



## Q4 2018 Sales

January 22<sup>nd</sup> 2019



# Highlights

## Solid sales growth in Q4 and FY 2018:

**+1.9% LFL in Q4 and +1.4% in FY**

- › Group sales up +1.9% LFL vs +1.1% over first 9 months
- › Food e-commerce sales up by more than 30%
- › Strong acceleration in Brazil (+6.2% LFL), driven by solid commercial performance, expansion and e-commerce
- › Stable sales in France (-0.1% LFL) despite impact of the "yellow vests" protests

## Estimated 2018 Recurring Operating Income:

- › 2018 ROI expected at around €1,930m
- › Up €85m at constant currency (+4%) vs. 2017 reported ROI
- › *(estimated unaudited figures, pre-IAS29)*

## Carrefour 2022 transformation plan:

**Powerful transformation dynamic launched in 2018**

- › Concrete actions to support Carrefour's ambition of being the leader in the food transition for all
- › Construction of a growth model
- › Culture of operational efficiency and financial discipline

## Strong liquidity position and solid balance sheet:

- › Strength of Carrefour's signature: €1.8bn refinancing operations in 2018, largely oversubscribed
- › Solid balance sheet: BBB+, negative outlook (S&P); Baa1, stable outlook (Moody's)



**CARREFOUR 2022**  
POWERFUL TRANSFORMATION DYNAMIC  
LAUNCHED IN 2018

# Leader in the food transition for all



## DEVELOPMENT OF THE ORGANIC OFFER

- Broadening of the assortment of organic products

## FOOD QUALITY

- Continued deployment of blockchain technology to Carrefour Quality Line (FQC)

## PRODUCT LINES

- 210 partnerships to support producers to convert to organic farming

## GOVERNANCE

- Food Orientation Committee now operational

## ANIMAL WELFARE

- Carrefour is the first French retailer to require that cameras be installed in slaughterhouses

Accelerating growth in sales of organic products: **€1.8bn in 2018 vs c. €1.3bn in 2017**

# Construction of a growth model

## MAJOR REVAMP OF IN-STORE COMMERCIAL PROPOSITION

- **Reduction of assortments:** -7.5% in France in 2018, well on track to reach the target of -10%
- **New Financial services**

## COMMERCIAL INVESTMENTS TO REINFORCE COMPETITIVENESS

- **Price investments started in Q1:** Supermarkets in France and Hypermarkets in Brazil
- **Purchasing power in France:** Fuel-at-cost commercial operation in November

## STORE MODERNIZATION, TO OFFER A BETTER SHOPPING EXPERIENCE

- **Shop-in-shops:** 2 with Darty in France, 2 with Media Markt in Poland, 11 with Gome in China
- **Adaptation of sales area:** Acceleration and systemization of sales area reallocation

## « RETAILTECH », IMPLEMENTATION OF NEW IN-STORE TECHNOLOGIES

- **Key partnerships:** Google, Tencent
- **New technologies:** Scan & Go rolled-out, ongoing deployment of self check-out

## CONTINUED ROLL-OUT OF THE OMNICHANNEL OFFER IN ALL COUNTRIES

- **Roll-out of new Drives :** 841 drives in France at year-end, 42 pedestrian drives end of January
- **Strong growth of food e-commerce:** Above 30% in Q4

## RAPID EXPANSION OF GROWTH FORMATS

- **Cash & Carry:** 20 new Atacadão in 2018 (+6 in Q4), 16 hypers converted into Maxi in Argentina (+14 in Q4)
- **Convenience:** 474 new stores in 2018 (+169 in Q4)



# Culture of operational efficiency and financial discipline



## ORGANIZATIONS HAVE BECOME SIMPLER AND MORE AGILE

- **Closure of the voluntary departure plans** in France, Argentina and Belgium
- **Full exit of ex-Dia stores completed**

## MORE INDUSTRIALIZED AND EFFICIENT APPROACH

- **Standard sourcing protocols** for goods not for resale inspired by industrial players
- **First joint purchasing negotiations** between countries finalized in Europe

## OPERATIONAL IMPLEMENTATION OF PURCHASING ALLIANCES

- **Tesco and Système U:** Gains from ongoing negotiations expected from 2019
- **New alliance with Provera in Belgium** signed in Q4

## COST REDUCTION AND SELECTIVE & PRODUCTIVE INVESTMENTS

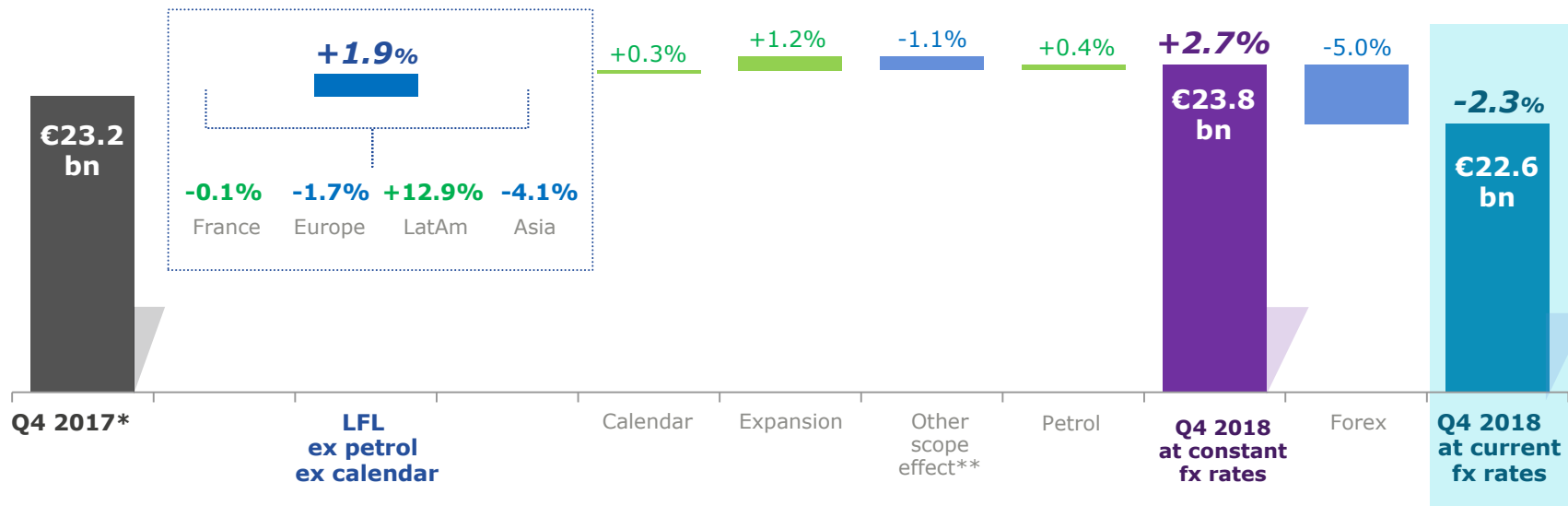
- **A cost-reduction dynamic** is being implemented
- **The selectivity and productivity of investments** has been strengthened



## 2018 Q4 SALES

# Total Q4 2018 Sales: Accelerating sales, up +2.7% at constant exchange rates

Change in Q4 2018 Sales – (in €m and %)



Notes: pre-IAS 29 figures

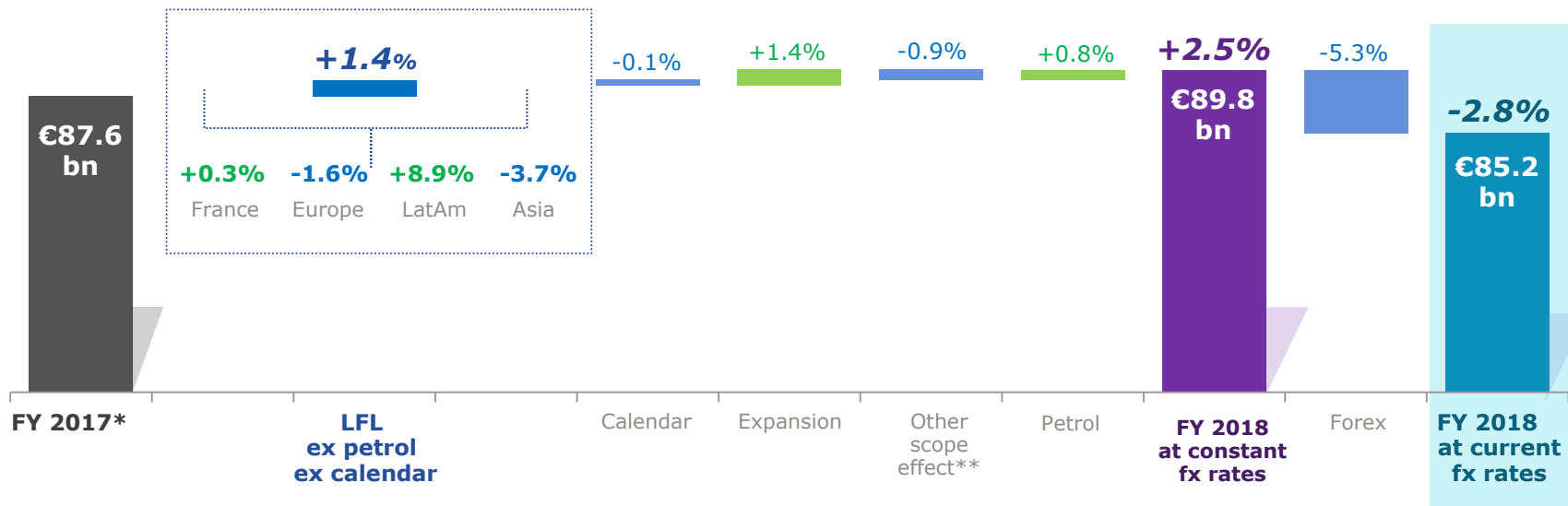
\*Q4 2017 restated

\*\* Transfers, closures and others



# FY 2018 Sales: A new year of LFL growth

Change in FY 2018 Sales – (in €m and %)



Notes: pre-IAS 29 figures

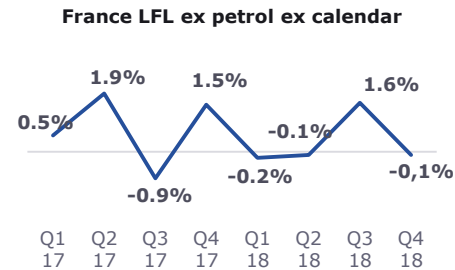
\*FY 2017 restated

\*\* Transfers, closures and others

# France: Broadly stable LFL sales at -0.1%

(in €m)	Total Sales	Hypermarkets	Supermarkets	Other formats
<b>Sales inc. VAT (€m)</b>	<b>10,600</b>	<b>5,731</b>	<b>3,336</b>	<b>1,533</b>
<b>Total variation</b>	<b>+0.5%</b>	<b>-0.5%</b>	<b>+1.0%</b>	<b>+3.3%</b>
<b>LFL ex petrol ex calendar*</b>	<b>-0.1%</b>	<b>-2.2%</b>	<b>+1.9%</b>	<b>+3.1%</b>

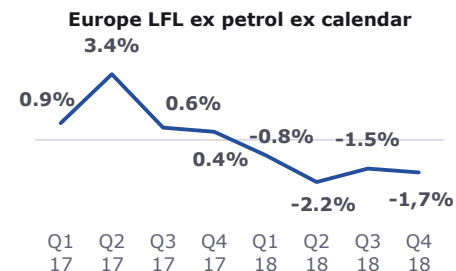
\* Q4 2018 calendar effect is estimated at +0.5% for France overall, +0.6% for hypermarkets and +0.5% for supermarkets. Petrol had a +1.3% impact overall in France.



- > Broadly stable sales at -0.1% LFL in a more complex and less buoyant market environment in Q4
- > “Yellow vests” protests mainly affected hypermarkets and non-food
- > Supermarkets and convenience stores posted another solid quarter
- > Good performance in food
  - Stable food sales in hypermarkets
  - Significant growth in other formats
- > Solid growth momentum of organic products and e-commerce

# Other European countries: Markets remain difficult

(in €m)	Europe	Spain	Italy	Belgium	Poland	Romania
<b>Sales inc. VAT (€m)</b>	<b>6,439</b>	<b>2,700</b>	<b>1,369</b>	<b>1,149</b>	<b>615</b>	<b>605</b>
<b>Total variation</b>	<b>-1.1%</b>	<b>+0.7%</b>	<b>-6.0%</b>	<b>-3.3%</b>	<b>+0.5%</b>	<b>+6.1%</b>
<i>Variation at constant FX</i>	-0.9%	+0.7%	-6.0%	-3.3%	+2.2%	+6.9%
<b>LFL ex petrol ex calendar*</b>	<b>-1.7%</b>	<b>-1.4%</b>	<b>-4.6%</b>	<b>-3.1%</b>	<b>+2.1%</b>	<b>+3.2%</b>

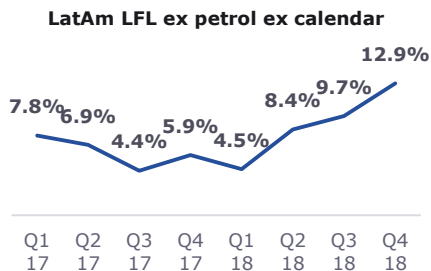


\* Q4 2018 calendar effect is estimated at +0.6% for the Other European countries as a whole (+0.7% in Spain, +0.3% in Italy and +1.6% in Belgium). Petrol had a +0.3% impact overall (+0.6% in Spain and +0.1% in Italy).

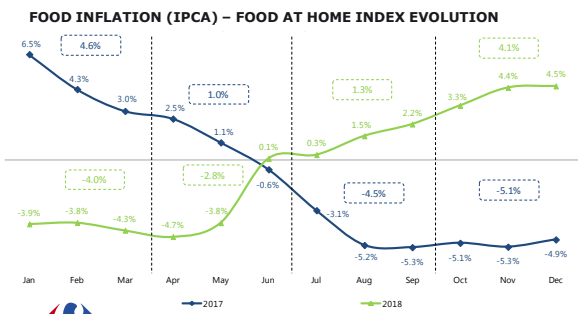
- > **Spain:** Better resilience in a persistently competitive environment and amid less buoyant consumption in Q4
- > **Italy:** Similar trend to that of Q3 in a market under pressure; new CEO, arrived in October, is implementing his action plan
- > **Belgium:** Very competitive market that slowed down sharply vs. Q3; new initiatives to relaunch commercial momentum
- > **Poland:** Market outperformance; commercial initiatives help offset the Sunday ban
- > **Romania:** Growth continued and successful expansion of Cash & Carry (Supeco)

# Latin America: Sharp acceleration

(in €m)	LatAm**	Brazil	Carrefour Retail	Atacadão	Argentina**
<b>Sales inc. VAT (€m)</b>	<b>4,259</b>	<b>3,640</b>	<b>1,179</b>	<b>2,461</b>	<b>619</b>
<b>Total variation</b>	<b>-8.9%</b>	<b>-2.8%</b>	<b>-10.4%</b>	<b>+1.3%</b>	<b>-33.3%</b>
Variation at constant FX	+15.4%	+10.2%	+1.6%	+14.9%	+36.4%
<b>LFL ex petrol ex calendar*</b>	<b>+12.9%</b>	<b>+6.2%</b>	<b>+3.5%</b>	<b>+7.4%</b>	<b>+39.0%</b>
FX impact	-24.3%	-13.1%			-69.7%



\*Q4 2018 calendar effect is neutral overall in Latin America (+0.2% in Brazil). Petrol had a -0.8% impact overall. \*\* pre-IAS 29



## > Brazil:

- Continued strong sales momentum at Atacadão (+7.4% LFL); accelerated pace of openings (+20 stores in 2018)
- Acceleration of Carrefour Retail (+3.5% LFL); strong development of e-commerce
- Return of food inflation since June
- Strong growth in financial services (+25.5% billings)

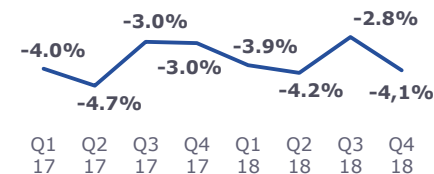
> **Argentina:** Success of commercial initiatives reflected in an acceleration of the growth of traffic and volumes, despite a complex macroeconomic context

# Asia: Market still under pressure in China, steady growth in Taiwan

(in €m)	Asia	China	Taiwan
Sales inc. VAT (€m)	1,340	917	423
Total variation	-6.9%	-10.0%	+0.9%
Variation at constant FX	-6.2%	-8.9%	+0.2%
LFL ex petrol ex calendar*	-4.1%	-6.2%	+1.1%
FX impact	-0.6%	-1.2%	+0.7%

\* Q4 2018 calendar effect is -1.3% overall in Asia (-0.7% in China and -3.0% in Taiwan). No petrol sales in Asia.

Asia LFL ex petrol ex calendar



## > China:

- Solid growth of e-commerce
- Adaptation of commercial model: Sales area reduction and reallocation, development of fresh and digital (Scan & Go, self-check-out, digital payment...), logistics integration and cost reductions, development of omnichannel offer

## > Taiwan: Post-election acceleration

# Strong liquidity position and solid balance sheet

## Improved liquidity in 2018

- Successful refinancing operations for a total of €1.8bn in 2018
- All issues largely oversubscribed

## Solid balance sheet

- S&P: BBB+, negative outlook
- Moody's: Baa1, stable outlook
- Undrawn credit facilities from banking partners for €3.9bn maturing in 2022 and 2023

Confirms the quality of Carrefour Group's signature

A key asset in today's rapidly-changing retail market

# Outlook

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**In the fourth quarter, the group posted solid sales momentum, despite headwinds in some key markets. New milestones were achieved in the implementation of the Carrefour 2022 plan, confirming the powerful transformation dynamic at work within the group. These elements reinforce our confidence in our strategy and the strength of Carrefour's business.**



## **The group confirms its targets, notably:**

- A cost reduction plan of €2bn by 2020 on full-year basis
- The disposal of non-strategic assets for €500m by 2020
- €5bn food e-commerce sales in 2022
- €5bn of organic products in 2022



# DISCLAIMER

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