Update on recent S&P announcement

18 January 2016

Good morning, Ladies & Gentlemen

In the context of the Credit Watch announced by S&P last Friday, we have received a number of questions from investors and we would like to take the opportunity of this call to answer them in a transparent and efficient way.

This communication will answer 11 meaningful questions that we have received.
There will be no Q&A session afterwards.

The first question reads as follows:

1) <u>What is a Credit Watch Negative?</u>

- A Credit Watch is a formal rating review process, which aims to be concluded within 90 days
- During this process, Casino will actively engage with S&P, as we have always done, to discuss in full transparency the Group's strategy, its confidence on its business prospects and its deleveraging plan
- At the end of the Credit Watch period, our credit rating could be either maintained or lowered
- At this stage, Casino's S&P credit rating is unchanged at BBB-

The second question reads as follows:

2) <u>What has triggered the Credit Watch in your view?</u>

- In our view, the Credit Watch has been triggered by the following recent developments that may have an impact on Casino's credit profile
  - o S&P's Credit Watch review occurred after the publication of our Q4 2015 sales, in a context of rising concerns over the macroeconomic situation in emerging markets and the recession in Brazil
  - o Casino also announced last week the launch of the sale process for its operations in Thailand after having received strong indications of interest
- Independently from short-term market volatility, S&P's credit rating generally relies on the review of a company's Business Risk and Financial Risk profile, factoring long-term strategic drivers and financial trends

The third question reads as follows:

3) <u>Do you share S&P's concerns on Brazil?</u>

- As a reminder, S&P downgraded Brazil's sovereign credit rating to sub-Investment Grade on 9 September 2015
- As we pointed out during our recent Q4 2015 sales update, our Brazilian operations continue to deliver a good performance in food retail, with market share gains in cash & carry, supermarkets and convenience stores; we are confident in GPA's ability to deliver a good performance in 2016
- Regarding non-food activities, our sales have declined in the context of soft discretionary spending by Brazilian households. Nevertheless, we succeeded in limiting the decline in sales of

Via Varejo in Q4 2015 compared to previous quarters, thanks to targeted action plans aimed at finding a better price positioning, particularly through more effective promotions

- As in 2015, our priority for 2016 is to maintain a positive operating FCF for all our Brazilian activities

The fourth question reads as follows:

4) <u>Is the disposal of Big C Thailand factored in the Credit Watch?</u>

- As per Casino's recent announcements, the Group will implement a significant disposal plan in 2016, which includes:
    - Disposal of Casino's controlling stake in Big C Thailand
    - Disposal of Casino's operations in Vietnam
    - Monetization of Colombian real estate
    - Disposal of other non-core assets
- Regarding Big C Thailand, we are very confident in our ability to carry out this disposal, given the quality of its operations and encouraging marks of interest already received
- This plan amounts to approximately €4bn
- As a reminder, the group has a strong track record of implementing disposal plans in an orderly manner, in order to improve its financial structure
- We understand that, through the Credit Watch process, all these items will be reviewed and then factored in by S&P in its assessment of Casino's Business and Financial Risk Profile

The fifth question reads as follows:

5) <u>What is the Credit Watch's impact on Casino's financing and liquidity position?</u>

- There is no impact, neither on Casino's financing, nor on its liquidity
- The availability of our existing credit facilities is not contingent on the group's credit rating

The sixth question reads as follows:

6) <u>Are there any rating-linked financial covenants in the capital structure of Casino and Casino's subsidiaries?</u>

- No, there are no rating-linked financial covenants in the capital structure of Casino and its subsidiaries

The seventh question reads as follows:

7) <u>Are you committed to Investment Grade?</u>

- Casino is committed to its Investment Grade status

The eighth question reads as follows:

8) <u>How confident are you in your ability to reduce Casino Holdco net debt?</u>

- In 2015 already, the Holdco debt of Casino Guichard has been reduced significantly following the reorganisation of our Latam operations and the actual figure will be published at the time of our FY15 annual results publication
- In 2016, we will materially accelerate this reduction of Casino Guichard Holdco net debt thanks to the disposal plan already mentioned and to the free cash flow generation of French operations after net dividends and financial charges, expected to be over €200m

The ninth question reads as follows:

9) <u>How will you allocate disposal proceeds in 2016?</u>

- Our top priority is to deleverage Casino Holdco, with a view to further enhance our financial flexibility
- Depending on market conditions, we may consider to selectively buy back outstanding bonds, as we usually do

The tenth question reads as follows:

10) <u>What are your liquidity and financing needs?</u>

- As stated in our press release dated on 21 December 2015, Casino's liquidity is strong
- At year-end 2015, Casino will report a significant cash position, well above its outstanding commercial paper program, and will have undrawn credit facilities exceeding €3.5bn with a weighted average maturity close to 4 years
- Casino's resources comfortably cover all its upcoming repayments beyond 2017
- Casino's only debt repayments of the parent company for the next two years are its bond redemptions (€386m in 2016 and €552m in 2017)
- The €500m mandatory convertible bonds issued by Monoprix will mature in December 2016. There is no disbursement associated, unless Casino exercises its call options on these bonds
- Based on its existing financial resources, Casino expects to have ample undrawn committed credit facilities at any point in time for the next 2 years, even before taking into account the deleveraging plan.

The eleventh question reads as follows:

11) <u>What are the implications for Rallye, which is mentioned in the S&P note?</u>

- For any questions on Rallye, you should reach out to Rallye's management directly but we will answer this question based on public information available on Rallye
- We remind you that Rallye is not rated
- There is no impact on Rallye's liquidity, which remains solid with €1.9bn of undrawn confirmed credit facilities as of 30 June 2015 and limited bond and bank debt refinancing standing at €389m over the 2016-17 period
- There is also no impact on Rallye's bank debt covenants, which do not depend on Casino's share price or rating, nor on Rallye's NAV or LTV
- Last but not least, there are no covenants on Rallye bonds

Thanks for your attention, the script of this call will be posted on our website.
This last question ends this call. We are happy to answer additional questions you may have through our Investor Relations department

Antoine Giscard d'Estaing, Group CFO

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