

# **Cnova Half Year 2019 Activity & Financial Performance**

**July 24, 2019**

## 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, 2018. 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.*



## Half Year 2019 Business Highlights & Strategic Update

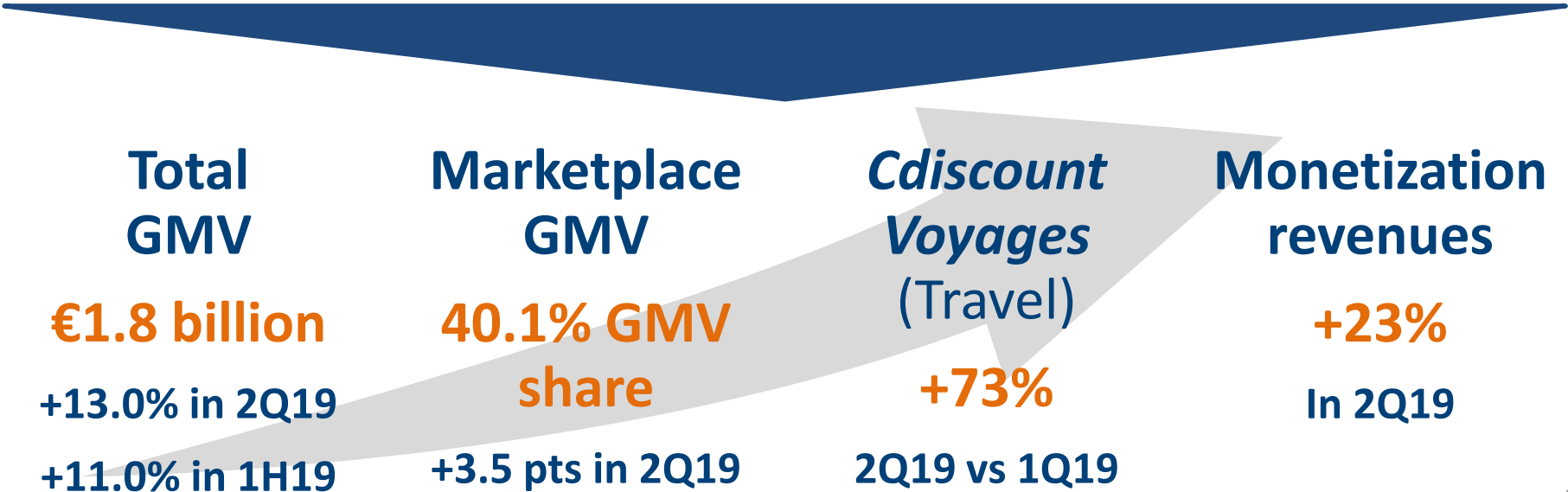


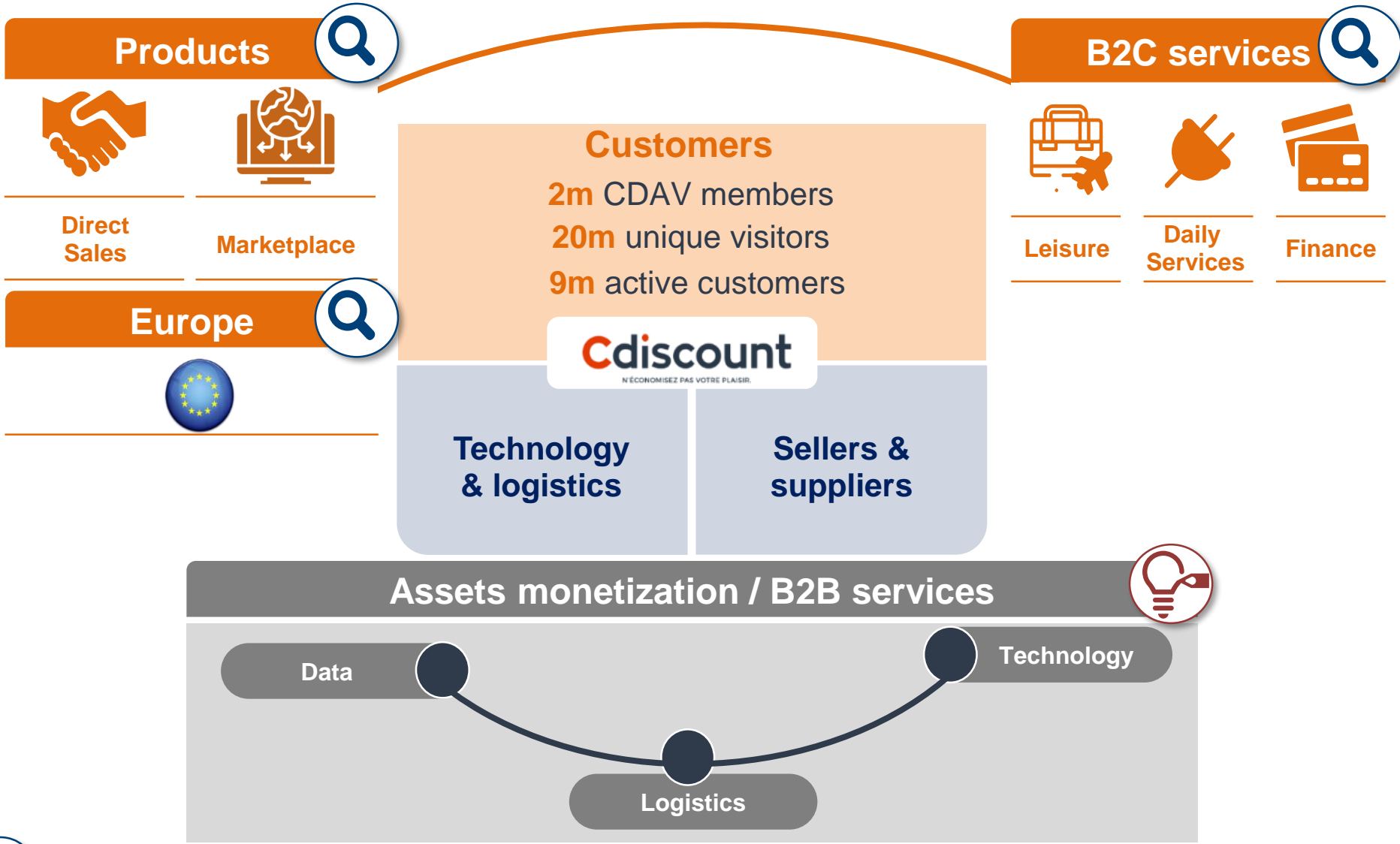
Half Year 2019 Commercial & Financial Performance



Outlook

1H19 performance paving the way to sustainable profitable growth





 Focus on next slides

 On-going projects

## 2019 Strategic Update

### Expanding B2C Products & Services

- ➔ Marketplace Acceleration
- ➔ Services Expansion

Tightening Bonds with our Clients

- ➔ Cdiscount à Volonté (CDAV) Dynamism
- ➔ Brand Awareness Enhancement

Developing New Businesses

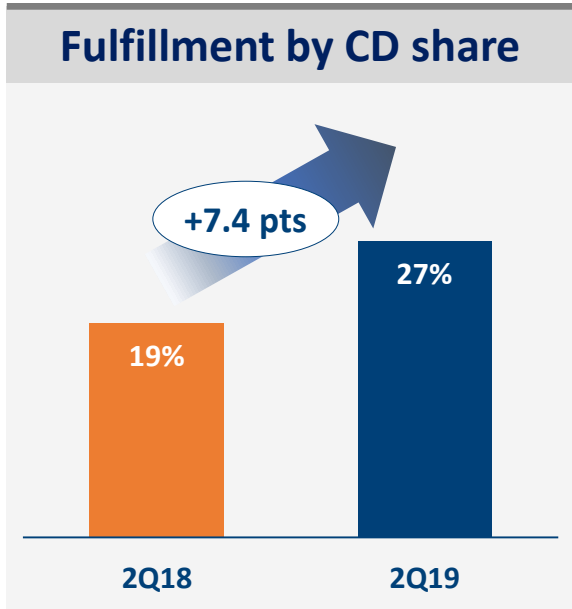
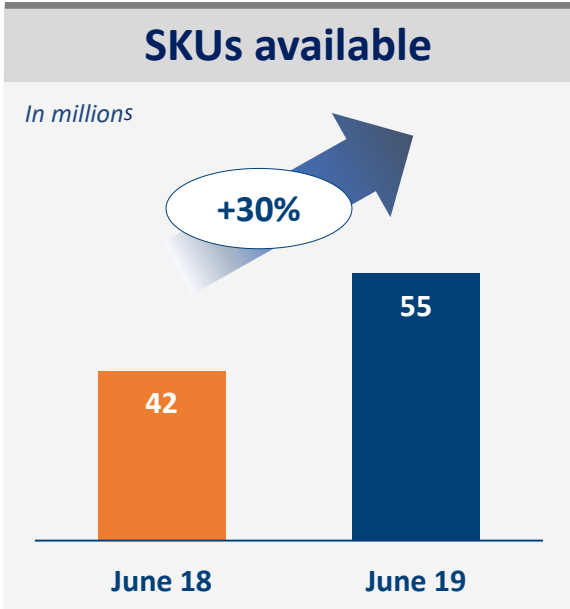
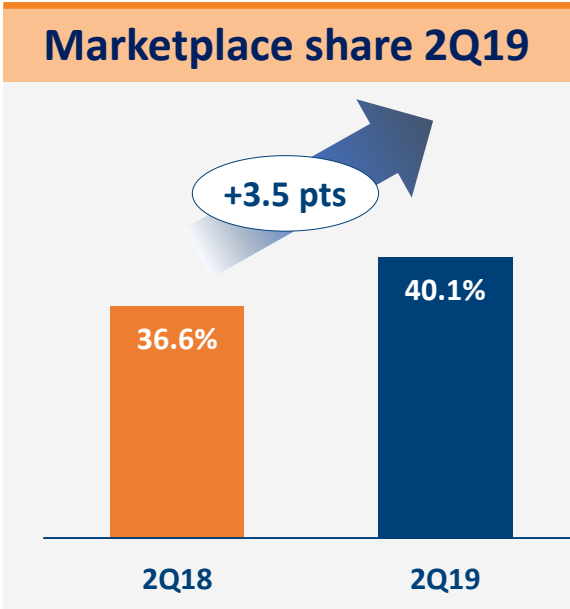
- ➔ Monetization & B2B Revenue Streams
- ➔ International Expansion

Committing to Innovation and CSR

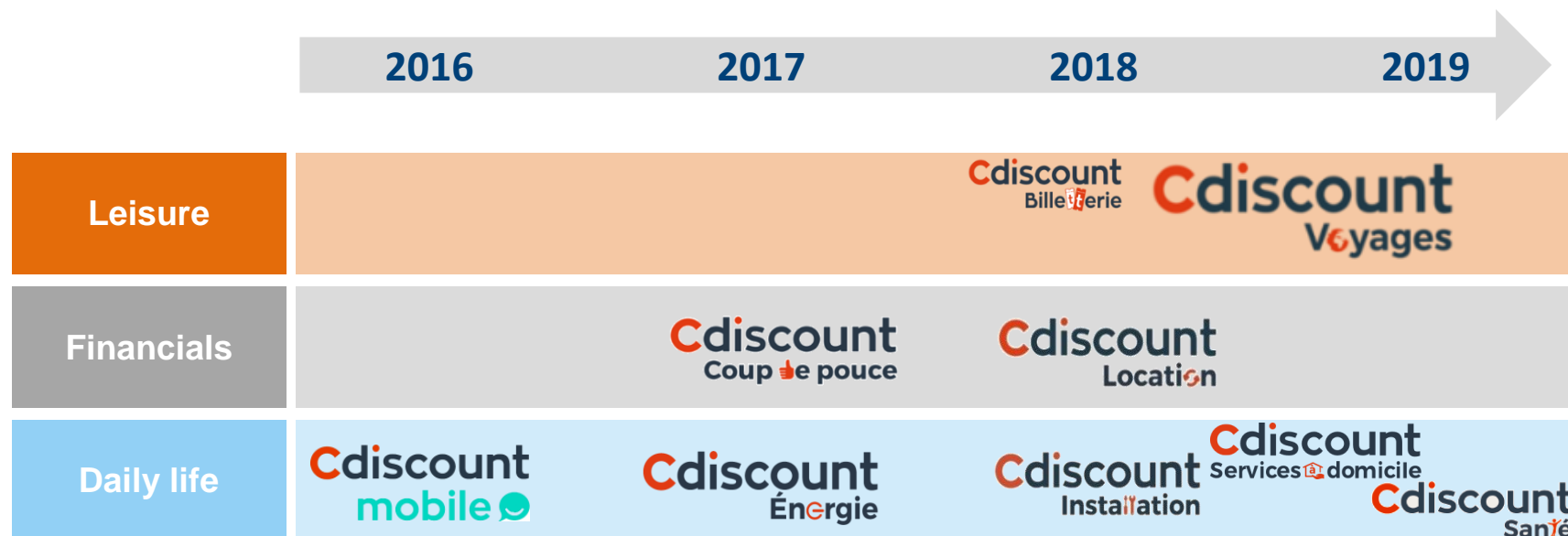
- ➔ Innovation Constant Progress
- ➔ Corporate Social Responsibility

An outstanding performance...

...sustained by a fast-expanding offer and an acceleration of FFM



- **Dynamic marketplace GMV growth**
  - €566 million (+12.2%)
  - Share of total GMV in 2Q19: 40.1% (+ 3.5 pts)
- **30% y-o-y increase in assortment**
  - Acceleration plan on strategic categories: Garden, DIY, Sport, Beauty
- **Constant acceleration of Fulfillment by Cdiscount reaching 27% of GMV share**
  - SKUs fulfilled by Cdiscount: +32% y-o-y
  - More visibility and commercial actions for FFM products



### Strong and accelerating growth<sup>1</sup>

- 2Q19 GMV +41% vs 1Q19
- 4 pts contribution to 1H19 GMV growth
- Travel: 2Q19 GMV +73% vs 1Q19

### More services

- **Travel:** launch of a marketplace of holiday packages
- **Ticketing:** Ticketmaster offer available (more than 150k events)
- Launch of **Cdiscount Santé:** health insurance and prescription eyeglasses

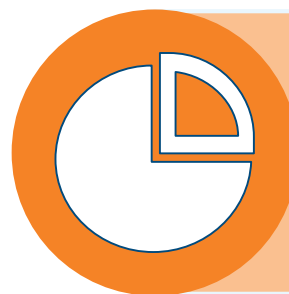
<sup>1</sup> Figures related to GMV does not include financial services as they are not relevant for GMV matters



Sizeable French online travel market expected to keep growing at a steady pace



**17.3m**  
users in 2018



**€23bn**  
market size

After offering flights and flash sales, launch of a marketplace of holiday packages

- Objective: having the **widest offer in the market**
- Already thousands of offers available, to **be tripled by end 2019**
- **Partnerships with top Tour Operators** (héliades, Belambra, ...)
- **Diversifying the offer**: theme park stays, transport (train) ...

 **héliades**  
LABEL ÉVASIONS

**FRAM**

*Belambra*  
clubs

**EXOTISMES**  
Douceur et Frissons des vacances

**GMV: outpacing expectations**

**2Q19 +73% vs 1Q19**

**2.3 pts contribution to 1H19 growth**

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& Services

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- ➔ Services Expansion

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- ➔ **Brand Awareness Enhancement**

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■ **2.0m loyal members**

- 3x higher purchasing frequency vs. non members
- 38% GMV share in 2Q19 (+3.1 pts)

■ **Over 1m product eligible for free express delivery**

- Strong expansion: **x3** y-o-y
- Opening CDAV eligibility to marketplace sellers using **Fulfillment by Cdiscount** services and **Cdiscount Transport** with the same express delivery commitment

### Raising brand awareness

- ❑ **Unaided awareness: +9pts vs N-1**
- ❑ **The gap narrowed with the leader and widened with the followers**

### Strong media coverage, including TV spot


- ❑ **TV:** new spot on Disney movie (Aladdin)
  - **17 days on TV** and social networks
  - **+900 spots** on TV seen by 29m people



- ❑ **Radio:** systematic support of big commercial events
- ❑ **Digital:** 8m views for the Travel video

### 3m fan base: committed and extending <sup>1</sup>

 **2.4m**  
(+20%)

 **279k**  
(+30%)

 **393k**  
(+28%)

- **Development of specialized pages to reinforce customer commitment -**



230k Facebook  
subscribers:  
+70%



383k Facebook  
subscribers:  
+31%



Already 100k  
Facebook+Insta  
subscribers

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Accelerating monetization revenues: +23% in 2Q19 / +14% in 1H19

## Marketplace B2B services



- Strong growth of premium packs
- Acceleration of recently launched services: Cdiscount Transport, Cdiscount Ads, Cdiscount Fintech

## Commissions from B2C Services



- Acceleration of Cdiscount Voyages, Cdiscount Energy and Cdiscount Billeterie
- Launch of a marketplace of holiday packages
- Launch of Cdiscount Santé

## Financial services



- Strong double-digit growth of
  - Coup de Pouce instant credit granted
  - Credit card issuances

### 25 countries now covered

(+5 vs end of 1Q19)

1

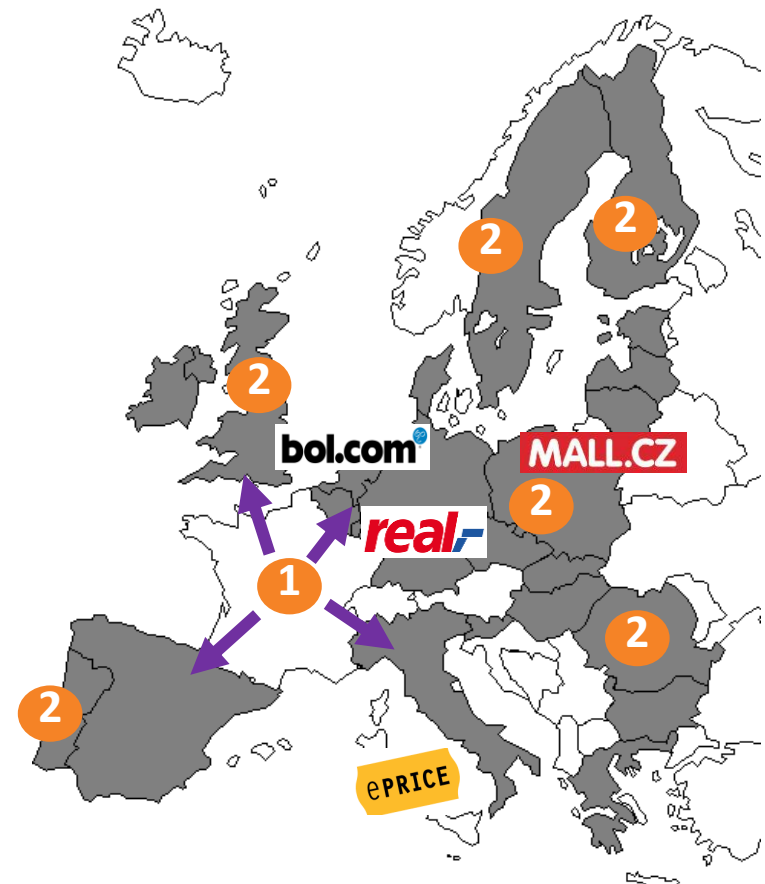
#### Through Cdiscount.com

- Selling our core products and marketplace products to French-speaking customers abroad
- Growing at a fast pace, driven by **Belgium**
- More than **32m products** offered

2

#### Through European websites

- Making available our core products and marketplace offerings on European websites
- **34 websites** operated directly through Cdiscount as a vendor (+23 vs end of Q1) such as Bol and Real



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High-end  
logistics

- **The Warehouse, Cdiscount's logistics incubator**
  - **2019 new promotion of 5 startups** started with the early success of Agrikolis and its farm picking points
- **Exotec, robotized picking solution**
  - Now fully operational in Réau warehouse, with a **50-robot fleet handling 50,000 bins**



Marketing

- Launch of **Le Lab, a marketing innovation lab**
- More than **100 applicants, 5 startups selected**



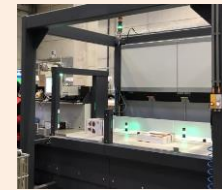
A.I.

- IT teams solely dedicated to Artificial Intelligence development **x2 in 2 years**
- **Customer experience & personalization:** real-time personalized promotions, leading to **x3 profitability of Cdiscount voucher**
- **Operational performance:** NoMagic.AI (The Warehouse) is now fully operational  
→ **robotic arm powered by AI and self-learning**

### Green



- **Rolling-out of a new 3D packing machine** (4 in total): reduced parcel wasted space and cardboard usage (**-30% in shipping truck traffic**)
- **85% parcels** now packed **without any empty space**
- **Agrikolis**: farming pickup points for heavy products



### Second life



- **envie**: repair, donation or recycling of non-sold and returned products
- **geev**: donation of unused objects



### Social



- **FACIL'iti**: adaption of Cdiscount's websites for disabled people
- **Un Rien c'est Tout**: donation option when proceeding to payment





Half Year 2019 Business Highlights & Strategic Update



**Half Year 2019 Commercial & Financial Performance**



Outlook

# H1 2019 Commercial & Financial Performance

## Ecommerce GMV underlying growth drivers

Ecommerce GMV growth supported by Marketplace, CDAV and Mobile

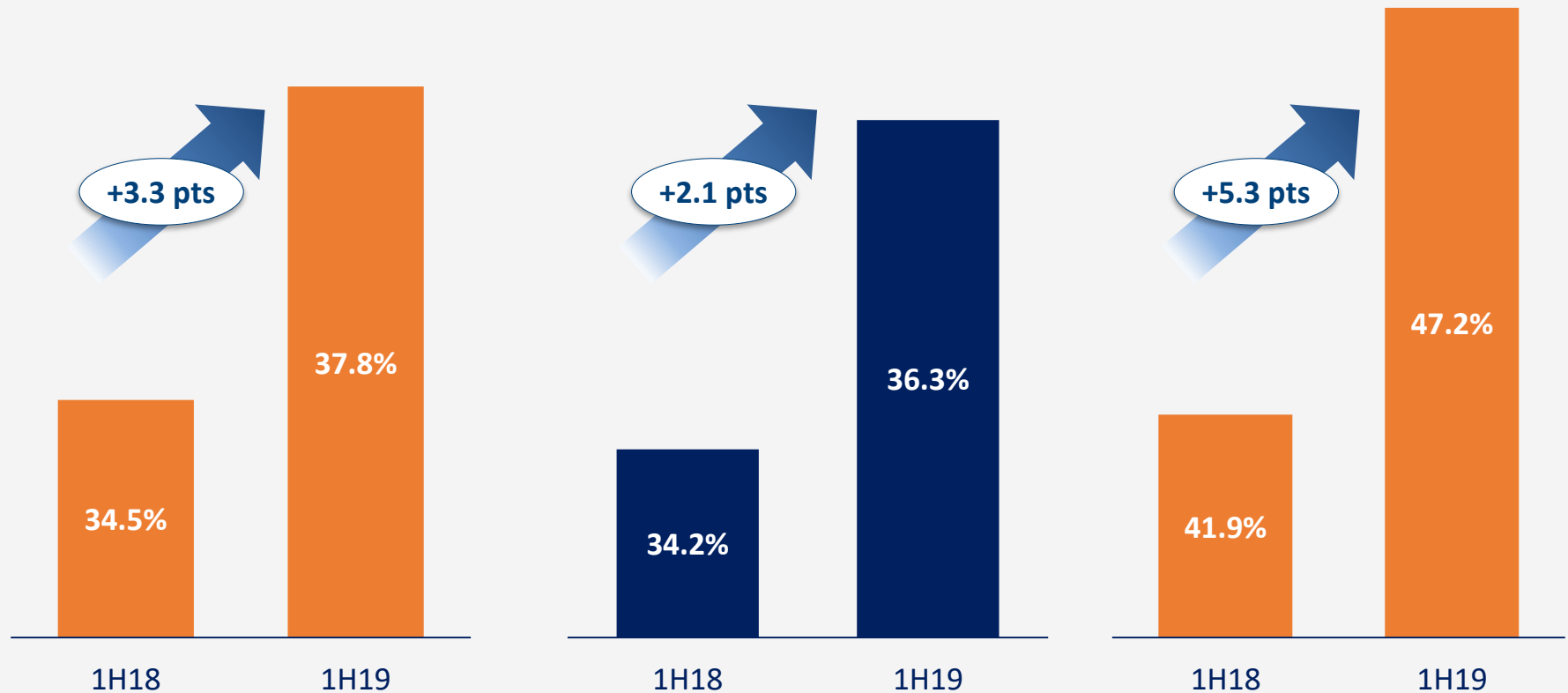
1 Marketplace GMV share

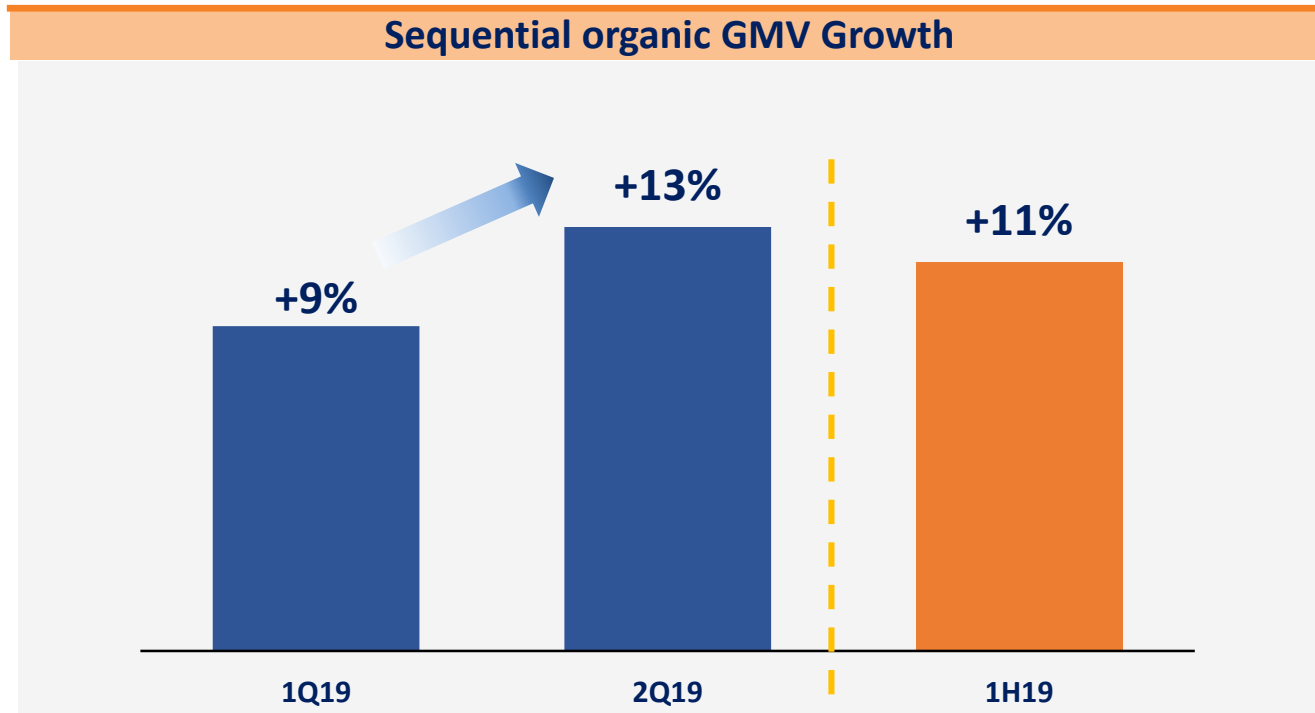
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CDAV GMV share

3

Mobile GMV share

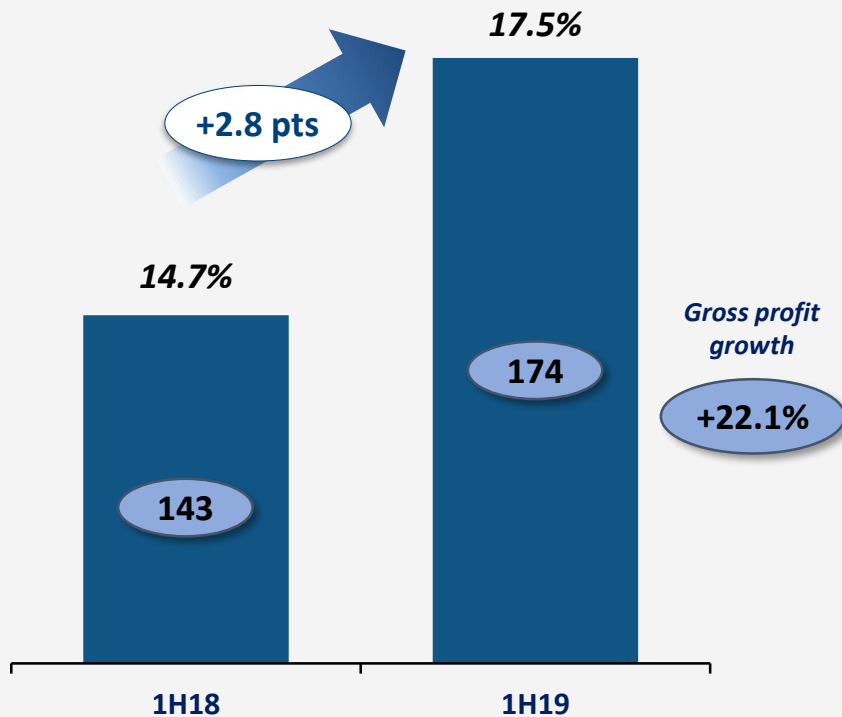




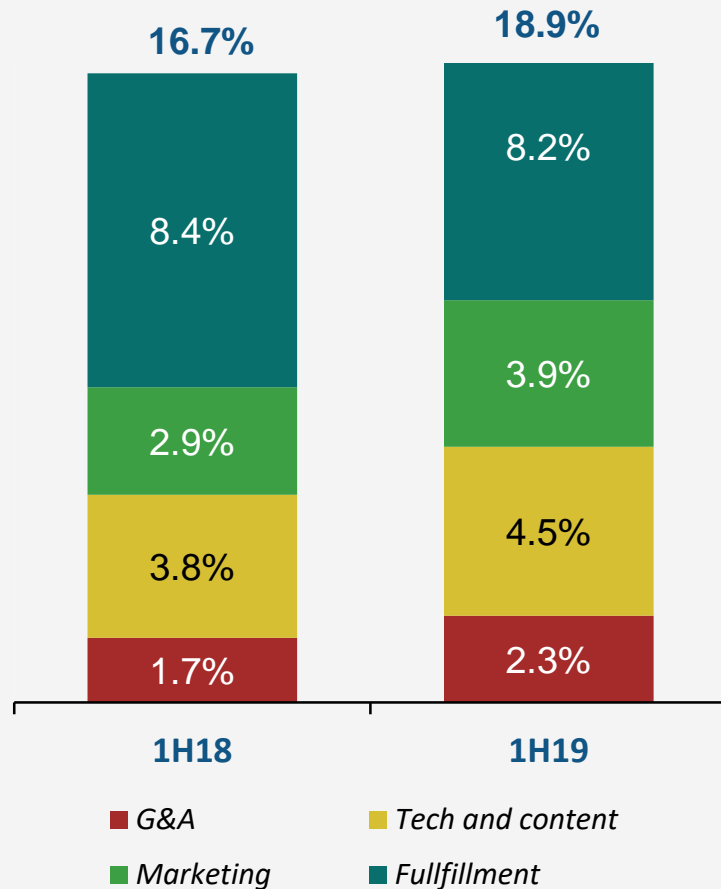
- **GMV organic growth** accelerated quarter over quarter, driven by :
  - Growing contribution from **marketplace GMV**
  - Growing contribution from both B2B & B2C services, especially Travel
- **1H19 GMV organic growth** reached +11.0%

### Gross margin

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



- Strong acceleration (+2.8 pts) in **gross margin** as well as double-digit growth in **gross profit** thanks to:
  - **Marketplace GMV share** reaching high levels, more than 40% in 2Q19
  - Continuing growth in **monetization revenues**, both in B2C and B2B services
  - Growth of other revenues

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

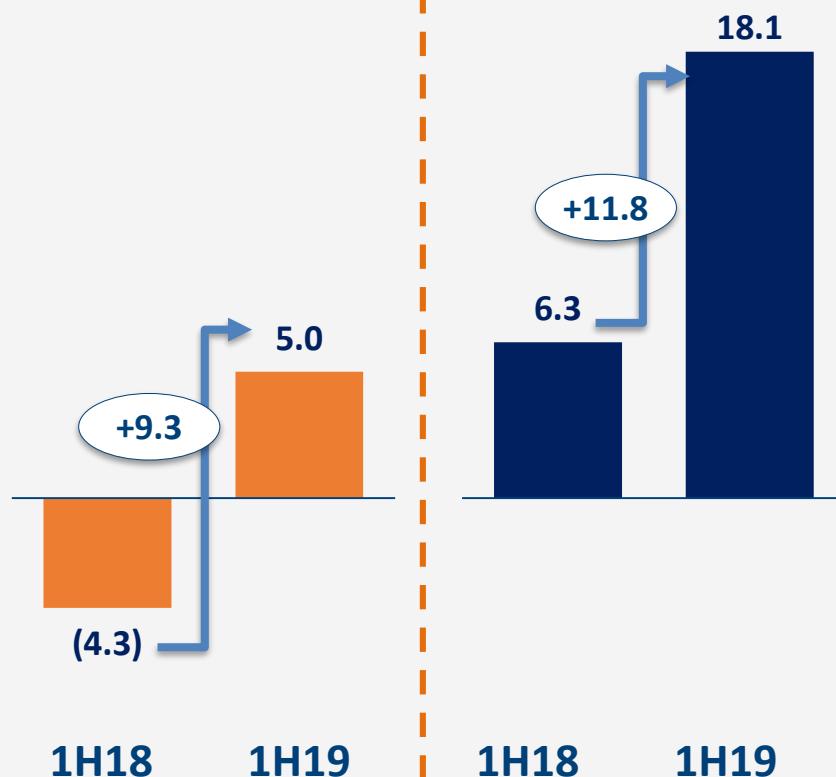
- **SG&A accounted for 18.9% of net sales in 1H19, increasing by +2.2 point y-o-y**
  - **Fulfillment (8.2% ; -0.2 pt):** logistics productivity improvements in processes and innovation (3D packing, Exotec, ...)
  - **Marketing (3.9% ; +1.1 pt):** supporting unaided brand awareness by +9 pts and traffic #2 market positioning
  - **Tech & Content (4.5% ; +0.7 pt):** investment acceleration in B2B and B2C revenues development
  - **G&A (2.3% ; +0.5 pt)** including notably new business impact

### EBITDA

(€ million)

*Before IFRS 16 restatement*

*After IFRS 16 restatement*



- EBITDA +€12m increase to reach €18m
- Positive as of H1 thanks to a +€9.3m improvement before IFRS 16 restatement
  - Solid marketplace growth
  - Strong expansion of monetization
  - Continued improvements of our core business profitability
- Addition of a +€2.5m variation from IFRS 16 restatement



- IFRS 16 (elimination of the distinction between operating leases and finance leases) was adopted in January 1<sup>st</sup> 2019 with retroactive application**
- Main impact: recognition of an asset (the right to use the leased item) and a financial liability representative of discounted future rentals for virtually all lease contracts.**  
Operating lease expense is replaced with depreciation expense <sup>①</sup> and interest expense <sup>②</sup>
- 2018 accounts have been restated for comparability purposes**
  - SG&A expenses were adjusted for non-material impact**
  - EBITDA benefited from an increase of +€10.6m (+€13.1m impact in 1H19)**

|      | Main impact in (€ in millions) in 1H18          | 1H18          | IFRS16 impact | 1H18 restated |
|------|---|---------------|---------------|---------------|
| 2018 | <b>EBITDA</b>                                   | <b>(4.3)</b>  | <b>10.6</b>   | 6.3           |
|      | <i>Depreciation and amortization</i>            | <i>(15.8)</i> | <i>(9.8)</i>  | <i>(25.5)</i> |
|      | <b>Operating EBIT</b>                           | <b>(20.1)</b> | <b>0.9</b>    | (19.2)        |
|      | <b>Net Financial Expenses</b>                   | (23.5)        | (2.3)         | (25.7)        |
|      | <b>Net profit/loss from continuing activity</b> | <b>(53.3)</b> | <b>(1.4)</b>  | (54.6)        |
|      | Main impact in (€ in millions) in 1H19          | 1H19          | IFRS16 impact | 1H19 restated |
| 2019 | <b>EBITDA</b>                                   | <b>5.0</b>    | <b>13.1</b>   | 18.1          |
|      | <i>Depreciation and amortization</i>            | <i>(19.8)</i> | <i>(12.2)</i> | <i>(32.0)</i> |
|      | <b>Operating EBIT</b>                           | <b>(14.8)</b> | <b>0.9</b>    | (13.9)        |
|      | <b>Net Financial Expenses</b>                   | (21.4)        | (2.7)         | (24.1)        |
|      | <b>Net profit/loss from continuing activity</b> | <b>(40.4)</b> | <b>(1.8)</b>  | (42.2)        |

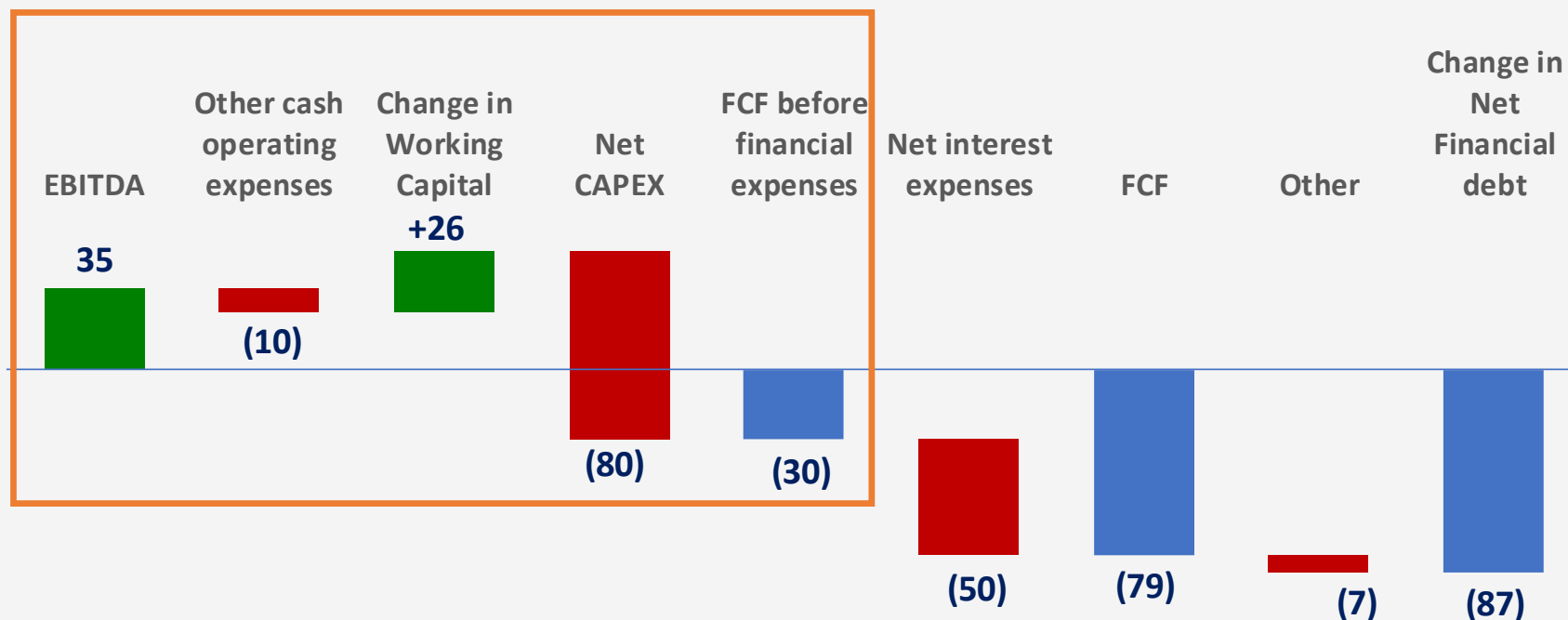
# H1 2019 Commercial & Financial Performance

## Key Financial Indicators

| Cnova N.V. Key Figures<br><i>€ in millions</i> | IFRS 16 restated |               |                 | Non-restated  |               |                 |
|--|------------------|---------------|-----------------|---------------|---------------|-----------------|
|  | 1H19             | 1H18          | <i>Change</i>   | 1H19          | 1H18          | <i>Change</i>   |
| Net sales                                      | 995.8            | 968.8         | +27.1           | 995.8         | 968.8         | +27.1           |
| <b>Gross profit</b>                            | <b>174.5</b>     | <b>142.9</b>  | <b>+31.6</b>    | <b>174.5</b>  | <b>142.9</b>  | <b>+31.6</b>    |
| <b>Gross margin</b>                            | <b>17.5%</b>     | <b>14.7%</b>  | <b>+2.8 pts</b> | <b>17.5%</b>  | <b>14.7%</b>  | <b>+2.8 pts</b> |
| SG&A   | (188.3)          | (162.1)       | (26.2)          | (189.3)       | (163.0)       | (26.3)          |
| <b>EBITDA</b>                                  | <b>18.1</b>      | <b>6.3</b>    | <b>+11.8</b>    | <b>5.0</b>    | <b>(4.3)</b>  | <b>+9.3</b>     |
| <b>Operating EBIT</b>                          | <b>(13.9)</b>    | <b>(19.2)</b> | <b>+5.4</b>     | <b>(14.8)</b> | <b>(20.1)</b> | <b>+5.3</b>     |
| Net profit/(loss)                              |                  |               |                 |               |               |                 |
| (Continuing operations)                        | (42.3)           | (54.6)        | +12.3           | (40.5)        | (53.3)        | +12.8           |
| <i>Adjusted EPS</i>                            |                  |               |                 |               |               |                 |
| (Continuing operations) in €                   | (0.11)           | (0.12)        | +0.01           | (0.11)        | (0.12)        | +0.01           |

## LTM Free Cash Flow

(€ million, twelve months)



- Net cash from cont. activities benefited from **strong fundamentals** to reach **€50m**
  - Significant positive EBITDA: **€35m** (+€35m vs. 2018)
  - Limited other cash operating expenses: **€(10)m** (+€25m vs. 2018)
  - Positive working capital: +€26m** driven by inventory rationalization
- Net capex** amounted to **€(80) million** and remained stable as a percentage of GMV, supporting the strategic shift towards the platform model and monetization initiatives



Half Year 2019 Business Highlights & Strategic Update



Half Year 2019 Commercial & Financial Performance



**Outlook**

1

*Growth  
initiatives well  
on track*

- **Marketplace expansion**
- Acceleration on **B2C services** mainly online **travel**
- **International development**

2

*Profitability  
initiatives*

- **Marketplace commissions** expected to continue growing
- **Monetization revenue streams** expected to keep increasing
- Taking the next step of our monetization strategy based on **our logistic** and **technological assets**

**GMV**

**Dynamic  
growth**

**EBITDA**

**Strong  
improvement**



**Thank you for your attention!**

| <b>Consolidated Cash Flow Statement</b><br><i>at June 30 (€ in millions )</i> | <b>IFRS 16 non-restated</b><br><b>Last 12-months</b><br><b>June 2019</b> | <b>IFRS 16 restated</b><br><b>Last 12-months</b><br><b>June 2019</b> |
|---|--|--|
| <b>EBITDA</b>   | <b>35</b>  | <b>60</b>  |
| Other cash operating items  | (10)   | (10)   |
| <b>Change in operating working capital</b>                                    | <b>26</b>  | <b>23</b>  |
| <i>Inventories of products</i>  | 22   | 22   |
| <i>Accounts payable</i>   | 7  | 7  |
| <i>Accounts receivable</i>  | (33)   | (33)   |
| <i>Working capital non-goods</i>  | 29   | 26   |
| <b>Net cash from/(used in) continuing operating activities</b>                | <b>50</b>  | <b>72</b>  |
| <b>CAPEX net</b>  | <b>(80)</b>  | <b>(80)</b>  |
| Purchase of property, equipment & intangible assets                           | (84)   | (84)   |
| Proceeds from disposal of prop., equip., intangible assets                    | 4  | 4  |
| <b>Free Cash Flow before interest expenses</b>                                | <b>(30)</b>  | <b>(8)</b>   |
| Interest paid, net  | (50)   | (50)   |
| Repayments of lease liabilities   | -  | (22)   |
| <b>Free Cash Flow</b>   | <b>(80)</b>  | <b>(79)</b>  |
| <b>Other</b>  | <b>(7)</b>   | <b>(7)</b>   |
| <b>Change in Net Financial Debt</b>   | <b>(87)</b>  | <b>(87)</b>  |