

RALLYE

Annual Results 2019

The consolidated and annual financial statements for 2019 were closed by de Board of Directors on March 26, 2020. They were drawn up in accordance with the going concern principle given estimates prepared for the next twelve months for Rallye and its subsidiaries. Cash position forecasts are consistent with future commitments taken within the safeguard proceedings.

On February 28, 2020, after the account closing date, the Paris Commercial Court has approved the safeguard plans of Rallye and its subsidiaries¹.

In €m	2018 restated	2019
Net Sales	34,335	34,652
EBITDA²	2,655	2,624
<i>EBITDA margin</i>	7.73%	7.57%
Trading profit	1,350	1,276
<i>Trading profit margin</i>	3.93%	3.68%
Net income from continuing operations, Group Share	(221)	(413)
Net income, Group Share	(256)	(962)

Rallye's consolidated net sales amounted to €34.7bn. Trading profit reached €1,276m.

Rallye's holding perimeter net financial debt stood at €3,000m as at December 31, 2019, compared to €2,899m as at December 31, 2018.

Net income from continuing operation, Group Share, stood at -€453m as at December 31, 2019.

¹ HMB, Alpétrol and Cobivia

² EBITDA = trading profit + current depreciation and amortization expense

Note: The 2018 and 2019 financial statements are presented in accordance with IFRS 16 – Leases, the Group having elected to apply the “full retrospective” transition method. In addition, the 2018 financial statements have been restated to exclude Leader Price and Groupe GO Sport, which were classified as a discontinued operation and asset held for sale, in accordance with IFRS 5. Audit procedures performed by statutory auditors are ongoing.

1. Holding perimeter¹

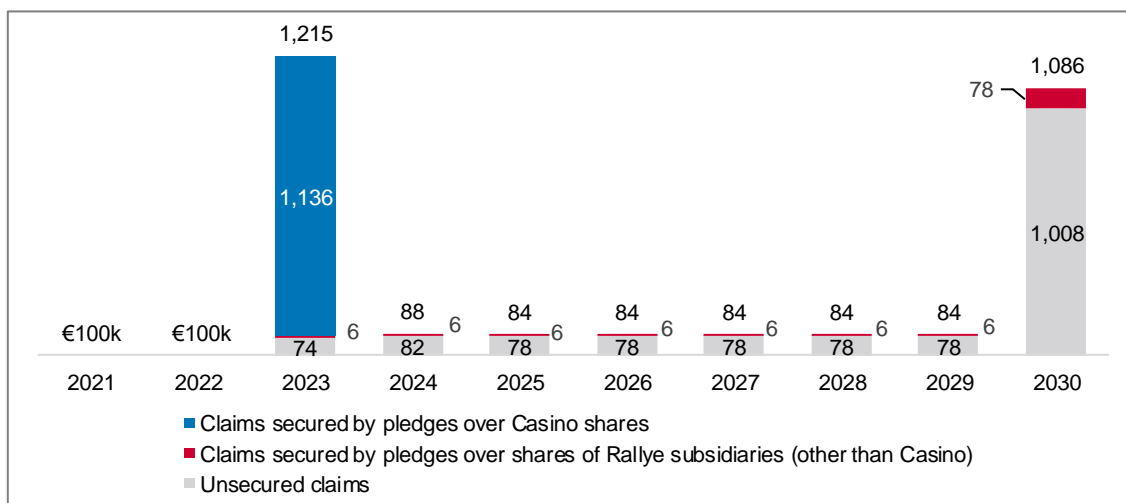
- Information on the safeguard proceedings of Rallye, and its subsidiaries Cobivia, HMB and Alpétrol

Following the persistent and massive speculative attacks against the group's securities, Rallye and its subsidiaries Cobivia, HMB, and Alpétrol requested and obtained the opening of safeguard proceedings by judgments rendered on May 23, 2019 and June 17, 2019.

By decisions dated 28 February 2020, the Paris Commercial Court (Tribunal de Commerce de Paris) has approved the repayment undertakings of the gross financial debt which breaks down on May 23, 2019, as follows:

In €m	Rallye 05/23/2019
Claims secured by pledges over Casino shares ²	1,153
Claims secured by pledges over shares of Rallye subsidiaries (other than Casino)	204
Unsecured claims	1,566
Total	2,923

Therefore, and considering the mechanism of the securities pledges, the repayment profiles resulting from the undertakings are as follows³:



¹ Rallye holding perimeter is defined as Rallye and its wholly owned subsidiaries that act as holding companies owning Casino shares, Groupe GO Sport shares and the investment portfolio.

² As a reminder, the margin call mechanisms (*clauses d'arrosage*) provided for in the existing share pledges will be suspended for the duration of the safeguard plans.

³ In principal, net of the amount of proceeds (*fruits et produits*) and cash collateral existing as of May 23, 2019. When applicable, the contractual interests and potential fees will continue to apply for the duration of the plan. As regards claims secured by pledges over listed shares, the repayment profile takes into account the existing securities pledges. Such pledges allow the creditors to appropriate the relevant proceeds (*fruits et produits*) in anticipation and may lead to faster repayment compared to the undertakings under the liabilities payment proposals.

The repayment profiles are based on the following assumptions:

- the chain of control over Casino being maintained over the period 2020-2030, thus securing the dividend flows for the relevant companies; and
- the refinancing of the 2030 Rallye maturity.

The Companies benefit from three categories of resources to repay their liabilities:

- dividends from Casino;
- sale of their non-strategic assets; and
- different refinancing options. In particular, acceptance of the creation of a second-rank pledge over Casino shares¹ may allow for the implementation of a financing for the purpose of an early repayment and/or repurchase which would be proposed in the context of an amendment to the safeguard plan under the same terms and conditions to all holders of claims admitted to Rallye's liabilities and which are not secured by pledges over Casino shares. A maximum number of approximately 44 million Casino shares may be pledged under such second-rank pledges.

The derivatives transactions entered by Rallye, HMB, Cobivia for a total amount of €231m, are not covered by the safeguard plans but have been the subject of specific agreements (see press releases of Rallye dated November 25, 2019 and March 2, 2020).

- Rallye's holding perimeter net financial debt

Rallye's holding gross financial debt stood at €3,195m as of December 31, 2019 which breaks down as follows:

In €m	05/23/2019	12/31/2019
Unsecured claims	1,566	1,600
Claims secured by pledges over Casino shares	1,153	1,165
Claims secured by pledges over shares of Rallye subsidiaries (other than Casino)	204	207
Total - claims under the safeguard plans	2,923	2,972
Derivatives transactions (not covered by the safeguard plans)	231	223
Total - claims and gross financial debts	3,155	3,195
Consolidation entries		(2)
Cash and other financial assets		(193)
Total – net financial debt of Rallye's holding perimeter		3,000

¹ These second-rank pledges over Casino shares may in no case infringe the rights of the creditors benefiting from a first-rank pledge over Casino shares. The second-rank pledges over Casino shares will not contain any margin call mechanism. Margin call mechanisms apply in the event that the value of securities pledged to the benefit of a creditor is less than a certain ratio contractually set: then the debtor must immediately pledge additional securities or, when possible under the agreement, provide additional cash collateral if such debtor cannot pledge additional securities. The share pledge agreements provide for a coverage ratio of 130% of the outstanding amount. The margin call provisions have been suspended as from the entering of the Companies into safeguard.

The net financial debt of Rallye's holding perimeter stood at €3,000m as of December 31, 2019 and breaks down as follows:

In €m	2018	2019
Net financial debt as of 01/01	2,877	2,899
Financial interests	150	126
Holding costs	4	22
Dividends received from Casino	-177	(88)
Dividends paid by Rallye	18	53
Other	28 ¹	(12) ²
Net financial debt as of 12/31	2,899	3,000

2. Results of the operating subsidiaries

- **Casino**

In 2019, group Casino recorded a **consolidated trading profit of €1,292m, up +5,5%, at constant exchanges rates (excluding tax credits).**

In France, **the retail trading margin stands at 3.8% (+0.5 bp vs 2018) and the net debt in France is decreasing at €2.3bn.** The strategic repositioning of operations in France accelerates.

In France:

- **Acceleration of strategic repositioning to focus on buoyant formats** with the disposal of Leader Price, bringing the total proceeds from signed disposals under the disposal plan to €2.8bn
- **Gross sales under banner up +1,9% on a same-store basis**
- **24% of the activity done through E-commerce in Q4 2019** vs 18% in 2018
- **Retail trading margin up +0.5pt to 3.8%**, with trading profit up +12% to €622m³
- **Reduction in net debt to €2.3bn** driven by the disposal plan, with recurring free cash flow (excluding the disposal and Rocode plans) of €367m⁴ (**€576m excluding non-recurring items**)
- **Major milestone achieved in retail business modernisation**, with faster development of **automated checkout systems** (smartphone, self-service checkouts, autonomous stores) and growth in **home delivery** services (Ocado warehouse launched on a test basis on 18 March 2020)

In Latin America:

- **Simplified Group structure in Latin America**, with all businesses placed under the umbrella of the GPA subsidiary
- **Assai's excellent momentum confirmed**, with sales up +22%⁵ and margin up +20bps⁵

¹ In 2018, mainly €30m of share buyback.

² In 2019, mainly €14m of cash-in from the investment portfolio

³ Post-IFRS 16. Pre-IFRS 16, France retail trading profit was up +5% and retail trading margin up +0.2 pt.

⁴ Free cash flow excluding the disposal plan and the Rocode plan, before dividends paid to owners of the parent and holders of TSSDI deeply subordinated bonds, excluding financial expenses, including rental expense (repayments of lease liabilities and interest on leases). Pre-IFRS 16: €380m.

⁵ Data published by the subsidiary

- **Success of Éxito's new formats** and a 20bps³ improvement in margin
- **Digital transformation and strong growth in E-commerce**, up nearly +40%⁵

In the context of the Covid-19 crisis, Casino Group is focusing on its core mission of ensuring that all communities have uninterrupted food supplies

- The key priority is the implementation of **necessary measures to protect the health of employees and clients** at all workplaces and in all areas open to the public: distribution of face masks and hydro-alcoholic gels, installation of plexiglass screens at check-outs, respect of social distancing measures between clients, promotion of automatic payment solutions (up to 50% of payment flows in the hypermarkets in France)
- Like other food retailers¹, the Group **is faced with unprecedented demand**, both in stores and for Drive or home delivery services. **In France**, demand in large cities is **particularly high in the convenience stores and on E-commerce sites**. With a network of 7,200 stores and the Cdiscount E-commerce banner, the Group is ready to fulfil its mission
- A **crisis management unit** has been set up and is in continuous contact with suppliers and public authorities to ensure **supply chain continuity and to secure operations** in the stores and E-commerce fulfilment centers
- **Initiatives to help the most vulnerable populations** have been launched (shopping hours reserved for over 65s and care-givers, ready-to-deliver baskets, telephone orders, expanded Cdiscount food offering)

2020 outlook

The Casino Group is **fully committed** to secure the supply of populations, while ensuring the protection of employees and clients.

The Group's strengths (convenience, E-commerce, automatic payment solutions) are being deployed to **meet customers' needs** in the safest possible manner.

The Group will pursue the **accelerated adaptation of its operating processes and the development of new offers responding to the current unprecedented situation**.

Casino's full-year results presentation is available on the web site www.groupe-casino.fr.

- **Groupe GO Sport**

In the context of the ongoing disposal process, Groupe GO sport is classified under IFRS 5 and is no longer recorded in Group's 2019 net sales.

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¹ Source: Nielsen

Disclaimer

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APPENDICIES

ANNUAL RESULTS 2019 (CONSOLIDATED DATA)

In €m	12/31/2018 restated	12/31/2019
Net Sales	34,335	34,652
EBITDA	2,655	2,624
Trading Profit	1,350	1,276
Other operational income and expenses	(401)	(749)
Operational profit	948	527
Cost of net financial debt	(441)	(476)
Other operational income and expenses	(381)	(421)
Profit (loss) before tax	125	(370)
Income tax expense	(188)	(137)
Income from associated companies	57	54
Net profit (loss) from continuing operation, Group Share	(221)	(413)
Net profit (loss), Group Share	(256)	(962)

RECONCILIATION OF REPORTED PROFIT TO UNDERLYING PROFIT

The definition of key non-GAAP indicators are available on Rallye's website (<http://www.rallye.fr/fr/investisseurs/financements>), particularly underlying net income (see below).

Underlying net profit corresponds to net profit from continuing operations, adjusted for (i) the impact of other operating income and expenses, as defined in the "Significant accounting policies" section in the notes to the consolidated financial statements, (ii) the impact of non-recurring financial items, as well as (iii) income tax expense/benefits related to these adjustments and (iv) the implementation of IFRIC 23.

Non-recurring financial items include fair value adjustments to equity derivative instruments (such as total return swaps and forward instruments related to GPA shares) and the effects of discounting Brazilian tax liabilities.

This aggregate is used to measure the evolution of activities' recurring results

<i>In €m</i>	2018 restated	Restated items	2018 underlying	2019	Restated items	2019 underlying
Trading profit	1,350	-	1,350	1,276	-	1,276
Other operating income and expenses	(401)	402	-	(749)	749	-
Operating profit	948	402	1,350	527	749	1,277
Cost of net financial debt	(441)	-	(441)	(476)	-	(476)
Other financial income and expenses	(381)	54	(328)	(421)	42	(379)
Income tax expenses	(188)	(13)	(201)	(137)	(116)	(253)
Income from associated companies	57	-	57	54	-	54
Net profit (loss) from continuing operations	(6)	443	437	(453)	675	222
Of which minority interests ¹	215	234	449	(40)	323	283
Of which Group Share	(221)	209	(12)	(413)	352	(61)

¹ Non-controlling interests have been restated for amounts associated with the restated items listed above.