



Grupo Carrefour Brasil

Acquisition of Grupo BIG

March 24th, 2021

Disclaimer

This document contains both actual figures and assessments of expectations about operational and financial results. These are based on Grupo Carrefour Brasil management's current views and assumptions. Such statements are not guarantee of future performance.

Actual results or performances may differ materially as a result of a number of risks and uncertainties, including but not limited to the risks described in the documents filed with the CVM (Brazilian Securities Commission) in particular the Reference Form. The Company does not assume any obligation to update or revise any of these analyses in the future.



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Executive Summary

A unique opportunity to enhance and expand our ecosystem



1

A compelling strategic rationale

- ✓ Strong geographic complementarity between the two players, with combined revenues of ~R\$100bn
- ✓ Addition of a high-growth potential format with Sam's Club

2

An operation benefiting all stakeholders

- ✓ Larger variety of products and services to more customers at even more competitive prices
- ✓ Additional investments and job creation across the country with store conversions and expansion

3

Attractive value creation

- ✓ Attractive enterprise value of R\$7.0bn (pre-IFRS16)
- ✓ Significant annual synergies expected to reach R\$1.7bn three years after closing



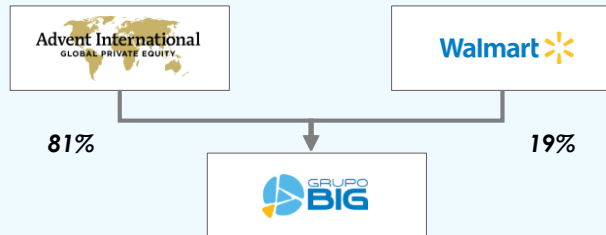
Grupo BIG at a glance

Grupo BIG is a strategic player in Brazilian food retail...

Key Operational Data FY 2020

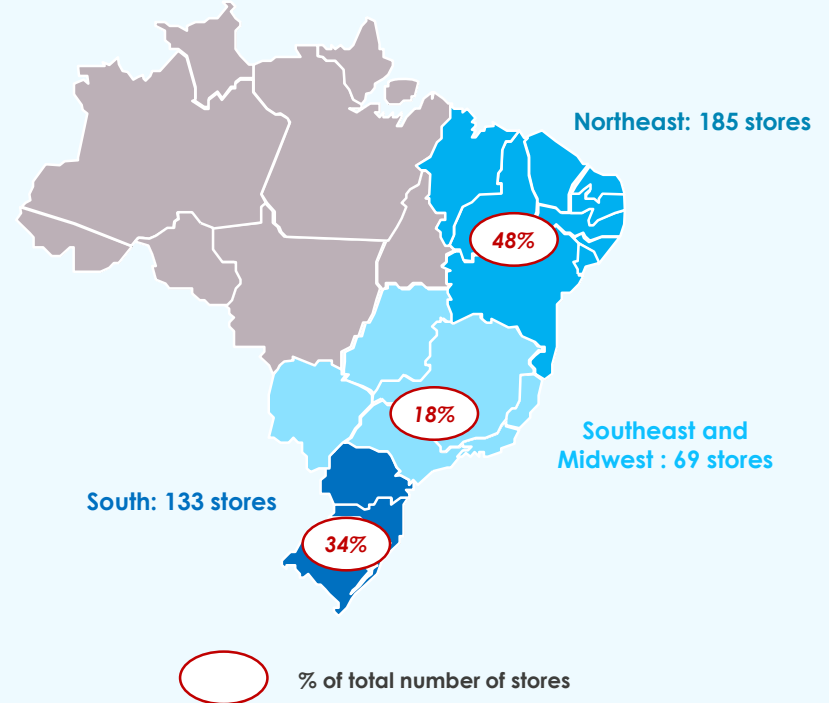
- **387** stores
- **R\$21.7bn** of net sales
- **R\$0.9bn** of adjusted EBITDA¹
- **41,000** employees
- **15** distribution centers and **6** wholesale centers (B2B)
- **13** gas stations
- **47%** of stores owned (vs. 53% rented)

Current Shareholding Structure



1. Post-IFRS 16 basis






Geographic Footprint²



2. Number of stores shown excludes gas stations and wholesale centers

... operating banners with high customer recognition

Data as of Dec/20

Format	Club	Hypermarkets	Supermarkets	Proximity	Cash & Carry
Banner					
Positioning	Premium	Mainstream	Mainstream	Soft Discount	Discount
# of stores	35	107 ¹	99	97	49
% of total net sales	21%	52%			27%
Addition to Grupo Carrefour Brasil ²	New format	~ x2 in number of stores	~ 3x in number of stores (with strong regional brands)	New format	~ +25% in number of stores

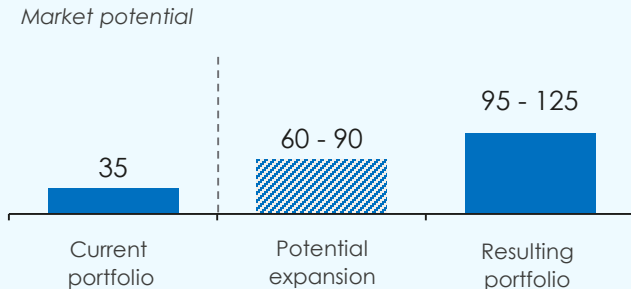
1. 16 hypermarkets are currently closed in order to be converted 2. Subject to changes per format depending on number of conversions

Sam's Club is a unique format with a premium value proposition and significant growth potential

Format Specifics

- **Membership-only** warehouse chain operated under a licensing agreement with Walmart. It sells a variety of bulk grocery items, electronics & home goods, with limited overlap vs. our existing formats
- Focused on **A-B social classes**
- **Not comparable to Cash & Carry / Hypermarket formats** (limited and premium product mix, with relevant offering of private label goods)
- **Unique products** distributed only by Sam's Club with a high share of imported goods (textile, wines etc.)
- **Good store locations** within large metropolitan areas and city centers

Growth Potential (# of stores)



Key Operational Metrics



2m members



R\$340 average basket (vs. R\$140 at Carrefour Hypermarkets)

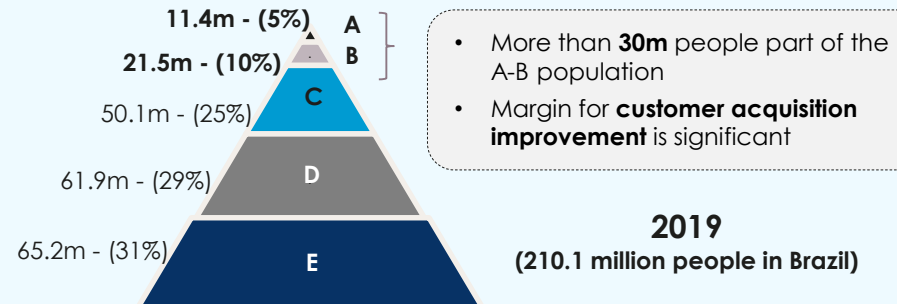


R\$23,000 net sales per sqm



Adj. EBITDA margin > other formats

Addressable Market



Source: Getulio Vargas Foundation (FGV) and Locomotiva Survey

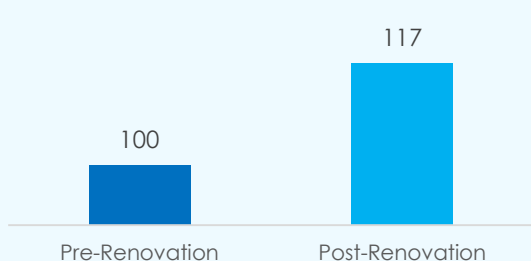
An improving financial trajectory



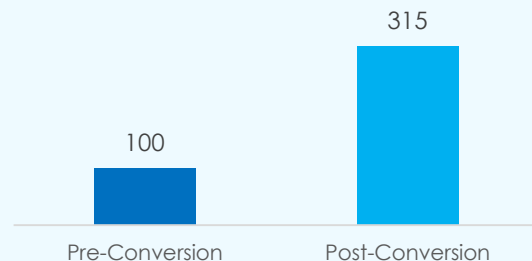
GRUPO BIG HAS INITIATED A PROCESS OF TRANSFORMATION SINCE ITS ACQUISITION BY ADVENT IN 2018

- ✓ Hiring of a very **experienced management** team
- ✓ Immediate **closure or sale** of non-profitable stores
- ✓ **Sustained pace of conversions** of some hypermarkets to Club and Cash & Carry formats, increasing sales density
- ✓ **Renovation & modernization of stores** (starting with Hypermarket and Cash & Carry formats)
- ✓ Improvement of **commercial model** and centralization of purchases
- ✓ Improved offering of **perishable products**
- ✓ **Increased cost savings at store and HQ levels** (improvement of operational efficiency)

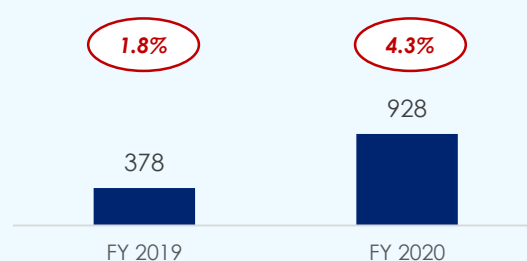
Same Store Sales Growth Renovated Hypermarkets



Same Store Sales Growth Conversions to Cash & Carry



Adj. EBITDA¹ (R\$m) and EBITDA margin (%)



Note: Pre-Conversion from Sep/18 – May/19, Post-Conversion from Sep/19 – May/20

1. Post-IFRS 16

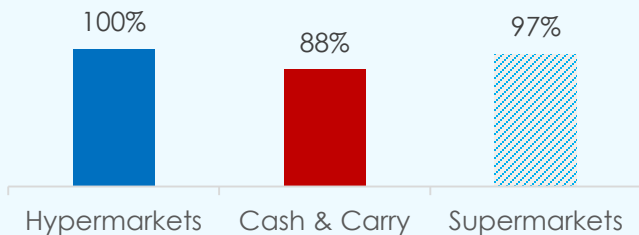
Grupo BIG also owns valuable property assets



HIGH ASSET QUALITY & STORE LOCATIONS

- ✓ **Excellent store conditions** especially for Cash & Carry and Hypermarkets thanks to recent store renovation program
- ✓ Supermarkets to be refurbished in 2021/2022
- ✓ **Valuable and qualitative store locations** across regions in the country

% of stores refurbished



Note: Supermarket renovations to reach this level until closing



SIZEABLE REAL ESTATE PORTFOLIO

- ✓ Close to **half of Grupo BIG's stores are owned** which is in line with Grupo Carrefour Brasil's long-term strategy of securing real estate assets (vs ~75% for CRF)
- ✓ **38 additional owned sites** for further store openings or other purposes



A STRONG PROPERTY BACKBONE WORTH ~ R\$7bn¹

- ✓ **Real estate value**, including land and construction, close to EV paid
- ✓ **Additional value** to be explored in selected assets through further development of key locations

1. Based on external appraisals



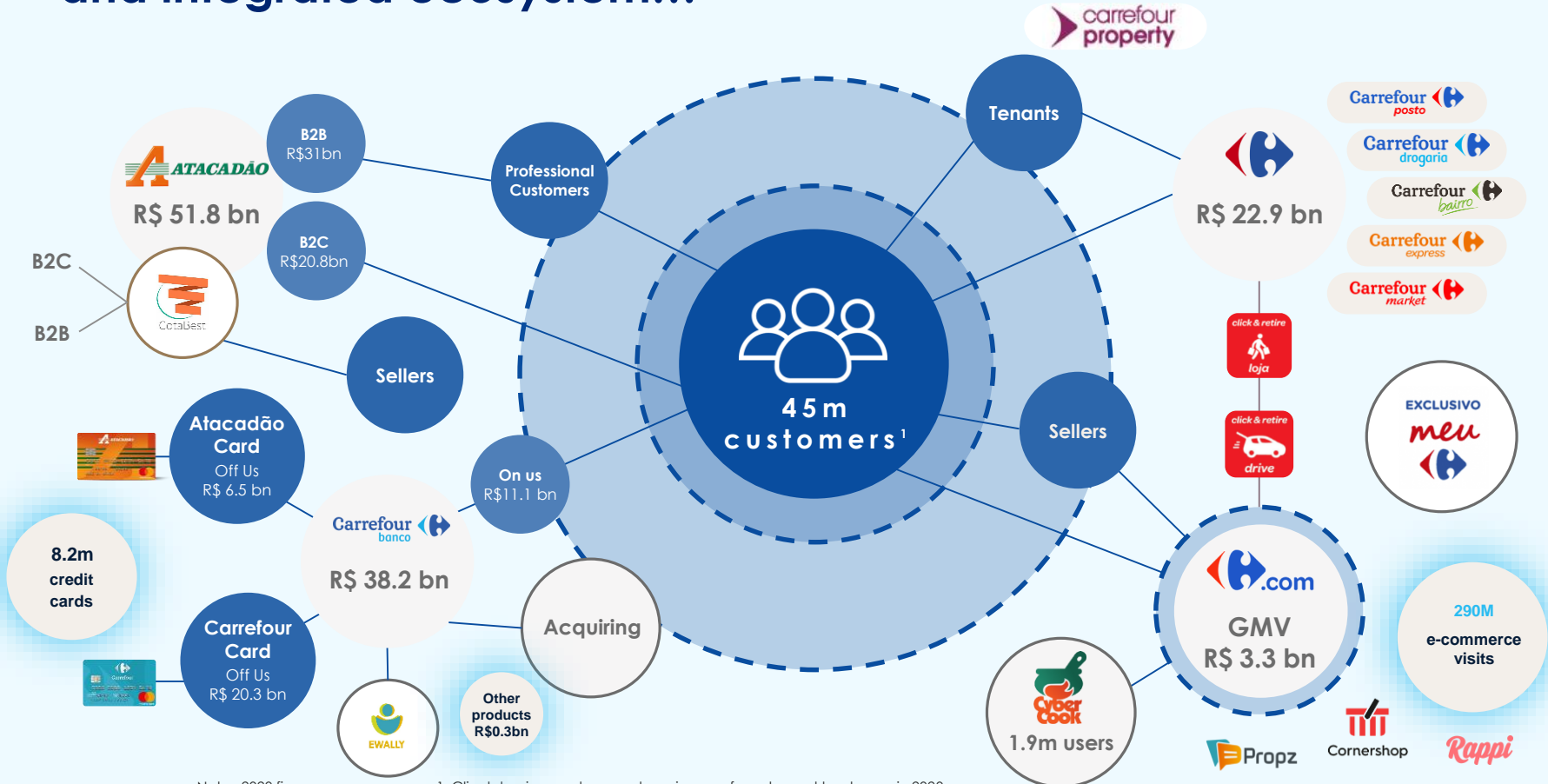
***A transformational transaction for
Grupo Carrefour Brasil***

The combination of two complementary players will result in ~R\$100bn sales and R\$50bn billings in banking business



Grupo Carrefour Brasil is mostly present in the **Southeast** while Grupo BIG is focused on the **Northeast and South**

Grupo Carrefour Brasil already has a powerful, omnichannel and integrated ecosystem...

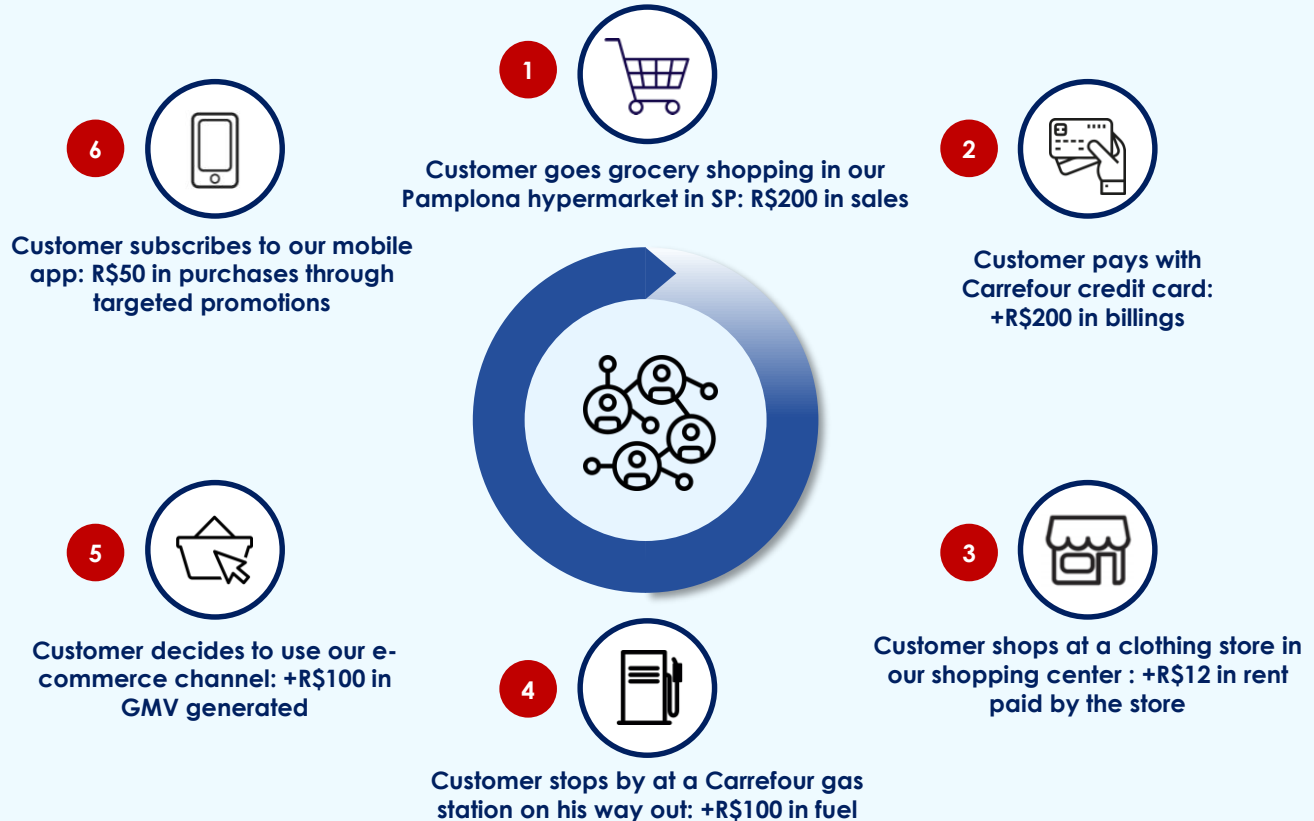


Note: 2020 figures

1. Clients having made a purchase in one of our stores at least once in 2020

... which maximizes monetization and significantly increases customer lifetime value

- With a single visit in one of our hypermarkets, this client brings R\$662 in volume across our ecosystem¹
- Thanks to a high purchase frequency focused on groceries, we manage to cross-sell other services easily and drive up customer monetization



1. For illustration purposes

This addition of Grupo BIG's stores, banners and customers to our ecosystem will make it stronger and more comprehensive

Grupo Carrefour Brasil has strong business foundations...

- 1 One of the leaders in the Brazilian food retail sector
- 2 A well-balanced and comprehensive omnichannel ecosystem
- 3 A track record of resilient and improved profitability, whatever the context
- 4 Banco Carrefour, a key asset in our ecosystem driving further sales and profit
- 5 High traffic and natural purchase recurrence from the food segment, a unique cornerstone on which to build
- 6 A fast-growing e-commerce platform with proven expertise

... and Grupo BIG will help us reinforce them



✓ ~400 stores in complementary geographies and ~R\$25bn in additional revenues



✓ 2 new formats (Club and Soft Discount) added to our network, increasing our reach to all Brazilians across the country



✓ Grupo BIG's improving financial performance will **strengthen our resilience** going forward



✓ Grupo BIG currently outsources its consumer finance business to Itaú (HiperCard). Internalizing it within Banco CSF will **unlock significant value**



✓ Broadened **customer base with over 15m Grupo BIG clients**, notably with high purchasing power (Sam's Club, Supermarket) likely to contribute with a high Share of Wallet



✓ **Our increased capillarity with Grupo BIG will drive up penetration rates** and provide physical support to our logistic network



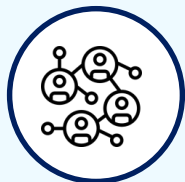
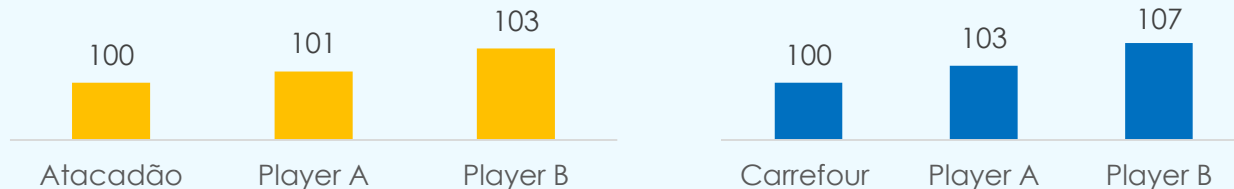
High value creation for all our stakeholders

The transaction will greatly benefit Brazilian consumers...

We have been protecting and improving the purchasing power of our customers...

- » **Atacadão & Carrefour have best-in-class models** in, respectively, Cash & Carry and Hypermarkets
- » **We offer the lowest prices** across the food retail market

Price Index as of Dec/20¹:



Consumers

... making their lives easier and better

- » **High level of services** inside and outside our stores, thanks to our well-trained employees and state-of-the-art infrastructure
- » **Fully integrated omnichannel experience** through our stores, e-commerce offers, instant delivery, partnerships, unified app and loyalty program
- » **Quality and healthy products** from local and carefully selected suppliers ("Act for Food") as well as our private label or exclusive brands' SKUs

... as well as Brazilian society as a whole



Brazilian state

The transaction will result in new investments & jobs...

- » **Higher investments:** Grupo Carrefour Brasil invested ~R\$1.5bn since 2019, including this transaction. Additional capex will be dedicated to store conversions and expansion of Sam's Club footprint
- » **Significant job creation:** Grupo Carrefour Brasil created 7,000 jobs in 2020 despite Covid. Additional jobs to be created directly with store openings across the country (openings of 60 additional Sam's Club stores would create ~8,000 additional jobs), as well as indirectly through suppliers, service providers etc.
- » **Revenue for the Brazilian public treasury:** Grupo Carrefour Brasil generated R\$6.3bn of ICMS and R\$3.5bn of PIS/COFINS taxes from operations in 2020, to be increased with relevant revenue synergies and incremental volumes from Grupo BIG

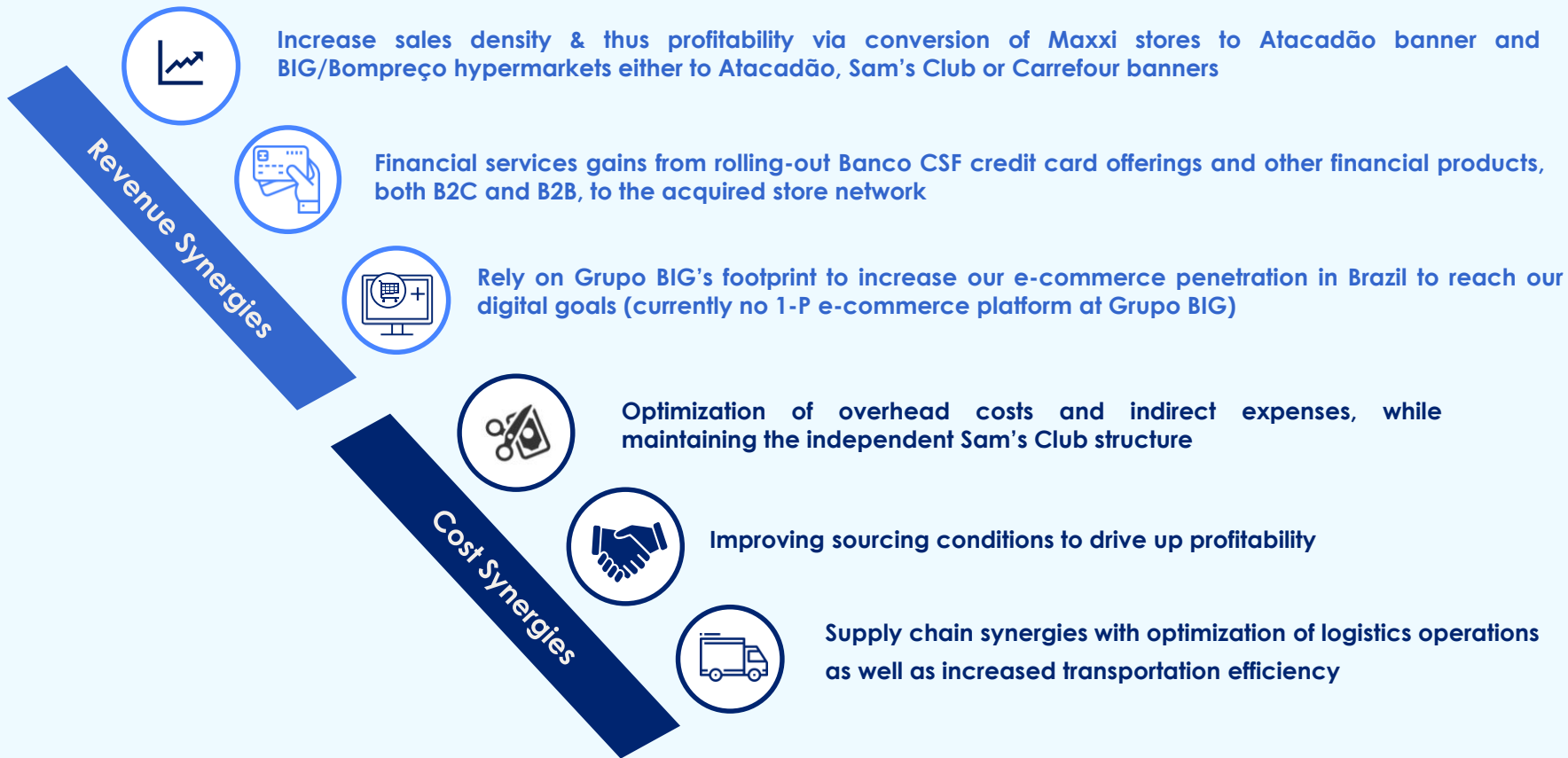
... as well as in the extension of all our ESG commitments



Brazilian society

- » **Act for food:** we are committed to promoting **better food for all at fair prices**
- » **Concrete actions** against food waste, food donations to vulnerable populations, promotion of local suppliers adopting **sustainable practices (100% of meat suppliers monitored)**, among others
- » **Environmental measures:** waste collection, recyclable packaging, **reduction in energy consumption & CO2 emissions (-19% in 2020 vs. 2019)** and forest preservation (initiatives in favor of the Amazon)
- » **Strong commitment against COVID-19** with the highest standards in the Brazilian market
- » **Fight against discrimination** and promote diversity (**63% of employees are black or colored**)

The transaction is expected to generate very significant annual synergies for our shareholders (~R\$1.7bn in 3 years)



Upside potential from the significant performance gap between Grupo BIG and Grupo Carrefour Brasil

Data for FY20

BIG Hypermarkets

 Hypermarkets

Maxi
ATACADO

A ATACADÃO



Net Sales/sqm

R\$12k/sqm

+67%

R\$20k/sqm

R\$23k/sqm

+61%

R\$37k/sqm



Network increase

107 stores

of stores

+

100 stores

49 stores

of stores

+

206 stores



EBITDA

4.3% of net sales¹

8-10% of net sales

4.3% of net sales¹

7-8% of net sales

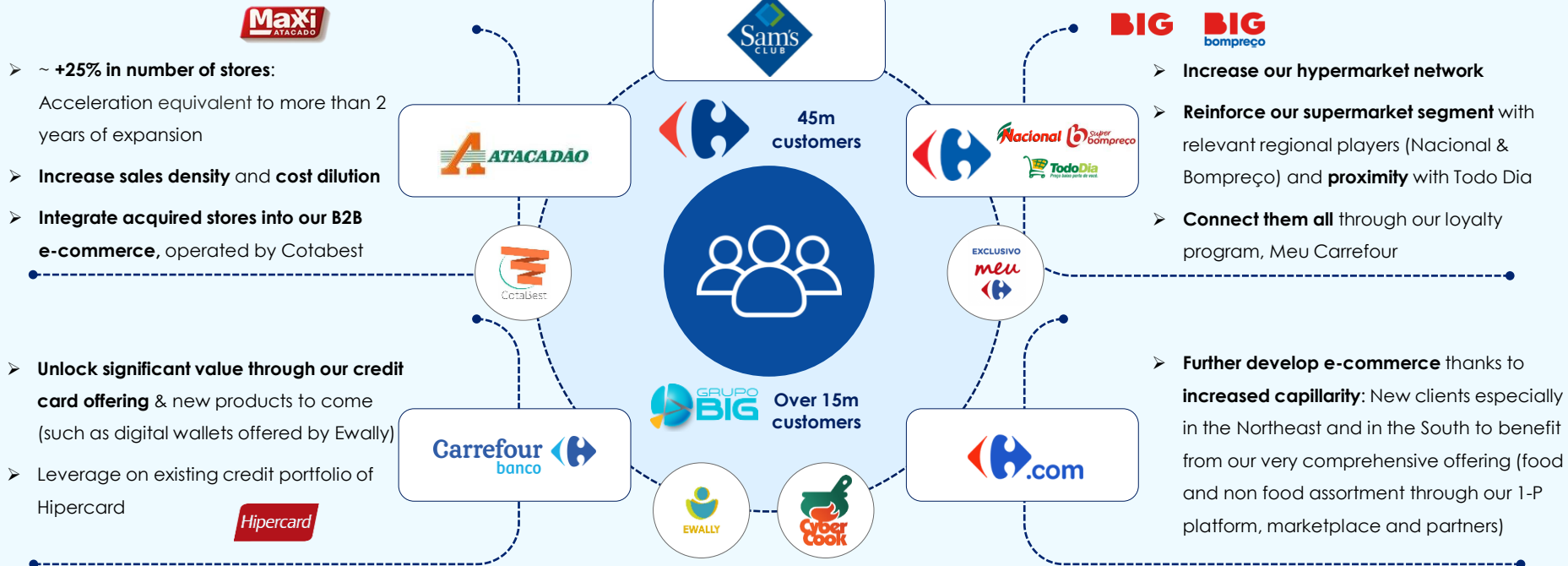
A clear integration plan for Grupo BIG's banners...



Post Integration

... in order to strengthen and leverage our ecosystem

➤ **Unique & premium format**, new to our ecosystem



The acquisition will enable us to capture a higher Share of Wallet from customers, building on our food-oriented relationship and cross-selling our products & services



Transaction Highlights

A very attractive transaction structure, designed to align both parties' interests...

% TO BE ACQUIRED

- **100% of Grupo BIG's share capital** (Advent selling its full 81% stake and Walmart Inc. its 19% stake)

PRICE REFERENCE

- **R\$7.0 billion** of Enterprise Value (pre-IFRS 16)
- **EPS accretion** expected from year 1 after closing

FORM AND TERMS OF PAYMENT

- **70% in cash and in 30% shares**, illustrative on the basis of a R\$7.5bn Equity Value:
 - **R\$5.25bn in cash**, o/w R\$900m of upfront payment and R\$4.35bn at closing
 - **R\$2.25bn in shares** with a 6-month lock-up (~117m shares issued at R\$19.26 per share)
 - **Additional cash payment** based on share appreciation¹

FINANCING

- **Cash portion (R\$5.25bn) financed through a combination of available cash & debt** to be raised before closing
- **No impact** expected on our AAA credit rating

CONDITIONS TO CLOSING

- Transaction subject to **CADE's approval**

1. Additional cash payment based on the following formula: CRFB's share appreciation (in R\$) between signing and 6 months post-closing, multiplied by a factor of 20 million

...through a 30% stock component in the offer and an additional cash payment based on our share's appreciation

The mix of cash and stock (70/30) intends to reach the following:

1

At signing

Advent / Walmart and Grupo Carrefour Brasil believe that:

- CRFB's share price has growth potential on a standalone basis
- The transaction will unlock significant additional value

2

Between signing and closing

- **Natural sharing of risks & opportunities** between sellers & buyer during this period
- **Strong alignment of interests** at a key moment in light of the expected signing-to-closing period
- The stock component will support business performance of Grupo BIG and incentivize management

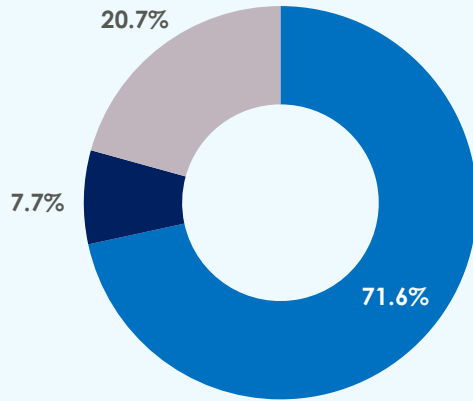
3

After closing

- Advent & Walmart accepted to become a significant shareholder of Grupo Carrefour Brasil (~5.6%), a sign of confidence **in the growth potential of our Group**
- **Limited impact of the transaction on our balance sheet:** Net debt / EBITDA to remain below 1.5x (pre-IFRS 16)
- **Post-acquisition integration:** Strong incentive for a quick capture of synergies

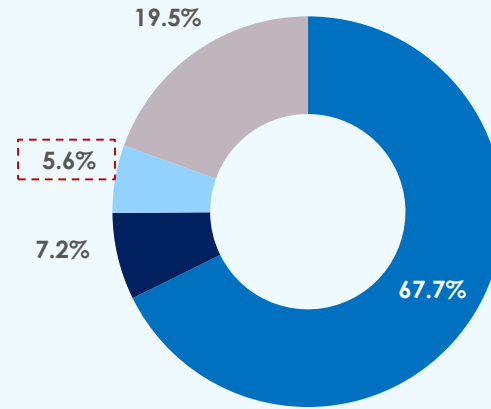
Post-transaction shareholding structure

Grupo Carrefour Brasil Current Shareholding Structure



■ Carrefour SA ■ Peninsula ■ Free Float

Grupo Carrefour Brasil Pro-Forma Shareholding Structure



■ Carrefour SA ■ Peninsula ■ Advent & Walmart ■ Free Float



Key Takeaways

A transformational deal for Grupo Carrefour Brasil

A milestone to accelerate growth & profitability



- ✓ Acquisition of over 15m clients to reinforce our comprehensive footprint across formats and regions

~ 400 additional stores and wider network for e-commerce, financial services and all our products & services

A high potential model, Sam's Club, to complement our ecosystem



- ✓ Sam's Club is a unique premium format focused on higher purchasing power clients, in which Grupo Carrefour Brasil is not present
- ✓ We foresee very significant growth potential for expansion in the future
- ✓ Our ecosystem will be more comprehensive by increasing our addressable market

A smooth & quick integration with low execution risk



A clear integration plan and experienced teams to carry out the integration

- ✓ Post-merger strategy aimed at quickly implementing our best-in-class models and maximizing synergies
- ✓ Integrate teams, leverage human resources and top stakeholders

A value accretive transaction for all stakeholders



- ✓ Potential to significantly increase revenues and cost efficiency

+R\$1.7bn of expected synergies in 3 years



- ✓ Significant benefits for consumers & Brazilian society as a whole