



# **Cnova First Half 2018 Conference Call**

**July 24, 2018**

# Disclaimer

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## **Forward-Looking Statements**

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### **1st Half 2018 Business Highlights & Strategic Update**



1<sup>st</sup> Half 2018 Commercial & Financial Performance



Outlook

# 1st Half 2018 Key Business Highlights

## Summary of 1<sup>st</sup> Half Achievements



1



**Strong development in B2C offerings & services**

2



**Dynamic progression of the Marketplace**

3



**Improved customer experience, including fast delivery**

4



***A Cdiscount à Volonté community that continues to grow***

5



**Acceleration in multichannel strategy**

6



**Material increase in B2B revenue**

### **1st Half 2018 Business Highlights & Strategic Update**

#### **Strong development in B2C offerings & services**

Dynamic progression of the Marketplace

Enhanced customer experience

A growing CDAV community

Acceleration in multichannel strategy

Material increase in B2B revenue

**1 New commercial event**

*French days*



- A five-day commercial event **launched by the 6 main French e-merchants**
- Over **200 banners** participated in this 1<sup>st</sup> edition
- Very limited marketing costs thanks to strong media coverage

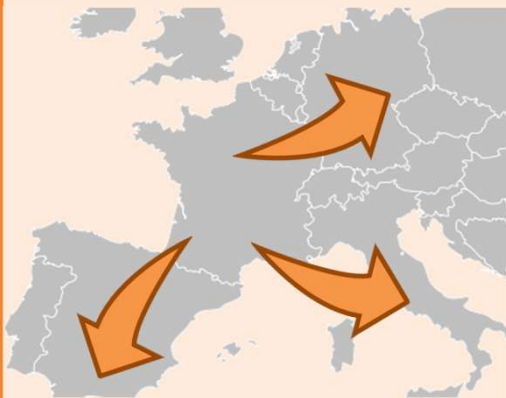
**2 New daily services prompting democratization**

*Travel*



- Launched in May
- **Strong commercial start**
- Aggressive price positioning thanks to both know-how and algorithm expertise of our partner: Mister Fly

***Delivering abroad***



- **Deliver neighbouring countries** without additional fixed costs
  - **Small products delivery** (c. 200,000 SKUs) already available to **Belgium & Spain** (delivered in **48 hours**) and **Italy & Germany** (delivered in **72 hours**) covering a new 200 million customer base
  - This offer is available on both **Cdiscount.com** and **partner websites** in these 4 countries
  - **4Q18: All products stored** including **SKUs fulfilled by Cdiscount** and **large products** will be sold in these countries on **Cdiscount.com** and **additional partner websites**

## Strong development in B2C offerings & services An Extended Range of Customer Services



*We provide inexpensive energy for your home...*

**Cdiscount Energy**



- The least expensive offer on the market
- **+47% in subscriber base vs. 1Q18**



*...and help you install your appliance & furniture...*

**Cinstallé**



- Cdiscount is **the only player to offer this service at such scale**
- Offer **covering 110,000 SKUs** at end June 18
- **Thousands of installations sold** in the first months

*...while providing a fast and convenient financing solution*

**Instant credit « Coup de Pouce »**



- Over **100,000 instant credits granted** since launch
- In-house **credit scoring expertise**

**En un éclair, je demande 600€**





### **1st Half 2018 Business Highlights & Strategic Update**

Strong development in B2C offerings & services

#### **Dynamic progression of the Marketplace**

Enhanced customer experience

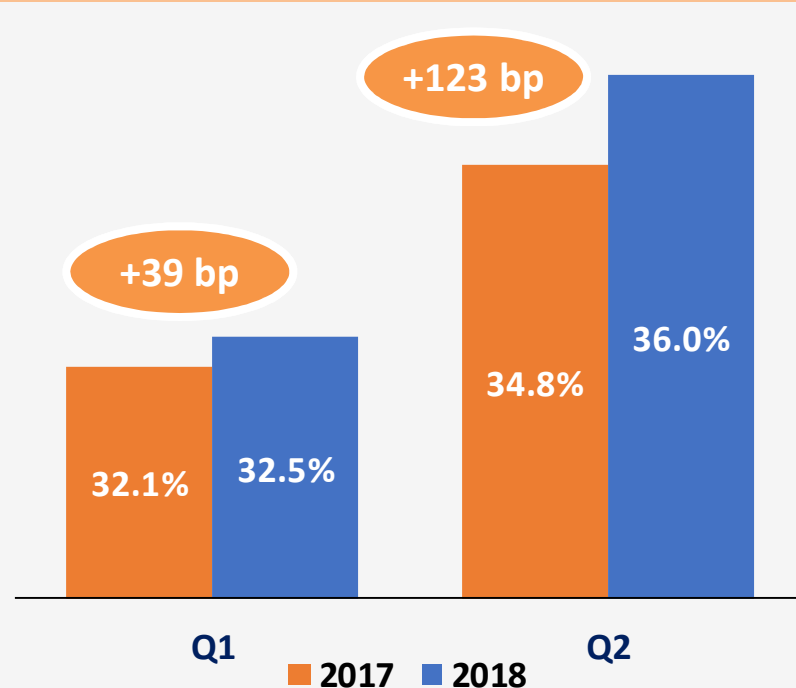
A growing CDAV community

Acceleration in multichannel strategy

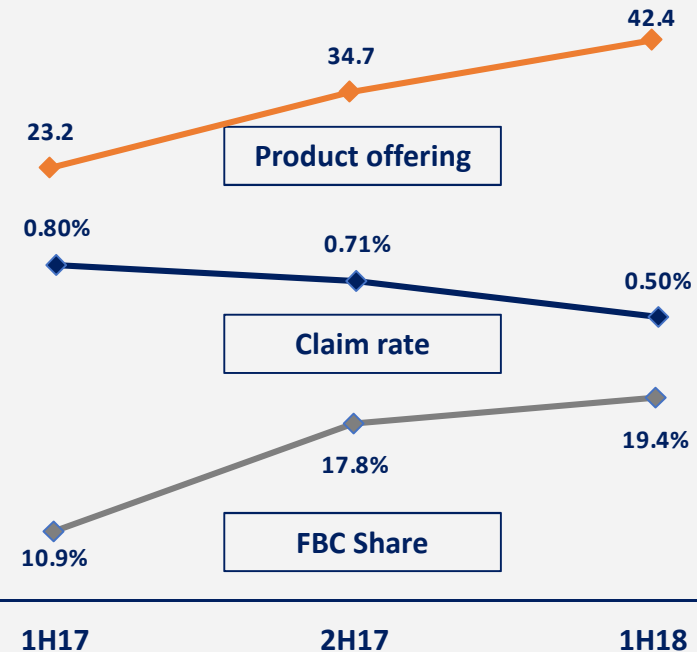
Material increase in B2B revenue

## Dynamic Progression of the Marketplace

### Accelerating Marketplace share



### Improved fundamentals



- **Dynamic growth of the Marketplace**
  - Share of GMV: 34.4% on average in 1H18 (up +92 bp)
  - Strong acceleration since the beginning of 3Q18
- **Improved business fundamentals**
  - Claim rate sustainably **below 1%** since 2H17, and **still decreasing**
  - GMV share fulfilled by Cdiscount close to **20%** in 1H18 (+8.4 pts vs. 1H17)

### **1st Half 2018 Business Highlights & Strategic Update**

Strong development in B2C offerings & services

Dynamic progression of the Marketplace

#### **Enhanced customer experience**

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Material increase in B2B revenue

### The Best Mobile Experience



#### Mobile in 1H17

**63%** of traffic   **42%** of GMV

- In the Top 5 **fastest e-commerce mobile** websites in France<sup>1</sup>
- **Top rated app** in Apple store with **4.5/5** based on **87k reviews**
- Deployment of best-in-class technologies with the **Progressive Web Application** now available on **Android**

### The Fast Delivery Specialist



- **260k SKUs eligible for same day delivery**
  - Same day delivery now available in **top 6 largest French cities**
- **Real-time geolocation** of large-product deliveries now covers **97% of orders**
- **On-Demand delivery** within a 30-min slot in Paris

<sup>1</sup> Latest fasterize study "Classement : La webperf du e-commerce en France en mai 2018" released in May 2018



## World Cup Campaign




Emmanuel Petit's vidéo





Enterprise challenge




- Benefiting from the full World Cup effect with the “shouting” campaign
  - Leveraging on the success of our gamification strategy
  - 4.7m views for E. Petit's viral video



## Instagram





CONCOURS #MABOUÉCDISCOUNT

- +214k subscribers

- Leadership on social networks, #1 in France and #3 worldwide in 2017<sup>1</sup>
- Most commented publication among e-retailers on social media in 2018 with 400k interactions during summer sales
- Building a bond with customer

<sup>1</sup> overall 12.3m interactions in 2017 according to the latest Sprinklr study released on January, 31 2018

### **1st Half 2018 Business Highlights & Strategic Update**

Strong development in B2C offerings & services

Dynamic progression of the Marketplace

Enhanced customer experience

**A growing CDAV community**

Acceleration in multichannel strategy

Material increase in B2B revenue

- Membership **up 33%** during 1H18
- **34.2% GMV share** in 1H18, + 4.2 pts vs. 1H17
- CDAV customers purchase on average **3x more frequently** than non-CDAV customers
- **Enriched CDAV program** in 1H18
  - **Unlimited press offering** (>200 titles)
  - **Pass à Volonté** : exclusive discounts offered by commercial partners including **5% discount on Casino Max app** (Géant and Casino supermarkets)
- Launch of **Cdiscount Famille**, available for all family members with **dedicated offers** (toys & games, baby care products, children's fashion)

NOUVEAU PRIVILÈGE !  
**Cdiscount** à volonté € 29

LA PRESSE EN LIGNE  
EN ACCÈS ILLIMITÉ

LeKiosk

lexpress PRETERE SO FOOT Public

**PASS** à volonté  
Le meilleur des bons plans partenaires

En payant avec l'application  
Casino Max  
**-5%**  
TOUT LE TEMPS  
SUR TOUTES VOS COURSES  
Dans les magasins  
Casino et Géant

**Cdiscount** famille

### **1st Half 2018 Business Highlights & Strategic Update**

Strong development in B2C offerings & services

Dynamic progression of the Marketplace

Enhanced customer experience

A growing CDAV community

**Acceleration in multichannel strategy**

Material increase in B2B revenue



## Multichannel Development: Roll-out of Showrooms in Géant

- Offering a new experience to our customers
  - 350 to 400 sqm per showroom
  - Showrooms dedicated to Home category and High Tech goods
  - Interactive terminals
- 21 showrooms opened at end June 18
- Plan to roll-out showrooms to most Géant hypermarkets
- Positive impact on brand awareness for Cdiscount benefiting from mass traffic in Géant hypermarkets
  - Especially in the strategic Home category
- Showrooms contributed 0.6 pt to GMV growth in 1H18



### **1st Half 2018 Business Highlights & Strategic Update**

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Acceleration in multichannel strategy

**Material increase in B2B revenue**

## Strong Increase in Monetization

Monetization revenue increased by 35% in 1H18 to €29m

### 1 Developing BtoB revenue

#### Advertising

3W.relevanc

- Deployment of the **digital platform** allowing suppliers and vendors to **bid on ad spaces** on Cdiscount and other websites
- **More specific client profiles targeted** thanks to **unique data base** of both **on-line** and **off-line (Casino)** client behavior

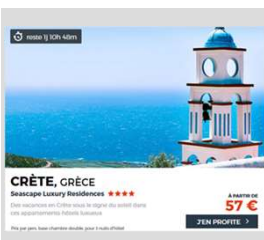
#### Marketplace Services

Cdiscount  
Fulfilment

- **Premiums packs: high and growing** subscription rate
- **Fulfilment By Cdiscount:** Marketplace **GMV share +8.5 pts**
- **Cdiscount Transport: unique centralized** transport interface

### 2 Increasing BtoBtoC revenue

#### Commissions from B2C Services



- Roll-out of **Cdiscount Energie, Cinstallé, Cdiscount Mobile**
- **Successful launch of Cdiscount Voyages**
- Dynamic growth in **extended warranties**

#### Financial Services



- **Coup de pouce:** instant credit offer, **100k credits granted**
- **Long term leasing for Mobile, TV and Home Appliances**
- **Credit card**

## Agenda

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1st Half 2018 Business Highlights & Strategic Update



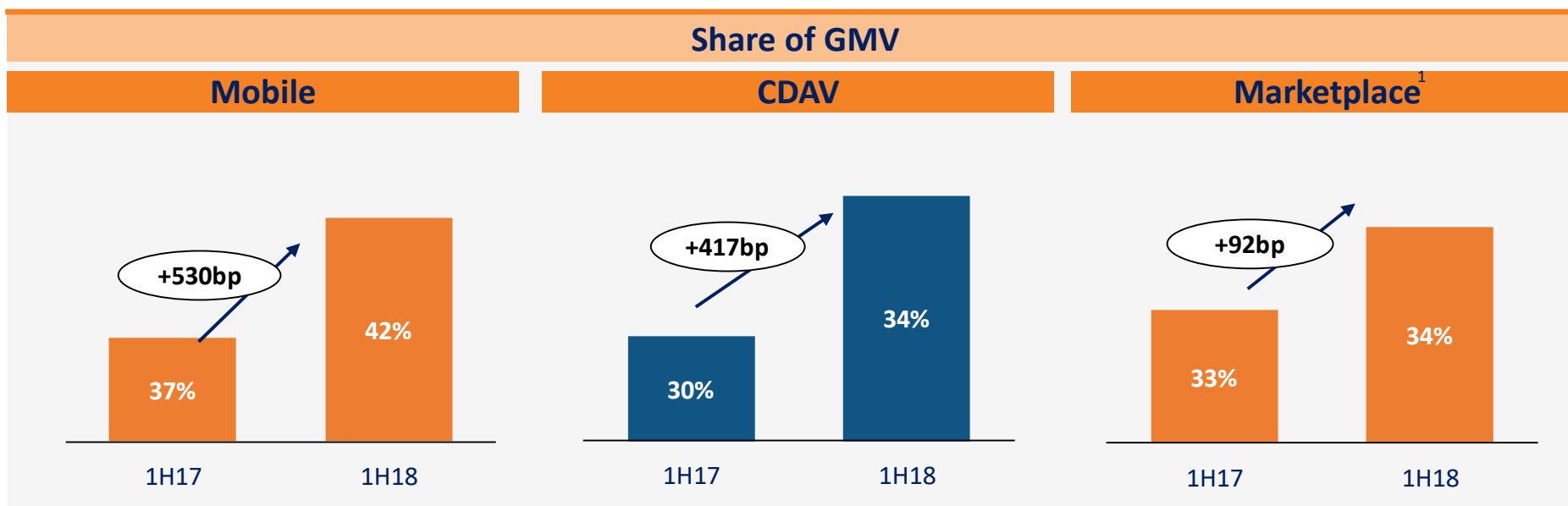
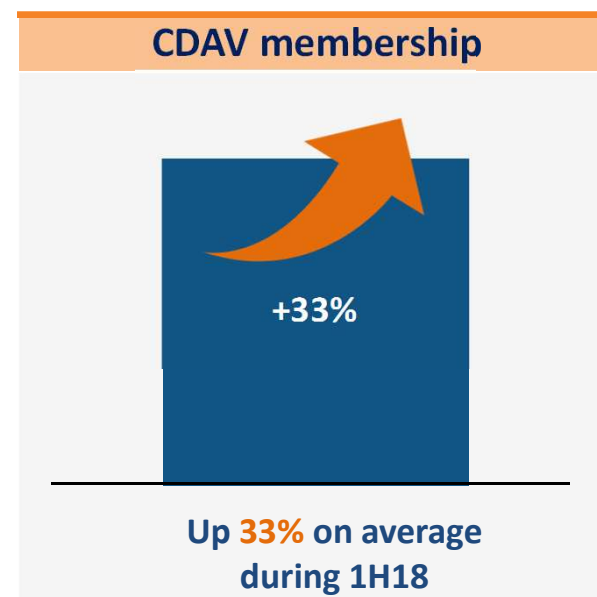
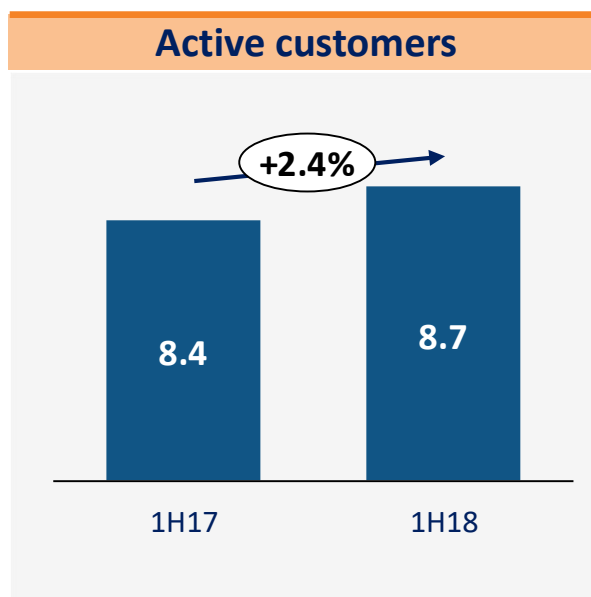
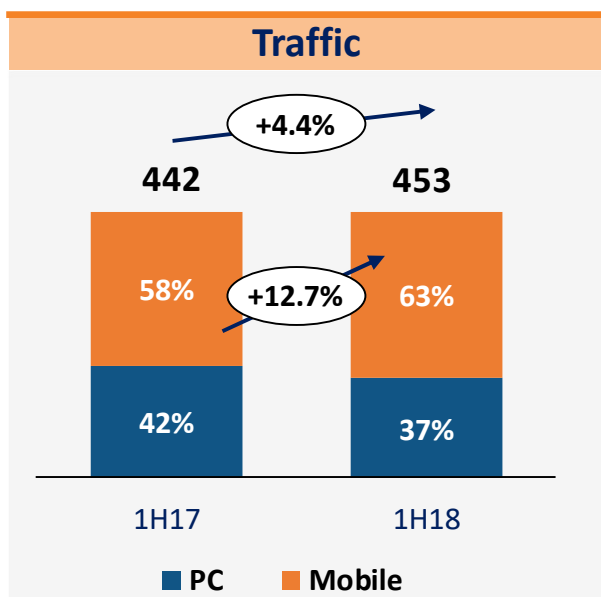
**1st Half 2018 Commercial & Financial Performance**



Outlook

# 1st Half 2018 Commercial & Financial Performance

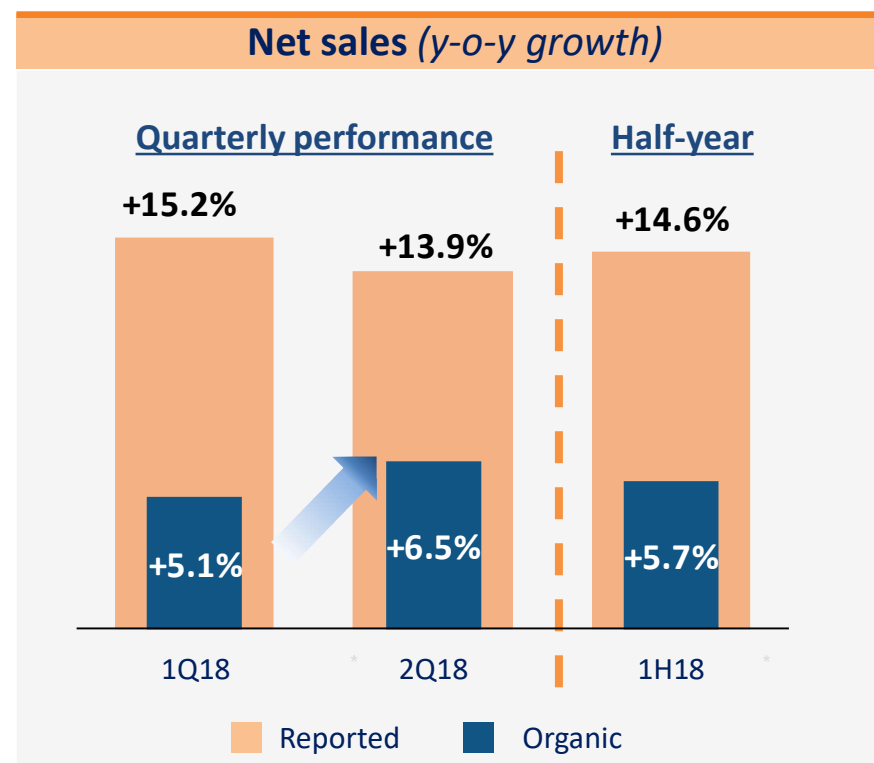
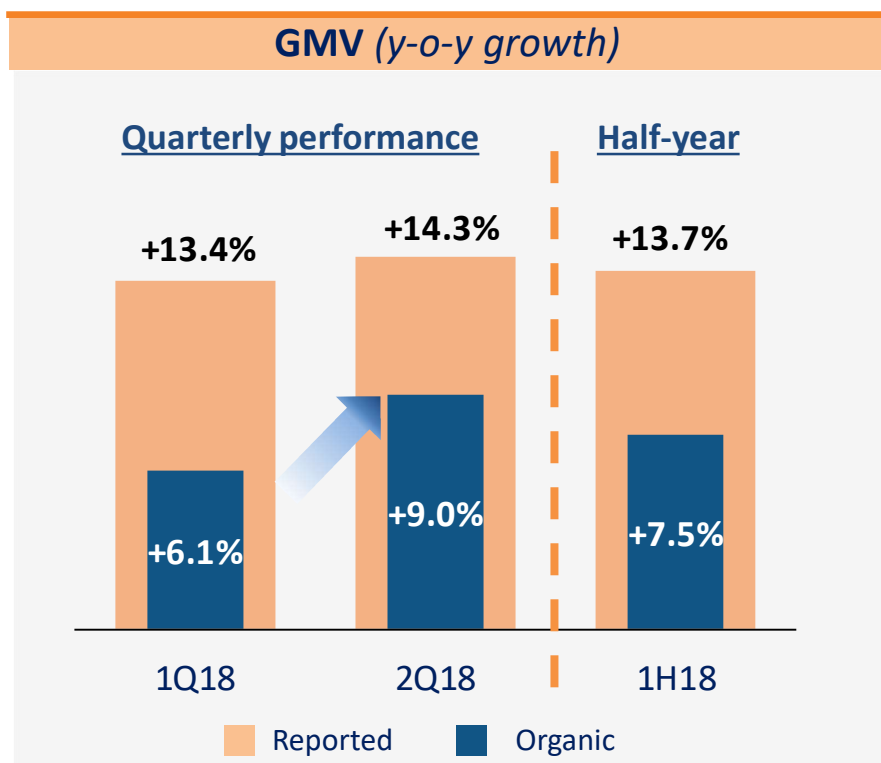
## Key Indicators



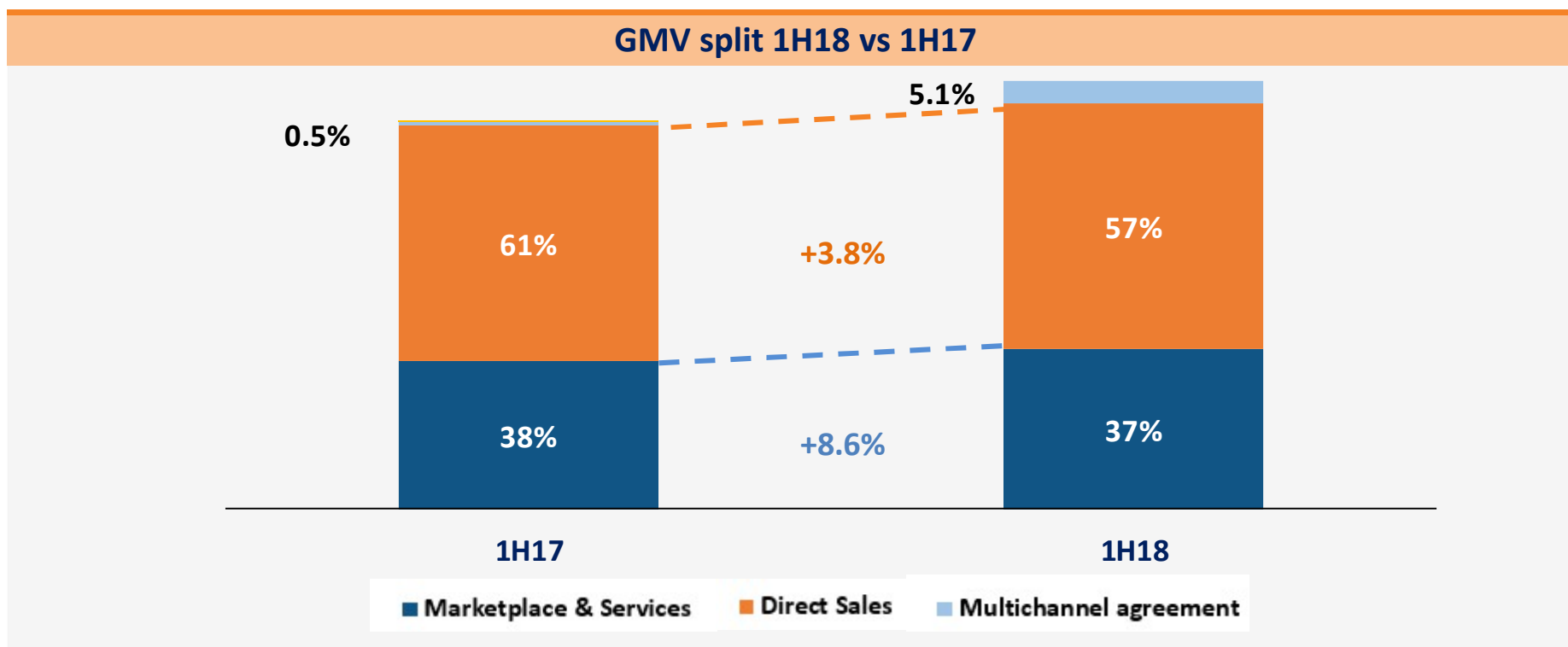
<sup>1</sup> Marketplace share of GMV of Cdiscount.com in France, calculated on total GMV less businesses not eligible to marketplace (B2B, suppliers' contribution, etc.).

# 1st Half 2018 Commercial & Financial Performance

## Acceleration of Growth in 2Q18



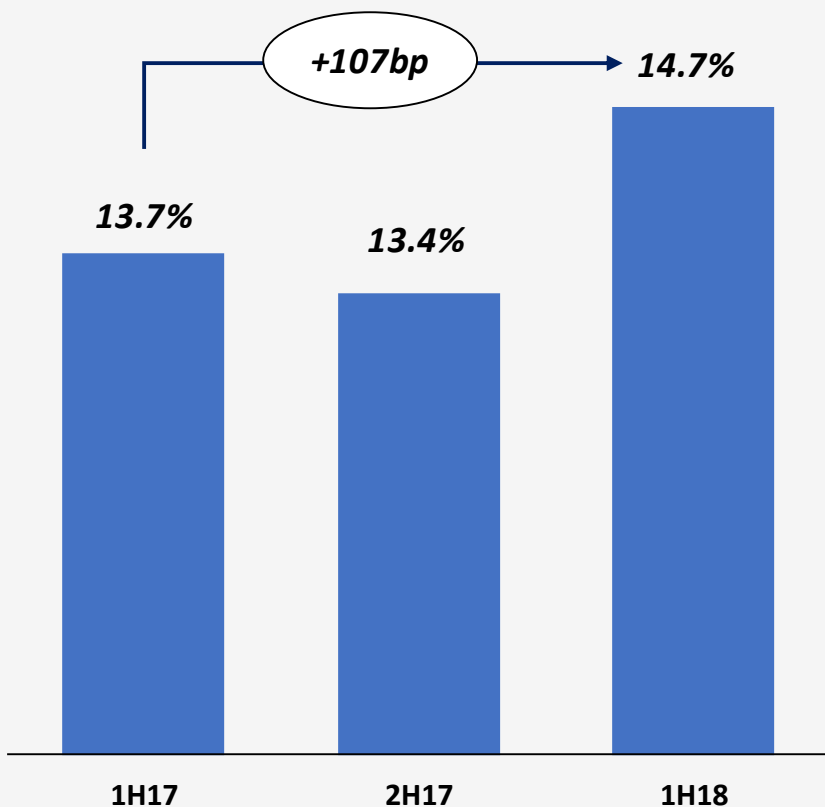
- **13.7% GMV growth in 1H18, driven by :**
  - **Organic growth of 7.5%**
  - **Contribution from non-food sales at Géant for 6.4 pts**
- **Organic growth accelerated in 2Q18 vs 1Q18**
  - **+9.0% 2Q18 GMV growth vs. +6.1% in 1Q18**
  - **+6.5% 2Q18 Net Sales growth vs. +5.1% in 1Q18**



- **A more and more diversified GMV** thanks to multichannel agreement & development of services
- **Direct sales contribution to GMV is expected to decrease in the future, as Marketplace and services should outperform the rest of the business**

## Gross margin

(% of net sales)

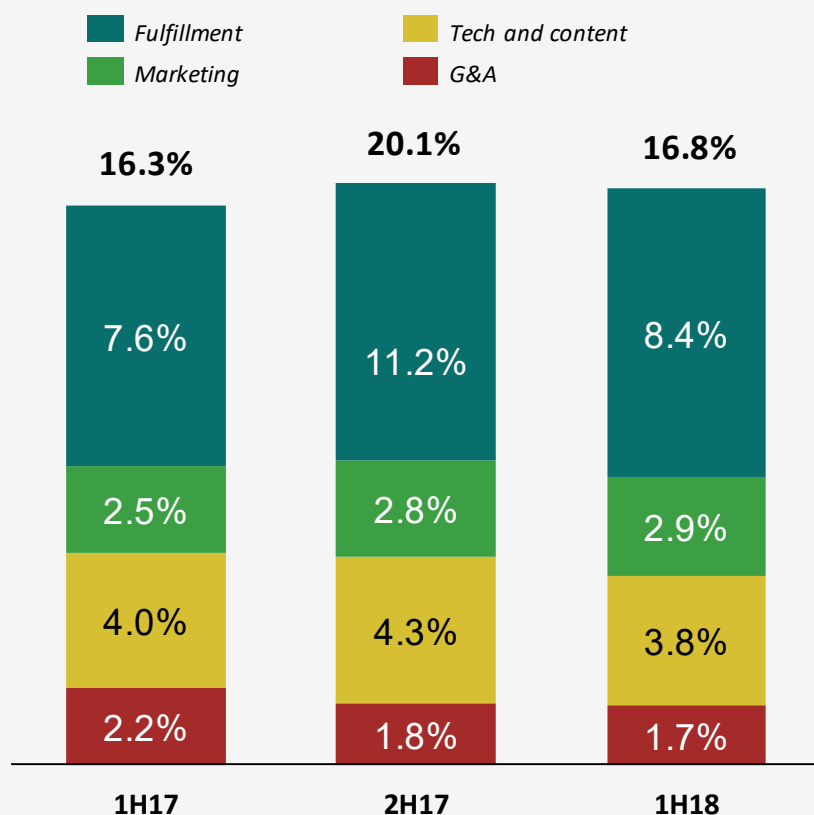


■ Acceleration of +1 pt in gross margin thanks to

- Increasing Marketplace GMV share together with dynamic B2B value-added services
- Growth in monetization revenue, especially advertising agency
- Optimized pricing strategy



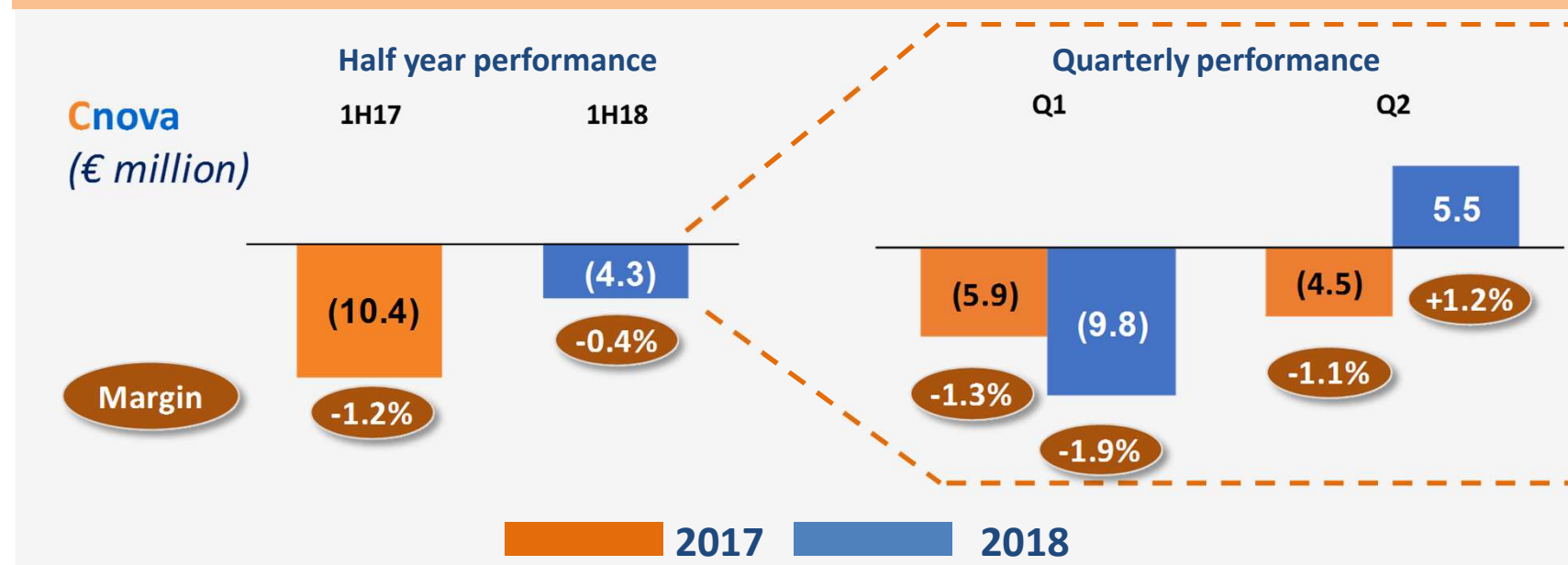
**SG&A**  
(% of net sales)



- **SG&A accounted for 16.8% of net sales in 1H18, increasing by +0.5 point vs 1H17**
- **Fulfillment (8.4% ; +0.8 pt)**: increase in fixed logistic costs by €8 m (1% of sales) to support SKUs expansion plan
- **Marketing (2.9% ; +0.3 pt)**: slight increase in line with the new brand strategy
- **Discipline on both**
  - **Tech & Content (3.8% ; -0.2 pt)**
  - **G&A (1.7% ; -0.5 pt)** with a streamlining of all expenses

## EBITDA y-o-y comparison

(€ million, % of net sales)



- **Improvement vs. 1H17 EBITDA** driven by both gross margin optimization and discipline on SG&A despite higher logistic costs: **€(4.3)m up +€6m vs 1H17**
- **Sequential improvement during the first semester** with a significant improvement in 2Q18 of more than **+€15m vs 1Q18**
- 2Q18 EBITDA also presented a **significant uplift of c.€10m vs the same period in 2017**

# 1st Half 2018 Commercial & Financial Performance

## Key Financial Indicators



Cnova N.V. Key Figures <i>€ in millions</i>	2018	2017
<b>Net sales</b>	<b>968.8</b>	<b>845.4</b>
<b>Gross profit</b>	<b>142.9</b>	<b>115.6</b>
<b><i>Gross margin</i></b>	<b>14.7%</b>	<b>13.7%</b>
SG&A	(163.0)	(138.0)
Operating EBIT	(20.1)	(22.4)
<b>EBITDA</b>	<b>(4.3)</b>	<b>(10.4)</b>
<b><i>Cdiscount</i></b>	<b>(2.4)</b>	<b>(7.1)</b>
Net profit/(loss) (Continuing operations)	(53.3)	(48.9)
<i>Adjusted EPS (Continuing operations)</i>	<i>(0.12)</i>	<i>(0.12)</i>
Net profit/(loss) (Discontinued operations)	(0.3)	(3.7)
<i>Adjusted EPS (Discontinued operations)</i>	<i>(0.00)</i>	<i>0.00</i>

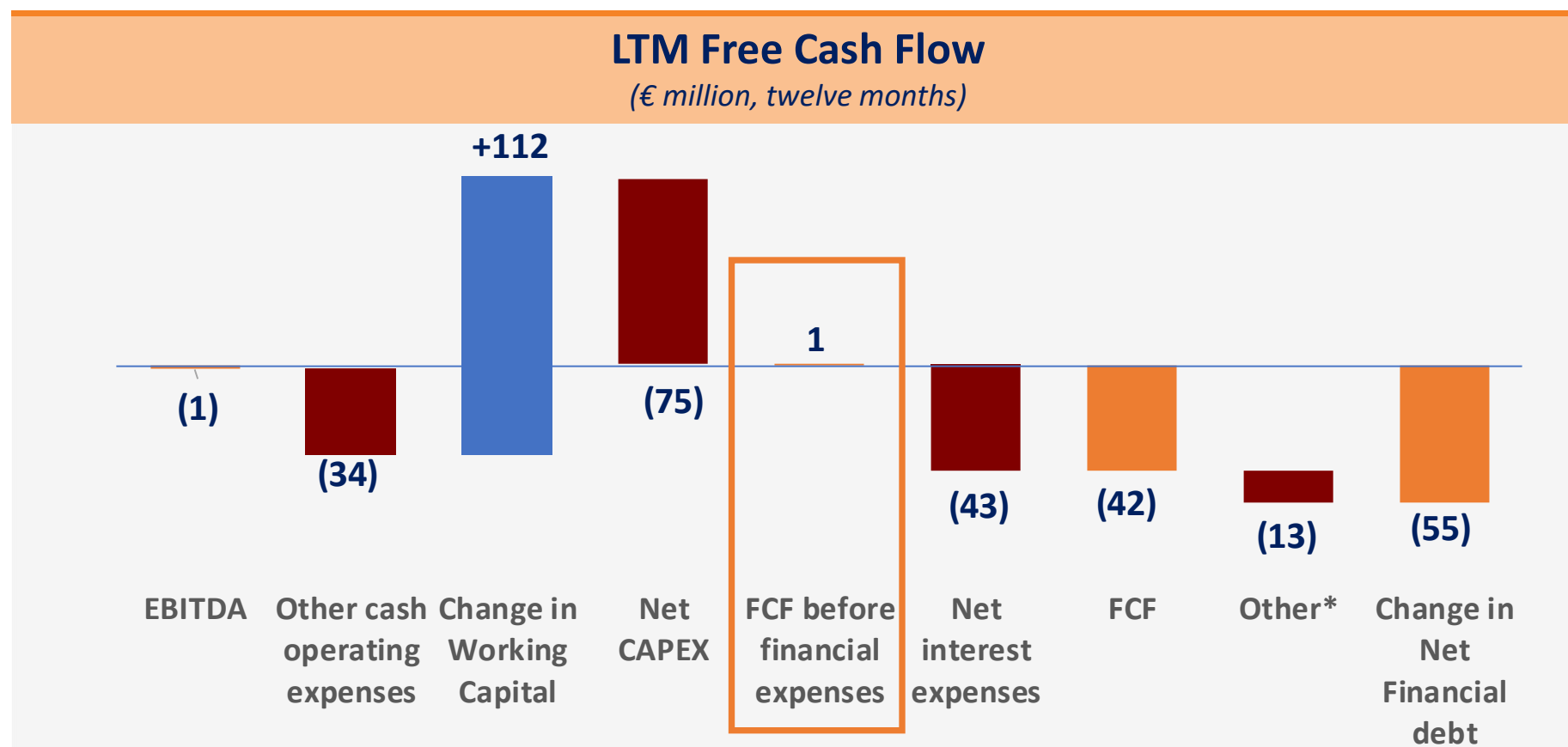
# 1st Half 2018 Commercial & Financial Performance

## IFRS 15 Restatement Impact



Cnova N.V. simplified P&L € in millions	1H17	IFRS15 impact	1H17 Restated
<b>Net sales</b>	<b>882.3</b>	<b>(36.9)</b>	<b>845.4</b>
Cost of sales	(759.1)	29.4	(729.7)
<b>Gross profit</b>	<b>123.2</b>	<b>(7.5)</b>	<b>115.6</b>
<b>Gross margin</b>	<b>14.0%</b>	<b>20.4%</b>	<b>13.7%</b>
SG&A	(140.2)	2.1	(138.0)
<b>Operating EBIT</b>	<b>(17.0)</b>	<b>(5.4)</b>	<b>(22.4)</b>
<b>Operating margin</b>	<b>(1.9%)</b>	<b>14.7%</b>	<b>(2.7%)</b>
Net profit/(loss) (Continuing operations)	(43.5)	(5.4)	(48.9)

- **IFRS 15 (new standard on revenue) came into force on January 1st 2018 with retroactive application**
- **Main impact: certain suppliers' contributions are now recognized as a reduction of purchase price and deducted from inventories instead of revenue under previous standard**
- **2017 accounts have been restated for comparability purposes**
  - **The 1H17 EBIT impact is €(5.4)m – i.e. a restated 1H17 EBIT of €(22.4)m**
  - **The FY EBIT impact is €(10.3)m – i.e. a restated FY EBIT of €(33.3)m**

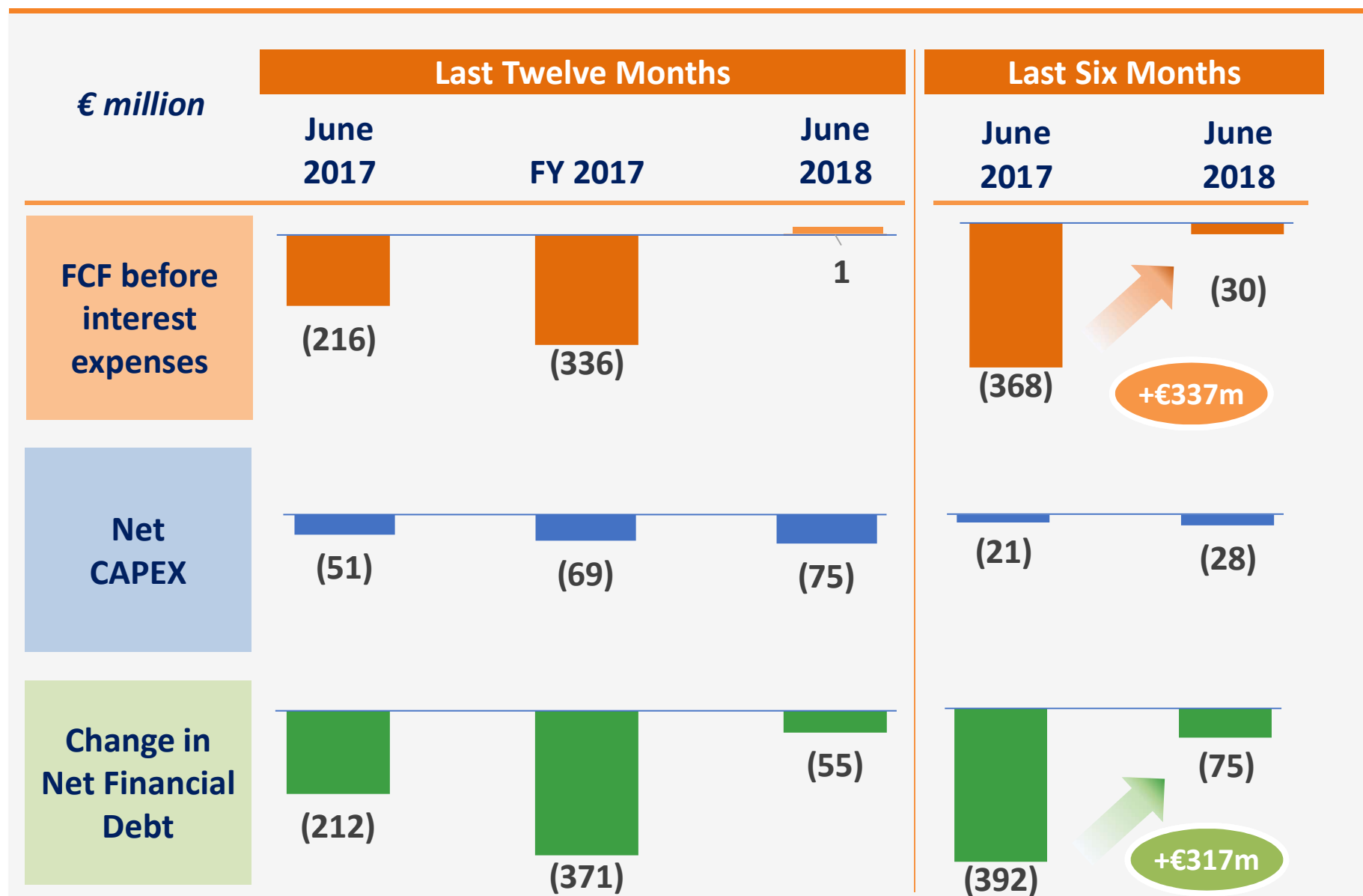


- Net cash from cont. activities before financial expenses **significantly improved (+€218 million)** compared to LTM FCF at June 30, 2017 thanks to **working capital improvement**
- Net capex of **€(75) million** to support the acceleration of IT and logistic investments

\* Representing mainly discontinued activities

# 1st Half 2018 Commercial & Financial Performance

## Strong Improvement in Cash Flow



## Agenda

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1st Half 2018 Business Highlights & Strategic Update



1st Half 2018 Commercial & Financial Performance



**Outlook**

1

*Sustained  
growth*

- Expected **increased growth contribution** from **Géant showrooms** – but lower contribution from **multichannel agreement** to GMV growth (transaction with Casino took place in June 17)
- Development of sales delivered to **European countries**
- **Expected ramp-up in B2C services contribution** to GMV growth

2

*Focus on  
profitable  
growth*

- **Marketplace share** to keep growing: strong performance since the beginning of 3Q18
- Increase in **monetization revenue** (Marketplace services, B2C services, advertising agency), generating more margin





**Thank you for your attention!**