excellent results** since its launch in October

End 2017-2018



Cinstallé

- Installation services (Furnishing, DIY, Plumbing...)
- **Fully integrated** in the customer journey
- **260,000 Products** covered by end 2018

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Strategic Priorities

Best Offer & Best Services

Enhanced Customer Experience

Increased Monetization

Innovation

Mobile Highlights in 2017

59% of traffic

+645 bp y-o-y

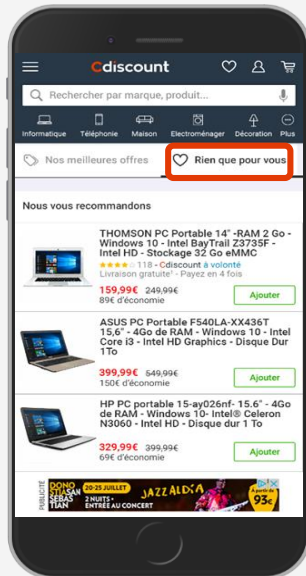
Classement et avis

[Tout voir](#)

4,5
sur 5



59 647 notes



Personalization



Gamification

Best-in-class technologies to meet with growing mobile e-commerce

- **2nd fastest** e-commerce mobile site*
- **Top rated app in Apple store** with **4.5/5** based on nearly 60,000 reviews
- **Chatbots, Voice command** with **Google Home** app (parcel tracking and best deals)

Retain and engage customers

- **Personalization** throughout the whole customer journey
- **Gamification** with new games and contests every week - 10,000 players / day
- New **payment means** (Paylib)



Cdiscount showroom in Amiens Géant, launched on Dec. 4, 2017

Cdiscount showrooms

- Around **700 SKUs** in more than **400 sqm** with:
 - Dedicated floor space to **Home Furnishing**
 - **Best deals** offers
 - A corner for **Technical goods**
- **Interactive** customer terminals

2017: 4 openings

2018: 6 additional showrooms

Cdiscount manages Casino's* Home Furnishing and Hi-tech categories

- **Immediate in-store availability** – c.4,000 SKUs
- **Combined promotions** & commercial events

* Integrated Géant hypermarkets and Casino supermarkets.

Our loyalty program *Cdiscount-à-volonté*



A loyal and growing CDAV customer base

- **31% GMV share** in 2017
- CDAV customers **purchase** on average **3x more frequently** than non-CDAV customers
- **+48%** members y-o-y at end December

A strong social media profile



1.5m fans on Facebook

285k followers on Twitter

Leader on social media engagement

- **Over 14m** engagements in 2017
- **#1 in France and #3 worldwide** on social media commitment¹ among main retailers
- **223,000 interactions** during Black Friday, best performance by far in e-commerce in France²

¹ Sprinklr study published in February 2018, based on the number of social media commitment in 2017 for main French and US retailers.

² Sprinklr survey published in November 2017.

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Strategic Priorities

Best Offer & Best Services

Enhanced Customer Experience

Increased Monetization

Innovation

Marketplace Ecosystem

Cdiscount
Fulfilment

Cdiscount
transport 

LOGISTICS



MARKETING


Premium Packs

Cdiscount
currency

FINANCIAL

Cdiscount
Ads 

Cdiscount
Lending 

A complete Marketplace ecosystem

- **Fulfilment by Cdiscount (FBC)**: GMV share and number of SKUs doubled vs 2016
- **Transportation services**:
 - Unique interface to access all carriers
 - Competitive pricing
 - Parcel tracking
- **Marketing services**
 - **Premium packs**: exclusive bundle offers of high-value services: ads, sales report, offers to increase products' visibility
- **Financial services**: currency, credit offers

POUR 2 FÛTS ACHETÉS
RECEVEZ VOTRE COFFRET DE 6 VERRES À BIÈRE

LIVE THE GAME
JUSQU'AU 03/12/2017
299,99 €
COMMANDEZ-LE

OFFRE SPÉCIALE
calor x Cdiscount
Centrale vapeur Pro Express Turbo
299,99 €
149,99 €
JE FONCE >

Microsoft
Contrôlez votre TV depuis votre canapé.
Clavier Multimedia All-in-one
39,99 €
En savoir plus
Cdiscount

Example of data driven ads on Cdiscount websites and other platforms

Cdiscount · Media
by 3W Régie

Créez et diffusez votre publicité en 3 clics !

- Ciblez uniquement votre zone de chalandise
- Ciblez les internautes par catégories et intérêts
- Créez votre publicité directement sur notre plateforme

Créez votre publicité

PME, franchisé, indépendant ?
Générez du trafic sur votre site internet ou dans votre magasin grâce à notre plateforme Cdiscount Media.
Créez votre première campagne à partir de 5€ !

19 millions
de visiteurs uniques par mois sur Cdiscount

15 univers
de consommation pour cibler les internautes

3 clics
pour créer votre publicité web

A unique customer knowledge

- **40 millions e-shopper cookies** thanks to Cdiscount and e-commerce partners
- **1,000+ customer segments** generated by in-house algorithms

Data-driven advertising campaigns

- **Targeted advertising offers** for suppliers, Marketplace vendors & agencies
- **Internal trading desk** to optimize campaigns on Cdiscount and other platforms

Launch of an online advertising platform

- **Self-service platform** to launch targeted campaigns: customer profile, geolocation, product category, keywords...

Strategic Priorities

Best Offer & Best Services

Enhanced Customer Experience

Increased Monetization

Innovation

THE WAREHOUSE
by Cdiscount

NoMagic.AI

ez-wheel
The Electric Wheel

SHOPRUNBACK

CITODI



Hi, how can I help?



Promoting a culture of innovation

- Screening **800 startups**
- **52 POCs** (Proof of Concept) launched in 2017
- **2/3** of tested projects **industrialized**

Launch of the logistics incubator the Warehouse

- Co-working space in a **dedicated warehouse**
- **4 startups** selected
- **Program rolled-out** in 2018

Artificial intelligence through voice & chatbots

- **Dedicated team of data scientists**
- **New google home apps** to be developped
- **Virtual sommelier** & other chatbots developed in 2018 to manage customer relationship



2017 Key Business Highlights



Strategic Priorities



2017 Financial Results



Outlook

2017 Financial results

Key Indicators

Traffic	946 million (+12.4% vs. FY16)	<ul style="list-style-type: none"> Mobile share of traffic: +645 bp to 59.5% in FY17 Acceleration in 2H17 with +13.2% vs +11.5% in 1H17 Cdiscount ranks 2nd among e-retailers in France with 18m UMV¹
GMV	€ 3.4 billion (+9.6% ² vs. FY16)	<ul style="list-style-type: none"> Increase in 2H17 l-f-l² growth at +10.8% Commercial performance boosted by the strategic plan, with a historical sales growth in 3Q17 and a record Black Friday
Marketplace share	32.0%	<ul style="list-style-type: none"> Increase of 56 bp vs. 2016 Acceleration of fulfilment services: GMV share doubled y-o-y Strong focus on quality control
Net sales	€ 2.1 billion (+9.3% ² vs. FY16)	<ul style="list-style-type: none"> Sharp rebound in 2H17 l-f-l² growth at +13.0% vs +5.3% in 1H17 Main categories: Home furnishings and household appliances, hi-tech items
EBITDA ³	€ 4 million (€18m in FY16)	<ul style="list-style-type: none"> Quarterly improvement in EBITDA in 2017 Quarterly reduction of the gap vs 2016 4th quarter y-o-y growth
Net Financial Debt	€ (193) million (+€20m vs. June 17)	<ul style="list-style-type: none"> Improvement in Net Financial Debt in 2H17 1H17 Free Cash Flow impacted by the one-off investments related to the strategic plan

¹According to Médiamétrie last survey published in January 2018, based on October 2017 unique monthly visitors (UMV) on both desktop & mobile.

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 FY17 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 FY17 GMV and net sales growth respectively, and +7.6pts and +10.2pts 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.

Cnova N.V. Key Figures ¹ € in millions	2017	2016
Net sales	2,122	1,856
Gross profit	289	255
Gross margin²	13.6%	13.8%
SG&A³	(312)	(258)
Operating EBIT⁴	(23)	(3)
EBITDA⁵	4	18
Cdiscount	9	25
Net profit/(loss) (Continuing operations)	(92)	(65)
Adjusted EPS⁶ (Continuing operations)	(0.19)	(0.11)
Net profit/(loss) (Discontinued operations)	(8)	132
Adjusted EPS⁶ (Discontinued operations)	(0.00)	(0.40)

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. Gross margin: gross profit as a percentage of net sales.

3. SG&A: selling, general and administrative expenses.

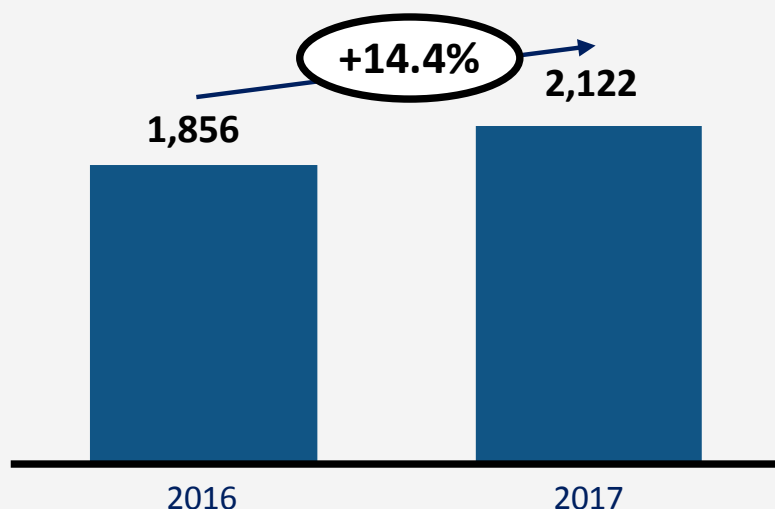
4. Operating EBIT: operating profit/(loss) before other expenses (strategic and restructuring expenses, litigation expenses and impairment and disposal of assets expenses).

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

6. 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.

Net sales

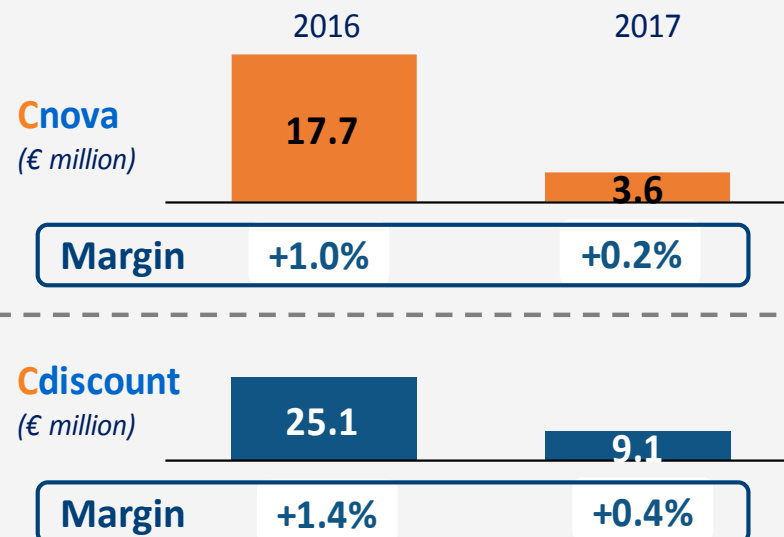
(€ million, y-o-y growth)



- **Net sales up +9.3% l-f-l** (+14.4% on a reported basis)
- **2H growth of +13.0% l-f-l**, boosted by strategic plan
- **Marketplace commissions** were up by **19%** on a yearly basis

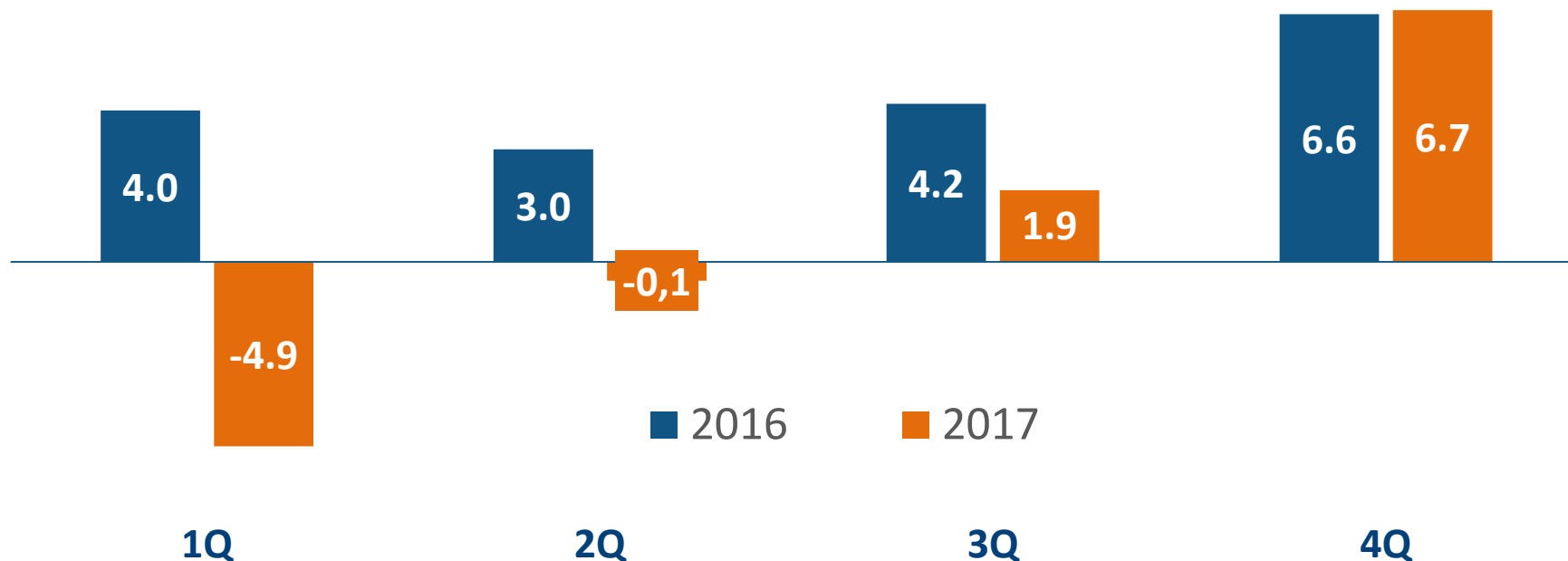
EBITDA

(% of net sales, € million)



- **Cnova: €3.6m vs €17.7m in FY16**
 - Impact of strategic plan implementation costs
- **Cost reduction** at holding level
 - Reversal of €5.2m provision in 2016

Cnova quarterly EBITDA evolution (€ million)



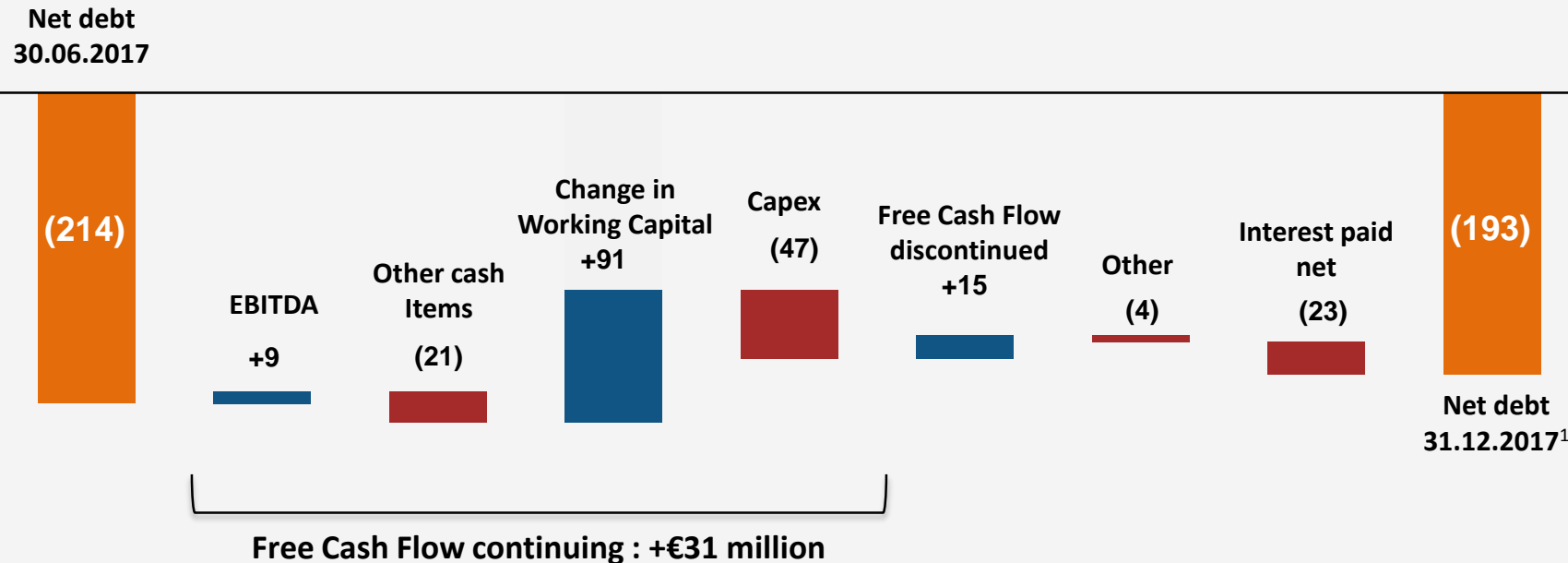
- **Strong investment with the strategic plan implementation and the costs associated**
 - Initial negative impact on 1H17 EBITDA at Cnova level
- **Sequential improvement throughout the 2nd half** as the strategic plan began to bear fruits, and EBITDA resumed its y-o-y growth in the 4th quarter

2017 Financial Results

Net Debt Evolution

- **1H17: strong investment**, reflecting mainly the one-off impact of the strategic plan implementation
 - **Working capital outflow of €(336) million**, impacted by SKUs expansion, multichannel strategy (agreement with Casino) and seasonality,
 - **Capex of €(22) million**: IT investment in mobile, marketplace platform, upgraded logistics systems and DC expansion,
 - **1H17 net debt was €(214) million.**
- **2H17: +€31 million Free Cash Flow**, resulting in an improvement in net debt

Net debt bridge, 2H17 (in € million)



¹ Including €23.8 million (US\$28.5 million) of restricted cash on an escrow account in 2017.



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2017 Financial Results



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:

1

Offer the best products and services to its customers

- Reinforce **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

2

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

3

Accelerate monetization

- Benefit from the **ramp-up of Marketplace services** to sellers
- Generate **new revenue streams** based on a **unique data expertise**

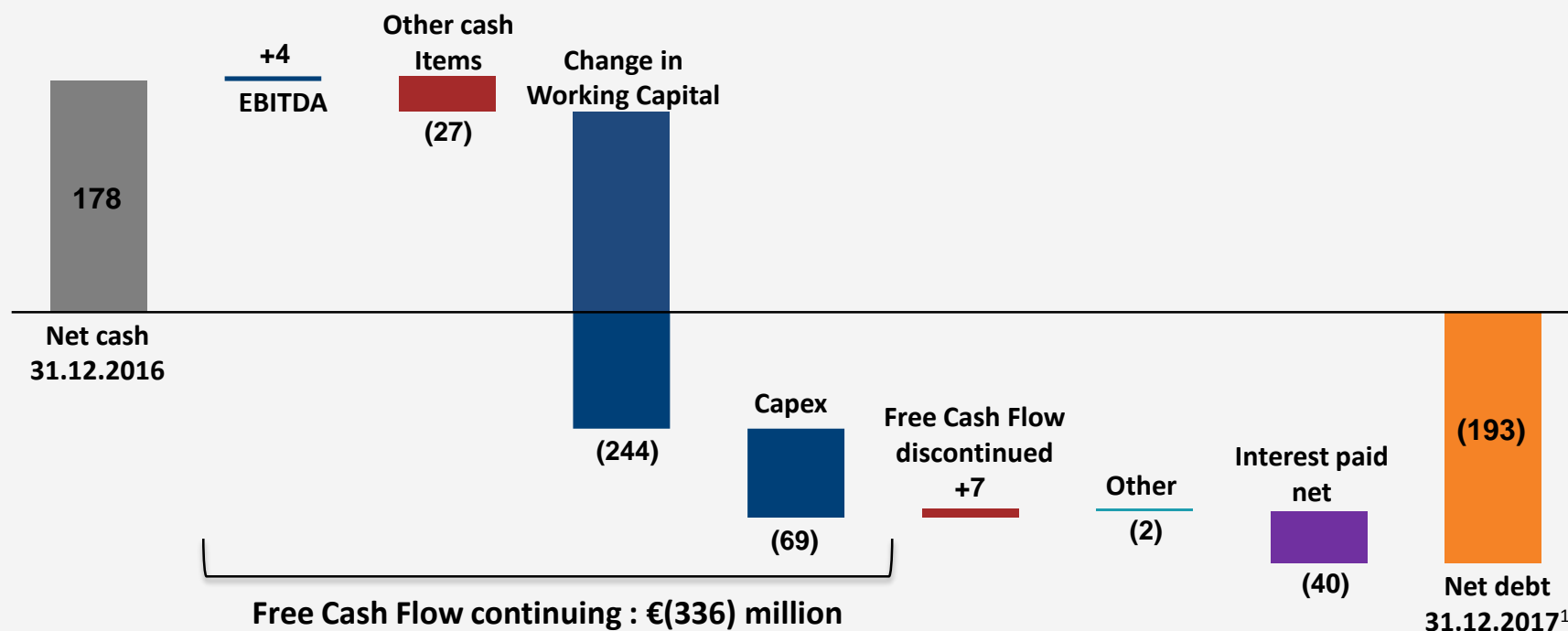
4

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



Thank you for your attention!

Net debt bridge *(in € million, twelve months)*

- **Free cash flow from continuing activities of €(336) million**, reflecting mainly the one-off impact of the strategic plan implementation
 - **WC outflow of €(244) million**: SKUs expansion for €(110) million and multichannel transaction for €(105) million
 - **Capex of €(69) million**: IT investment in mobile, marketplace platform, upgraded logistics systems and DC expansion
- **Net interest paid of €(40) million**, reflecting Cdiscount's consumer credit activities
- **Net debt is €(193) million** at December 31, 2017.

¹ Including €23.8 million (US\$28.5 million) of restricted cash on an escrow account in 2017.