

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

**February 18, 2020**

## 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.*



## **Full Year 2019 Business Highlights & Strategic Achievements**

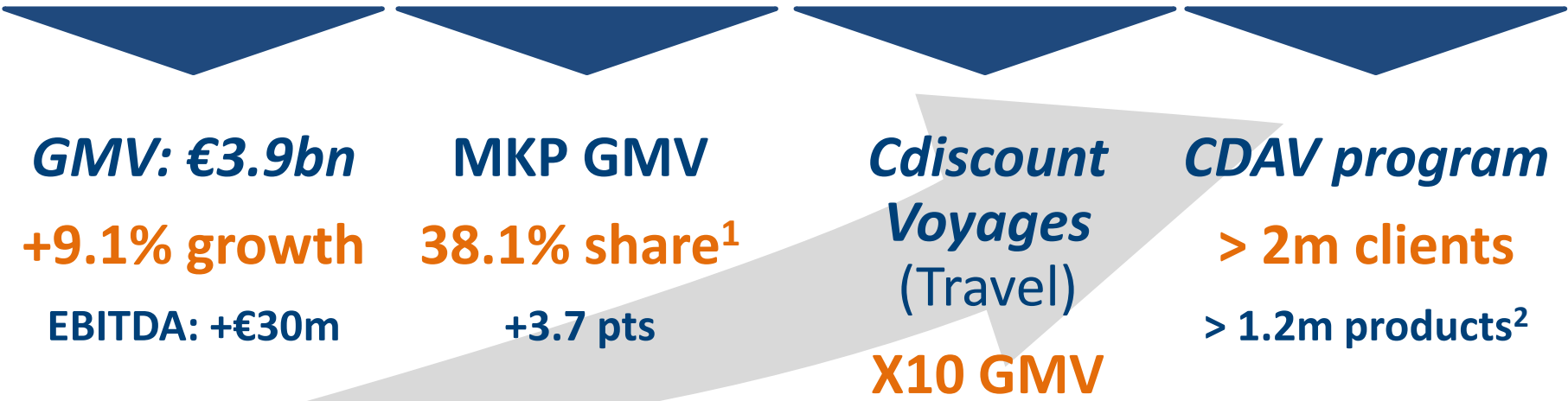


Full Year 2019 Commercial & Financial Performance

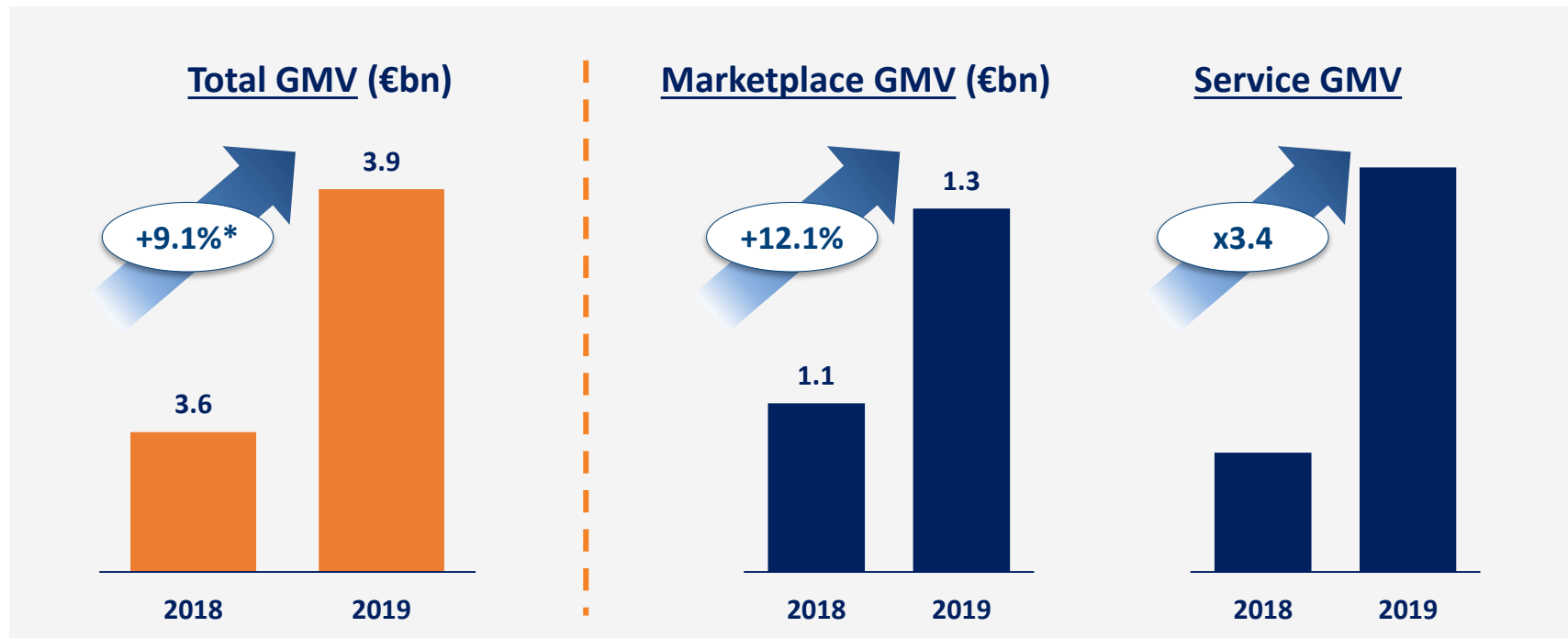


Outlook

A pivotal year: growing our profitable platform



1 Marketplace GMV shares have been adjusted to take into account coupons and warranties and exclude CDAV subscription fees. 2018 GMV share has therefore been adjusted by +0.1pt for comparison purposes  
2 Free express delivery eligible products



- **GMV: 3.9 billion euros, +9.1% organic growth**
- **+3.9 pts contribution from marketplace: €1.3 billion GMV, +12.1%**
- **+3.4 pts contribution from B2C services: x3.4 GMV**
  - Travel: x10 GMV
  - Energy: +86% GMV

## 2019 Strategic Achievements

### Expanding B2C Products & Services

- ➔ Marketplace Acceleration
- ➔ Services Expansion

Tightening Bonds with our Clients

- ➔ Cdiscount à Volonté (CDAV) Vitality
- ➔ Brand Awareness Enhancement
- ➔ Enriched customer journey

Developing International

- ➔ International sales growth
- ➔ International Marketplace Platform creation

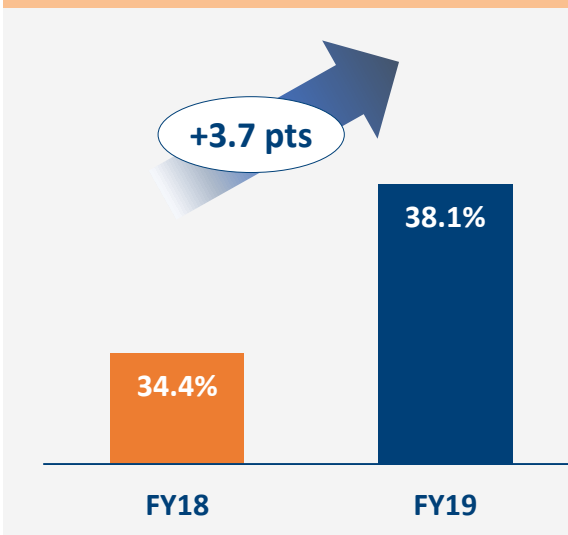
Committing to CSR and Innovation

- ➔ Corporate Social Responsibility
- ➔ Innovation Constant Progress

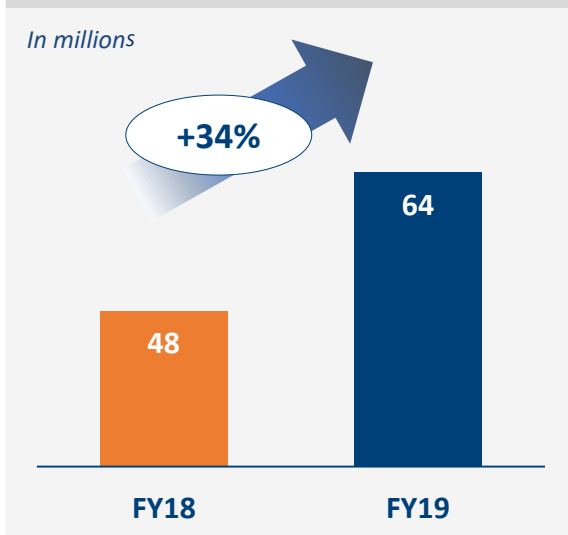
A sound performance...

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

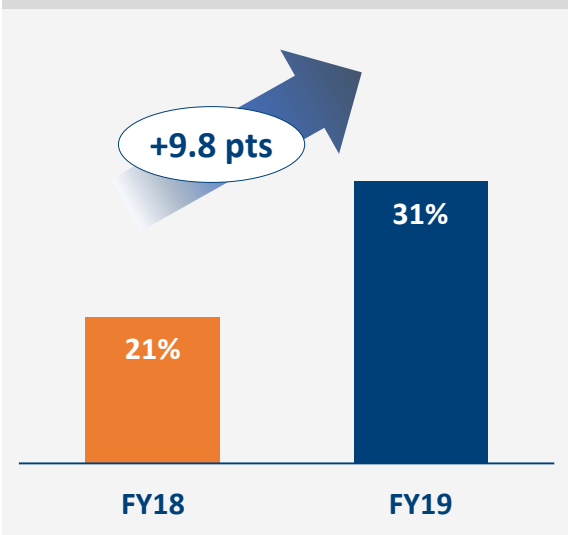
FY19 Marketplace share



SKUs available



Fulfillment by CD share



- **Dynamic marketplace GMV growth**
  - €1.3 billion (+12.1%)
  - GMV share : 38.1% (+3.7 pts)
- **+34% increase in total assortment to reach 64m**
- **CDAV express delivery SKU strong growth**
  - Fulfillment by Cdiscount: +63% GMV growth to 31% of GMV share, +72% SKUs
  - Launch of *Express Seller*<sup>1</sup>, adding more than 850k SKUs to the express delivery offer

<sup>1</sup> Express seller : new marketplace service for sellers able to offer express delivery to access CDAV customers

### Leisure

- Travel: **GMV x10** in constant acceleration, +49% in 2H19 vs 1H19
  - Launch of a **15k offer** holiday packages marketplace
- Ticketing: strong acceleration with a **x3.4 GMV peak** on 4Q19 vs 4Q18



### Daily life

- Energy: **+86% GMV, +63% subscriber base** increase. Launch of a gas offer
- Mobile: **x2 customers** compared to end 2018
- Several new initiatives launched: Beauty, Health, Real Estate, ...



### Financials

- Credit card: **+26% cards issued, +27% credit** generated
- Instant credit (Coup de Pouce): **+28% credit granted**







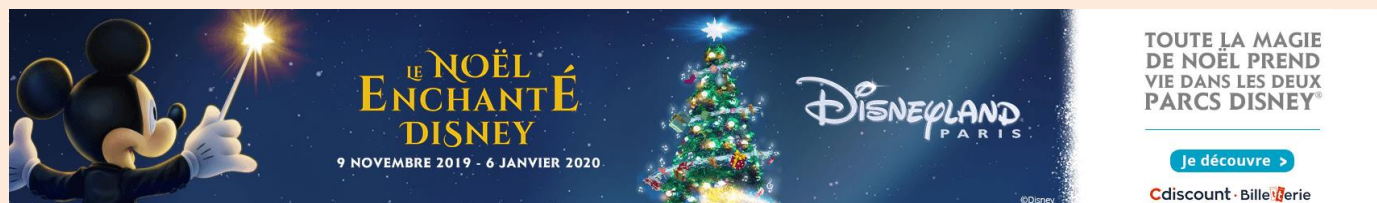
## Travel: more offers, more brand awareness

### Expanding the offer

- Marketplace of holiday packages: created in May, 15k offer end 2019, more to come



### Successful partnership with Disneyland



- Launched in October, thousands of sales since launch generating million euros GMV

### Boosting brand awareness

- Dedicated media campaign, reinforced in 2020  
8m views video (April 19)



TV, radio (Q1 2020)



- Strong social media  
– 200k fans/followers



GMV x10

+2.3 points GMV growth contribution

## 2019 Strategic Achievements

Expanding B2C Products  
& Services

- ➔ Marketplace Acceleration
- ➔ Services Expansion

**Tightening Bonds with  
our Clients**

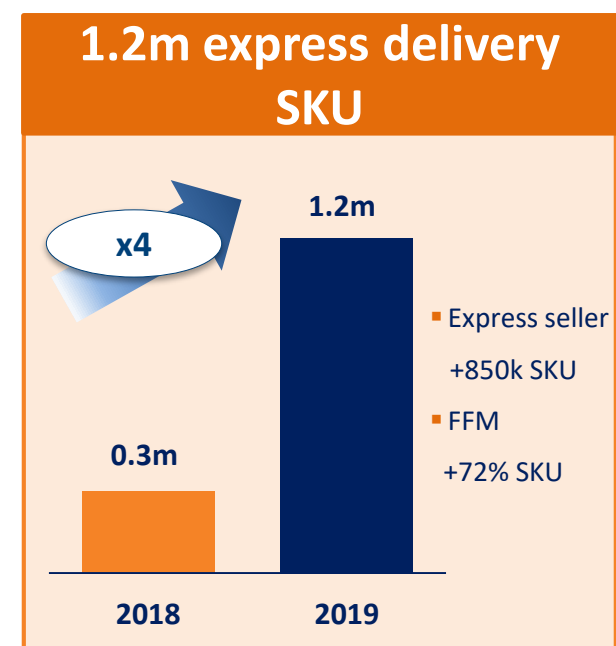
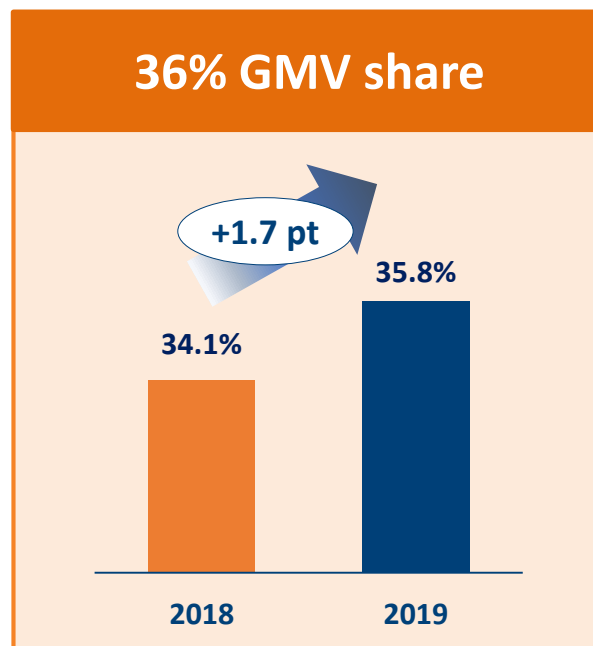
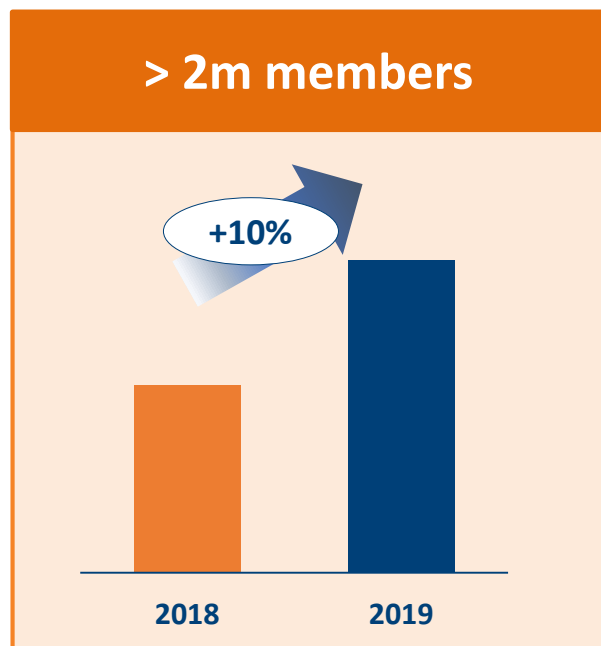
- ➔ **Cdiscount à Volonté (CDAV) Vitality**
- ➔ **Brand Awareness Enhancement**
- ➔ **Enriched customer journey**

Developing International

- ➔ International sales growth
- ➔ International Marketplace Platform creation

Committing to CSR and  
Innovation

- ➔ Corporate Social Responsibility
- ➔ Innovation Constant Progress



# Tightening Bonds with our Clients

## Boosting our Brand through strong offline and online Media Presence

Cnova

### Confirming #2 traffic position

- 20m Unique Monthly Visitors on average<sup>1</sup>
- Driven by mobile growth: +26% UMV on mobile, 70% mobile share of traffic



### Raising brand awareness

- Unaided awareness: +7pts over the year
- The gap narrowed with the leader

### Reinforcing offline media with 3 major campaigns, including TV

**April 2019:** 17-day TV spot on Disney Aladdin movie



**End 2019:** Cdiscount x Lenovo 2 weeks, 15 channels



**Feb. 2020:** Home & Garden TV shows sponsoring



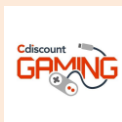
### Building strong online social media communities

 **2.5m**  
(+14%)

 **382k**  
(+63%)

 **427k**  
(+18%)

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



262k Facebook subscribers: +37%



430k Facebook subscribers: +29%



> 100k subscribers on both Facebook & Instagram

**Delivery:**  
quicker,  
cheaper,  
more  
convenient

### Fast delivery options

- Same-day delivery available in 6 main French cities
- 40% of small parcels delivered the next day

### Agrikolis: 83 farms as pickup points in rural areas

- €40 cheaper and more convenient than home delivery
- High customer satisfaction rate: +10 pts vs overall NPS<sup>1</sup>

Same-day



**New  
multichannel  
initiatives**

- Opening of **5 showrooms in Franprix** stores
  - Display discounts on Cdiscount non-food and wine offers
- Opening of **La Nouvelle Cave**, a 130m<sup>2</sup> **wine cellar** in Paris
  - 650 in-store SKUs + 7k Cdiscount SKUs through tablets



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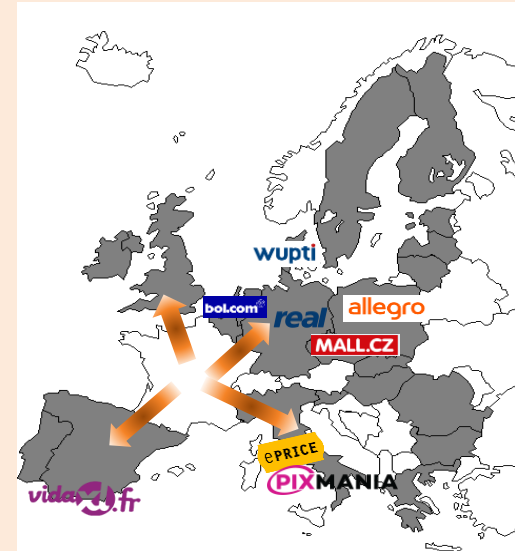
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### Expansion of Cdiscount's international platform

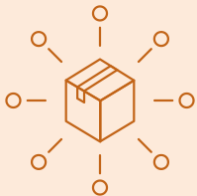


**Strong GMV growth**  
**+85% in Q4 vs Y-1**

**25 countries**



**47 websites connected**  
**+44 vs Y-1**



**Increase in published products**  
**> 670k products available**

### Creation of the International Marketplace Network (IMN)

- **Alliance (JV) of 4 European marketplaces** addressing a potential **230m client** market
- Enabling sellers to **sell products on 4 marketplaces in one click**
- Technology comes from **BeezUp**, owned by CDS
- 300 sellers already joined the alliance in two months



## 2019 Strategic Achievements

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**Committing to CSR**

- ➔ **CSR initiatives across all areas**
- ➔ **Agrikolis' success story**



# Committing to become the French Socially Responsible e-merchant Innovations at the forefront of CSR

## Multi CSR initiative awards

### Logistics



New generation 3D packing machine  
85% parcels without any empty space  
-30% shipping truck traffic

**LSA**  
Retailer environmental responsibility



Eco-responsible e-merchant #2

### Delivery

**agrikolis**



**LSA**  
CSR Service supplier #1

ROI de la  
SUPPLY CHAIN  
2020

Public's choice



Retailer innovations #2  
Public's choice #1

### Products



repair, donation or recycling of  
non-sold and returned products

**LSA**  
Associative collaboration  
for a retailer



## Agrikolis, a Cnova's CSR success story

11/18

Integration in  
"The Warehouse"  
Concept: using farms  
as pickup points  
for heavy products

02/19

Test launched on 6  
farms  
Initial target of 30  
points end 2019

12/19

83  
points



Promoting  
French &  
Local economy


- Develop rural economy with a new ecosystem
- Up to €1,000 extra revenue/farmer/month

Reducing  
environmental  
impact

- Lower gas emission by reducing trucks
- Farms closer to rural clients

Increasing  
customer  
satisfaction

- Cheaper & more convenient vs home delivery
- Very high NPS
- Create genuine social bonds



Full Year 2019 Business Highlights & Strategic Achievements



**Full Year 2019 Commercial & Financial Performance**



Outlook

# 2019 Commercial & Financial Performance

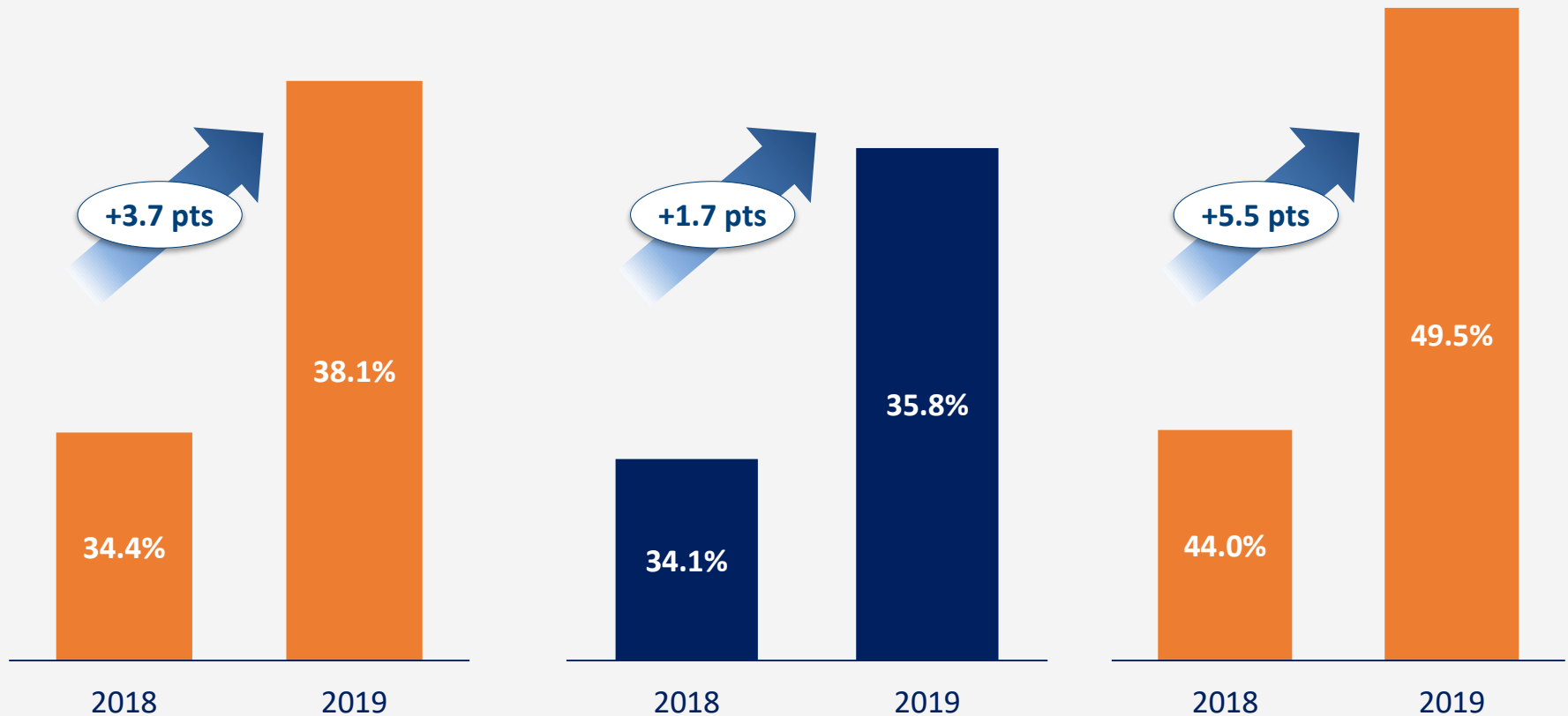
## GMV underlying growth drivers

+9.1% organic GMV growth supported by Marketplace, CDAV and Mobile

1 Marketplace GMV share

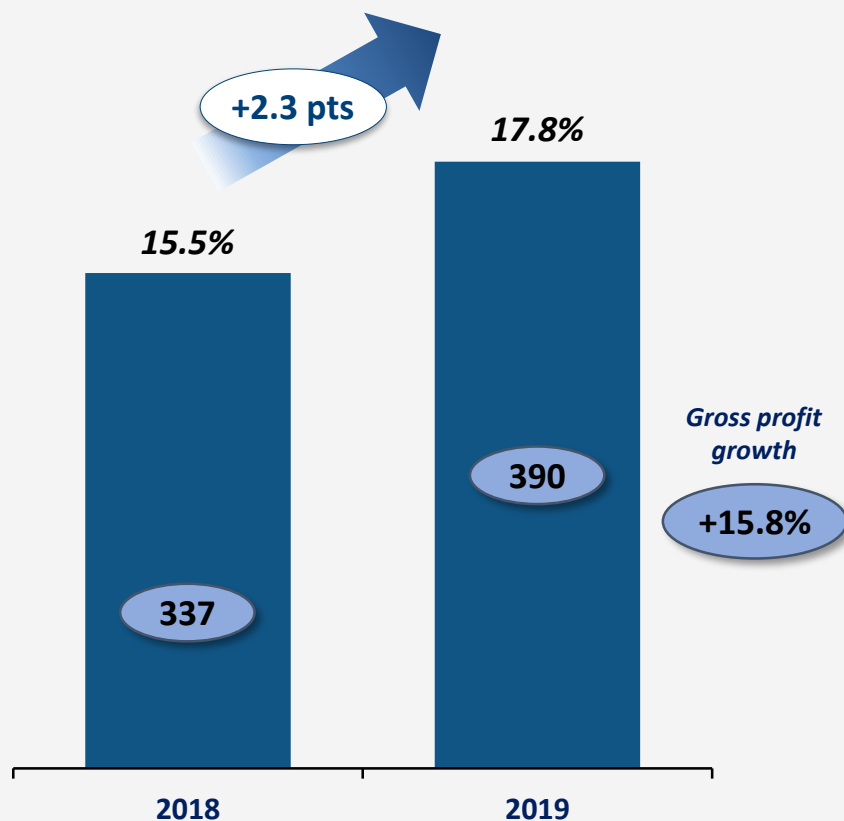
2 CDAV GMV share

3 Mobile GMV share



### Gross margin

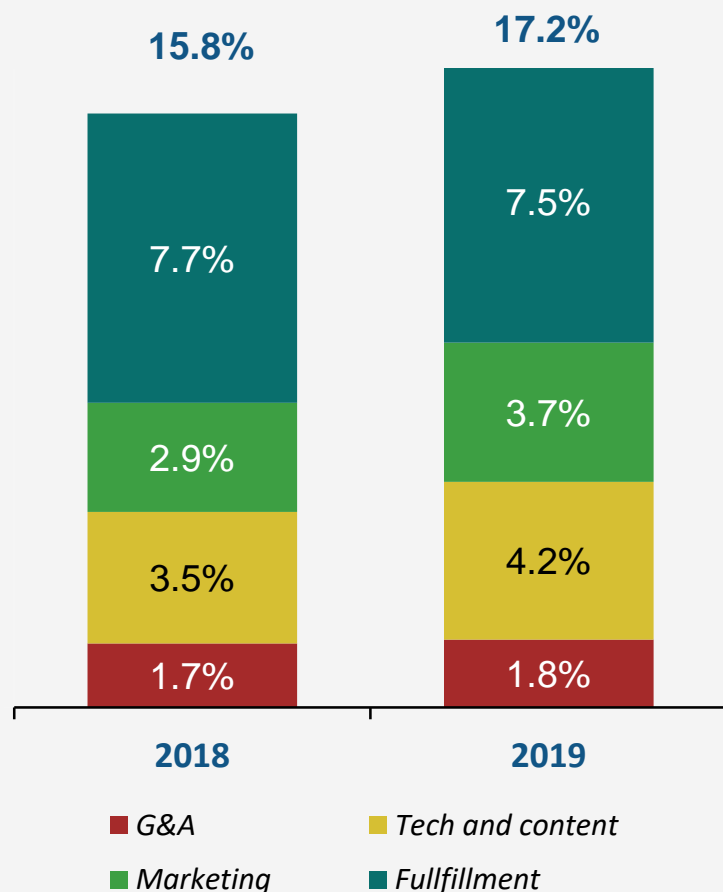
(% of net sales, € million, y-o-y growth)



- Strong acceleration (+2.3 pts) in **gross margin** as well as double-digit growth in **gross profit** thanks to:
  - **Marketplace GMV share** reaching high levels: 38.1% in 2019 (+3.7 pts)
  - Continuing growth in **monetization revenues**, both in B2C and B2B services
  - Improvement in **core business**

## SG&A

(% of net sales)



■ **SG&A accounted for 17.2% of net sales in 2019, increasing by +1.5 points y-o-y**

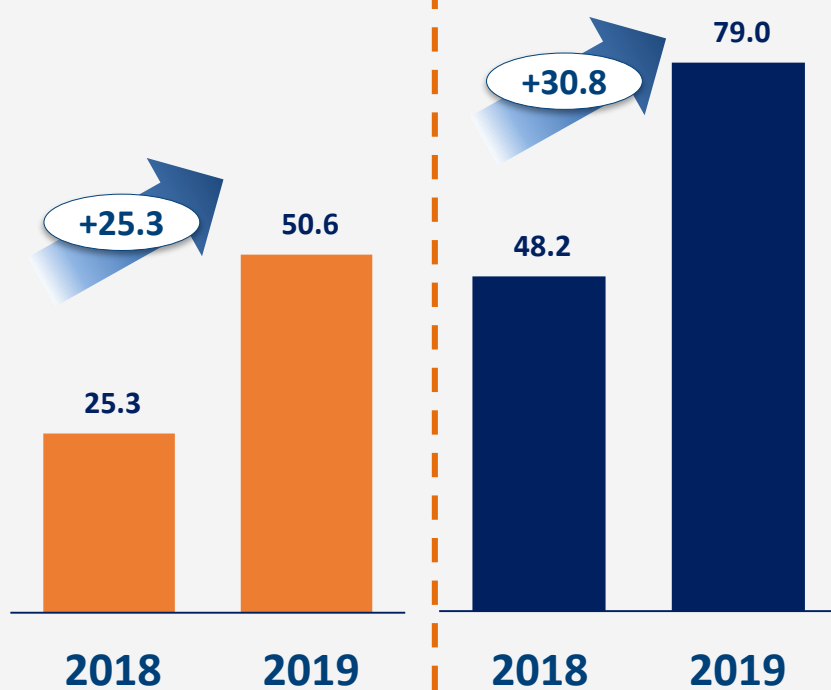
- **Fulfillment (7.5%; -0.2 pt):** logistics productivity improvements in processes and innovation (3D packing, Exotec, ...)
- **Marketing (3.7%; +0.9 pt):** more offline campaigns supporting unaided brand awareness by +7 pts and traffic #2 market positioning
- **Tech & Content (4.2%; +0.7 pt):** investment acceleration in marketplace, services and new monetization initiatives
- **G&A (1.8%; +0.2 pt):** impact of new businesses but discipline on structure costs

### EBITDA\*

(€ million)

*Before IFRS 16  
restatement*

*After IFRS 16  
restatement*



- EBITDA\*\* +€31m increase to reach €79m
- Positive both semesters: €18.1m in 1H19 (+€12m) and €60.9m in 2H19 (+€19m)
  - Solid marketplace growth
  - Strong expansion of monetization
  - Continued improvement of our core business profitability
- Includes a +€28.4m variation due to IFRS 16 application

- **IFRS 16 (elimination of the distinction between operating leases and finance leases) was adopted on January 1, 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 <sup>1</sup> lease contracts. <sup>2</sup> Operating lease expense is replaced with depreciation expense and interest expense**
- **2018 accounts have been restated for comparability purposes**
  - **SG&A expenses were adjusted for non-material impact**
  - **EBITDA increased by +€22.9m (+€10.6m in 1H18 / +€12.3m in 2H18)**

	Main impact in (€ in millions) in 2018	2018	IFRS16 impact	2018 restated
2018	EBITDA	25.3	<sup>1</sup> 22.9	48.2
	Depreciation and amortization	(33.2)	(21.0)	(54.2)
	Operating EBIT	(7.7)	<sup>2</sup> 1.8	(5.9)
	Net Financial Expense	(49.4)	(4.8)	(54.2)
	Net profit/loss from continuing activity	(35.3)	(2.8)	(38.1)
	Main impact in (€ in millions) in 2019	2019	IFRS16 impact	2019 restated
2019	EBITDA	50.6	<sup>1</sup> 28.4	79.0
	Depreciation and amortization	(42.4)	(25.7)	(68.1)
	Operating EBIT	8.6	<sup>2</sup> 2.7	11.3
	Net Financial Expenses	(49.6)	(7.0)	(56.6)
	Net profit/loss from continuing activity	(64.4)	(1.0)	(65.4)

# 2019 Commercial & Financial Performance

## Key Financial Indicators

Cnova N.V. Key Figures <i>€ in millions</i>	Post IFRS 16			Pre IFRS 16		
	2019	2018	<i>Change</i>	2019	2018	<i>Change</i>
Net sales	2,194.9	2,174.3	+20.6	2,194.9	2,174.3	+20.6
<b>Gross profit</b>	<b>389.8</b>	<b>336.7</b>	<b>+53.0</b>	<b>389.8</b>	<b>336.7</b>	<b>+53.0</b>
<b>Gross margin</b>	<b>17.8%</b>	<b>15.5%</b>	<b>+2.3 pts</b>	<b>17.8%</b>	<b>15.5%</b>	<b>+2.3 pts</b>
SG&A	(378.5)	(342.6)	(35.9)	(381.2)	(344.4)	(36.8)
<b>EBITDA</b>	<b>79.0</b>	<b>48.2</b>	<b>+30.8</b>	<b>50.6</b>	<b>25.3</b>	<b>+25.3</b>
<b>Operating EBIT</b>	<b>11.3</b>	<b>(5.9)</b>	<b>+17.2</b>	<b>8.6</b>	<b>(7.7)</b>	<b>+16.3</b>
Net profit/(loss)						
(Continuing operations)	(65.4)	(38.1)	(27.3) <sup>1</sup>	(64.4)	(35.2)	(29.0)
<i>Adjusted EPS</i>						
(Continuing operations) in €	(0.14)	(0.05)	(0.09)	(0.14)	(0.05)	(0.09)

Note <sup>1</sup>: The variation is impacted by a positive 2018 one-off tax effect of €38m related to the spinoff of Cdiscount's logistics activities into a separate subsidiary. Excluding this one-off impact, net result improved by +€11m

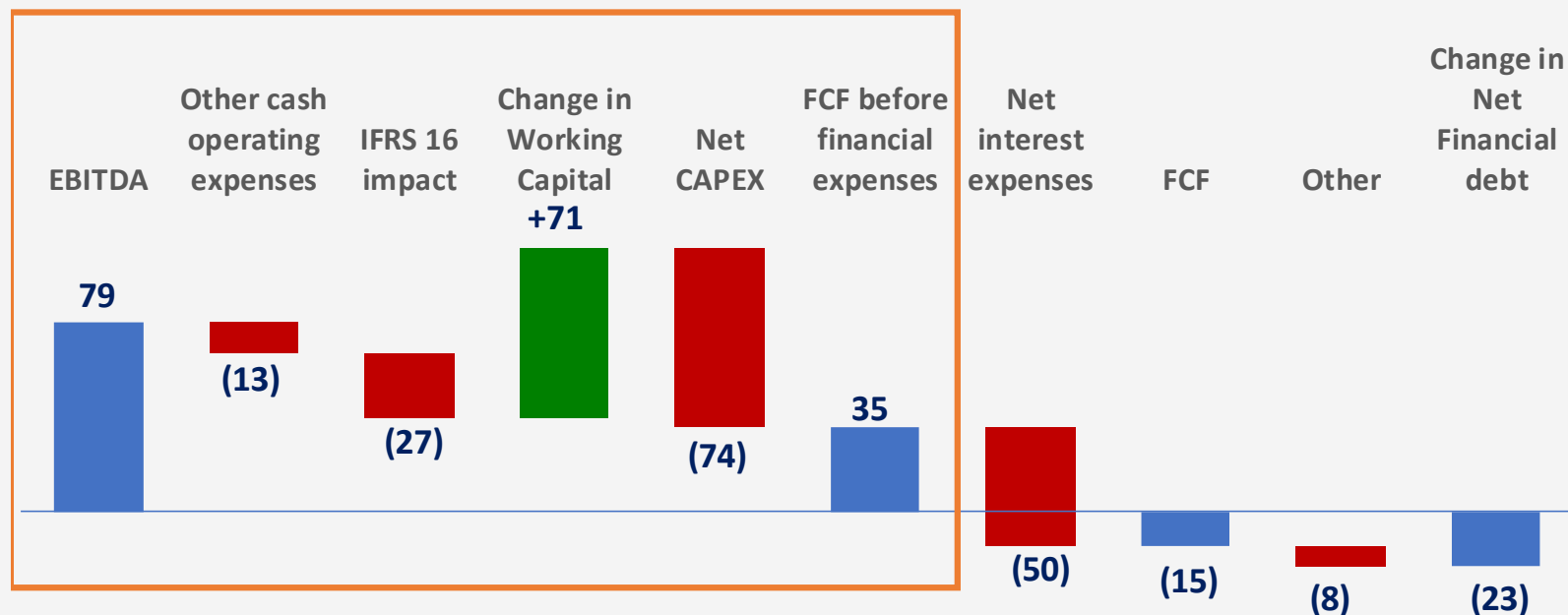


# 2019 Commercial & Financial Performance


## Free Cash flow of €35m on a 12-month basis

### LTM Free Cash Flow

(€ million, twelve months)



- **Net cash from operating activities benefited from strong fundamentals to reach +€109m**
  - Doubling EBITDA: €79m (+€31m vs. 2018)
  - Limited other cash operating expenses & taxes: €(13)m
  - Positive working capital: +€71m notably driven by inventory optimization
- **Net capex amounted to €(74) million** (stable vs 2018), a decrease as a percentage of GMV, supporting the strategic shift towards the platform model and monetization initiatives
- **FCF before financial expenses** amounted to +€35m and **overall FCF close to balance**



Full Year 2019 Business Highlights & Strategic Achievements



Full Year 2019 Commercial & Financial Performance



**Outlook**

Growth

- **Marketplace of products:** solid growth driven by Fulfillment by Cdiscount
- **Services:** Travel & Energy strong growth
- **International:** high growth, more connected websites and SKUs available

Profitability

- **Marketplace GMV share** continuous increase
- Expansion of other **commission-based & monetization initiatives**
- **B2B development** through logistics and technology assets monetization

**Sustained growth of the marketplace of products and services  
and further EBITDA improvement**



**Thank you for your attention!**

# APPENDIX

## 2019 Free Cash flow before and after IFRS 16

<b>Consolidated Cash Flow Statement</b> <i>at December 31 (€ in millions )</i>	<b>IFRS 16 restated</b> <b>Last 12-months</b> <b>December 2019</b>	<b>IFRS 16 non-restated</b> <b>Last 12-months</b> <b>December 2019</b>
<b>EBITDA</b>	<b>79</b>	<b>51</b>
<i>Other cash operating items</i>	<i>(13)</i>	<i>(13)</i>
<b>TOTAL IFRS 16 impact</b>	<b>(27)</b>	-
<i>Repayment of lease liabilities</i>	<i>(20)</i>	-
<i>Interest on lease liabilities</i>	<i>(7)</i>	-
<b>Change in operating working capital</b>	<b>71</b>	<b>72</b>
<i>Inventories</i>	<i>28</i>	<i>28</i>
<i>Accounts payable</i>	<i>(5)</i>	<i>(5)</i>
<i>Accounts receivable</i>	<i>12</i>	<i>12</i>
<i>Working capital non-goods</i>	<i>36</i>	<i>37</i>
<b>Net Cash from/(used in) continuing operating activities</b>	<b>109</b>	<b>109</b>
<b>CAPEX Net</b>	<b>(74)</b>	<b>(74)</b>
<i>Purchase of property, equipment &amp; intangible assets</i>	<i>(83)</i>	<i>(83)</i>
<i>Proceeds from disposal of prop., equip. &amp; intangible assets</i>	<i>8</i>	<i>8</i>
<b>Free Cash Flow before interest expenses</b>	<b>35</b>	<b>35</b>
<i>Interest paid, net (excluding IFRS 16)</i>	<i>(50)</i>	<i>(50)</i>
<b>Free Cash Flow</b>	<b>(15)</b>	<b>(15)</b>
<i>Other</i>	<i>(8)</i>	<i>(8)</i>
<b>Change in Net Financial Debt</b>	<b>(23)</b>	<b>(23)</b>