AuchanHolding

PRESS RELEASE

Croix, September 4th, 2017

2017 HALF-YEAR RESULTS

AUCHAN HOLDING RECORDS A GROWTH IN RESULTS WHILE CONTINUING TO TRANSFORM ITS 3 COMPANIES

HIGHLIGHTS | H1 2017

- **Auchan Retail**: as part of the transformation plan (Vision 2025), 8 strategic programmes and 43 major projects were initiated in all countries, relating to multi-format stores, convergence of the banners, digital transformation, information systems, supply chain, etc. Average completion rate: 25%.
- **Auchan Retail:** continued development of multi-format stores with the signature of a partnership with OMV Petrom in Romania to deploy the My Auchan brand; acquisition of the retailer Karavan to become one of the top 3 retailers in Ukraine.
- **Auchan Retail :** launch of the "Campaigners for good, health and local" movement to give new meaning to the retail business and to better serve employees, customers, society and the planet
- **Immochan:** added space of nearly 30,000 sqm thanks to 2 openings (Russia) and 4 extensions (3 in France, 1 in Poland)
- **Oney:** dynamic growth in sales activity, acceleration of the company's digital transformation to underpin its new strategy

KEY FIGURES | H1 2017

Consolidated revenue excl. taxes	EBITDA	Op. profit from continuing operations	Profit for the period	Cash flow from operations	Net financial debt
€26.5bn	€1.07bn	€326m	€145m	€897m	€3.7bn
+2,1 %	**+1,9 %**	**+4,3 %**	**+23,2 %**	**+7,0 %**	**+3,0 %**

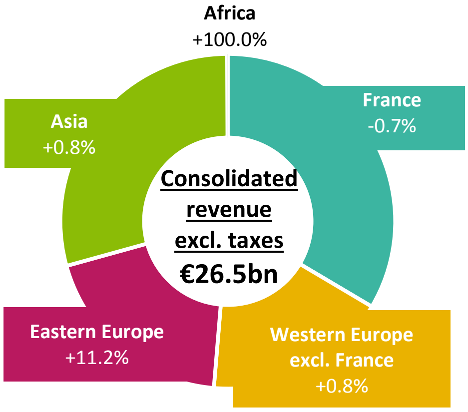
Data at current exchange rates

According to **Wilhelm Hubner**,
Chairman of the Management Board of Auchan Holding:

Following the deep reorganization of our 3 companies at the end of 2015, Auchan Retail, Immochan and Oney each wrote, in 2016, their own corporate Vision and defined their new strategies along with ambitious objectives. This will enable them to better anticipate the requirements of their markets, which are undergoing profound evolution.
Those growing 2017 half-year results are a first encouraging sign. Immochan and Oney recorded strong results, in line with their expectations, and Auchan Retail respects the schedule of its transformation dynamic, the first results of which are expected in 2018-2019.
While maintaining targeted investment, Auchan Holding's consolidated results show low debt and a significant +7.0% increase in cash flow from operations. Our overall financial structure is therefore very healthy, making it possible to speed up the transformation, both physical and digital, of our 3 companies.

Increase in consolidated revenue excluding taxes (+2.1%)

At 30 June 2017, **Auchan Holding recorded consolidated revenue excluding taxes of €26.5 billion**, up +2.1% at current exchange rates.
While revenue in France fell slightly (-0.7%) despite growth in the convenience stores and drive outlets, it grew substantially in Western Europe excluding France (+0.8%) thanks to sound performances in Spain and Portugal, and in Eastern Europe (+11.2%) where very good results were recorded in Hungary, Ukraine and especially Romania. Even though revenue in Russia grew at current exchange rates, due to a strong rouble in the first part of the year, it declined at constant exchange rates. Despite a negative exchange rate impact in China, revenue in Asia increased by +0.8%, mainly driven by the good results of Sun Art Retail Group. Lastly, Auchan Retail confirms its development in Africa, with 3 new points of sale opened in Senegal since 1 January 2017.



At constant exchange rates and excluding the calendar effect, organic revenue increased by +0.8%, with expansion (+1.4%) notably offsetting the decrease in sales on a like-for-like basis (-0.6%). Exchange rate variations, notably in Russia and China, contributed an increase in revenue of +1.9%, representing +€509 million.

Increase in EBITDA (+1.9%) and in operating profit from continuing operations (+4.3%)

At 30 June 2017, **Auchan Holding posted EBITDA growth of +1.9%** at current exchange rates **to €1.07 billion**. This growth is notably attributable to an increase in the gross profit, from 23.1% in June 2016 to 23.4% this year, and good control of expenses in all countries. For instance, thanks to the Energy Programme launched in 2015, the goal of which is to reduce energy consumption, Auchan Retail's energy bill fell by a further 2.0% in the first half of 2017.

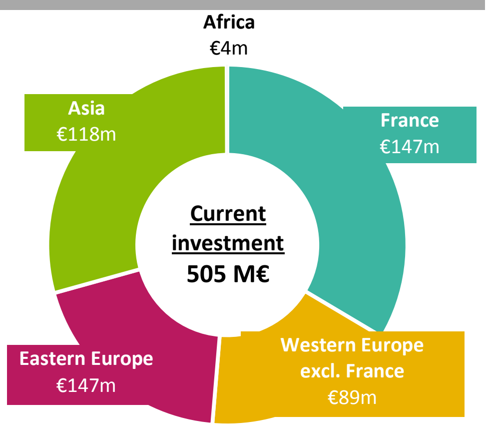
Operating profit from continuing operations, which reflects the performance of the Group's recurring activities, **grew by +4.3% at current exchange rates to €326 million.** However, operating profit, which takes into account the “Other operating profit and expenses”, fell by -8.3%. In fact, in the year to 30 June 2017, **other operating profit and expenses came out at -€101 million versus -€68 million at 30 June 2016;** this €33 million difference accounts for the decline in operating profit.

At 30 June 2017, **net profit from continuing operations was €105 million,** down by -18.6% (at current exchange rates). Finally, taking into account the proceeds from the sale of Alinéa, which was completed at the start of the year, **Auchan Holding's profit for the period rose by +23.2% to €145 million**.

Targeted current investment, net financial debt under control

In the first half of 2017, **Oney, Immochan and Auchan Retail invested €505 million in the countries in which they operate** to pursue the modernization and the digitalization of their activities (shopping sites, points of sale, e-commerce websites, mobile applications…).

Accordingly, **€147 million was invested in France** and **€89 million in Western Europe excluding France,** mainly to modernize stores and shopping centres and to pursue the convergence of the banners to the Auchan brand. In parallel, **€147 million was allocated to Eastern Europe and €118 million to Asia**, the main regions in which the group is expanding. At 30 June 2017, Auchan Retail had opened 12 points of sale in these regions (7 in Russia, 2 in China and 3 in Vietnam),



while Immochan had opened 2 new shopping centres in Russia and completed 1 extension in Poland, to give total additional floor space of 20,300 sqm. Finally, **€4 million was invested in Africa** as part of Auchan Retail’s development plan on this continent.

At 30 June 2017, **net financial debt amounted to €3.7 billion.** With gearing (i.e. the ratio of net financial debt to equity) of 30.8%, net financial debt remains very much under control, showing an increase of just €108 million in relation to 30 June 2016.

Lastly, **Auchan Holding's companies' cash flow from operations increased by +7.0%** compared with the first semester of 2016, to €897 million.

KEY FIGURES | H1 2017

(IAS/IFRS)

€ million	H1 2017	H1 2016	Change at current exchange rates	Change at constant exchange rates
Revenue	**26,466**	25,909	**+2.1 %**	+0.2%
EBITDA[1]	**1,070**	1,050	**+1.9%**	-0.6%
Operating profit from continuing operations	**326**	312	**+4.3%**	-0.7%
Other operating profit and expenses	**(101)**	(68)	**+49.9%**	
Operating profit	**225**	245	**-8.3%**	
Net profit from continuing operations	**105**	129	**-18.6%**	-22.2%
Net profit from assets held for sale and discontinued operations	**40**	(12)		
Profit for the period	**145**	117	**+23.2 %**	+17.2%

€ million	H1 2017	H1 2016	Change (€m and %)	
Current investment	**505**	601	-€96m	-15.9%
Net financial debt	**3,715**	3,607	+€108m	+3.0%
Total equity	**12,063**	12,260	-€197m	-1.6%

1 EBITDA: Operating profit from continuing operations excluding other operating profit and expenses and excluding depreciation, amortisation and impairment expenses

HIGHLIGHTS

As part of its transformation plan, **8 strategic programmes and 43 major projects** were initiated, relating to multi-format stores, convergence of the banners, digital transformation, information systems, supply chain, etc., with an average completion rate of 25%.
In parallel, the Human Project, which is an integral part of "Vision 2025", was launched. **Adapted for each country**, it aims to respond to the **expectations of current and future employees**.

On 25 April, **Auchan Retail launched the "Campaigners for good, health and local" movement**, a unique campaign co-developed by the entire ecosystem, based on 4 pillars: the customers, the employees, the planet and society.

The **convergence of the banners towards a single brand per country** continued. 5% of the convenience and ultra-convenience store network was transformed and work will be accelerated in the second half of 2017 (50% of the network to be transformed by end-2018). These first banner changes have had **a significant positive impact on revenue**.

Auchan Retail continued to develop its multi-format stores, **prioritising convenience and ultra-convenience formats** (90% of openings during the period).
In April, Auchan Retail signed a **partnership with OMV Petrom** for the future management of the 400 shops of Romania's leading service-station network under the My Auchan brand.
In June, **Auchan Retail announced the acquisition of the Ukrainian retailer Karavan** to fill out its geographical coverage of the country and become one of its TOP 3 retailers.

To **establish itself as a major player in the "phygital" revolution**, Sun Art Retail Group (a Hong-Kong listed company jointly held with the Taiwanese Ruentex) tested in China a 100% "phygital" ultra-convenience store, operating 100% via mobile device.
To **propose a new « online-to-offline »** customer experience (O2O), Sun Art Retail Group also tested 2 concepts:

- **« Ji Su Da »**, a one-hour home delivery service within a radius of 3 km around 370 stores, offering 4,000 product references, including 1,000 fresh products
- **RT-Mart Fresh**, a store-based fresh product home delivery service.

This "O2O" programme was recently remarked on by financial analysts as a fast growing business model in grocery retailing in China.

RESULTS

At 30 June 2017, **Auchan Retail's consolidated revenue excluding taxes rose by 2.1%** at current exchange rates to €25.9 billion compared with €25.4 billion at 30 June 2016. **At constant exchange rates, Auchan Retail's revenue remained almost stable (+0.1%)**. Nevertheless, the results varied significantly by country.

In China, Sun Art Retail Group saw growth in all items of its income statement, from revenue (+2.1% at constant exchange rates) to profit for the period (+12.5% excluding non-recurring items). Progress was also confirmed **in Vietnam**, for which strong growth in customers and revenue was recorded. 7 stores have already been opened since 1 January, and the pace is set to accelerate between now and the end of the year.

In **Eastern Europe**, Hungary, which saw an acceleration of the rollout of the e-commerce activity, Ukraine and Romania continued to register strong sales performances. Russia, for its part, saw a decrease in revenue in local currency during the first half of the year. This can be attributed to a persistently difficult macroeconomic environment and a significant fall in purchasing power. Several action plans were implemented to reverse this trend.

In **Western Europe**, Spain and Portugal saw a return to growth and registered once again a rise in revenue. In France, the convenience stores and drive outlets saw an increase in revenue of +0.7% and +1.1% respectively, demonstrating the attractiveness of these shopping solutions.

Finally, in **Africa**, Auchan Retail Senegal continued to record excellent progress in revenue and customers. With 1.5 million checkout receipts at 30 June, the company has already served more customers than in 2016 and is expected to rapidly surpass the symbolic level of 3 million checkout receipts a year thanks to an ambitious development plan.

In the words of **Wilhelm Hubner**,
General Manager of Auchan Retail

Auchan Retail's half-year results, and notably its revenue, did not meet our expectations. They were mainly impacted by France, Italy and Russia. Nevertheless, the vast majority of the countries saw revenue growth in local currency, notably China, the most emblematic of retail markets today, where each year we confirm our positioning as a major "phygital" player.
Even if the first six months account for less than 40% of EBITDA and less than 20% of profit for the year, these interim results confirm the importance of the high level of dedication shown by all employees to successfully achieve, in all our countries, our end-of-year trading goals.
We have also decided to speed up the rollout and implementation of our "Vision 2025", which we have enhanced with a ground-breaking and ambitious Human Project to meet the expectations of our employees. 8 strategic programmes and 43 major projects have been engaged in all countries to speed up our company's transformation. With an average completion rate of 25%, we are progressing as scheduled and expect to complete them in 2019.
An emblematic evidence of our new dynamic, our 2,500 convenience and ultra-convenience stores worldwide (fully-owned or under franchise and partnership) that we currently converge under a unique brand by country and which first transformations are a commercial success, are the solid pedestal on which we are going to lean to accelerate our multi-format expansion to always better serve our clients, in the future, through excellence of service, regardless of whether a physical or digital shopping path is favoured.

HIGHLIGHTS

Immochan strengthened its asset strategy, implementing an ambitious asset-by-asset management vision on the one hand, and focusing on asset rotation when no further upside potential or value creation is to be had, on the other hand.
In Italy, for example, the Bussolengo centre (13,740 sqm) was sold to the Antirion Retail fund for €40m. It was maintained under management contract.

Each country also defined an appropriate development strategy, entailing integration of the new areas of activity (shopping, leisure, housing, offices, etc.), the strengthening and preservation of the existing sites, and the development of mixed urban programmes.
In France, for example, construction work began on 2,900 sqm of office space in Sorgues (South of France) dedicated to innovative companies located in the region. In Saint-André (North of France), a building permit was filed for a mixed-facility district programme comprising more than 85,000 sqm (including 700 accommodation units, offices, shops, public facilities, etc.).

At the end of the first half of 2017, **Immochan was managing nearly 30,000 sqm of additional floor space**, thanks notably to the opening of Aquarelle Togliatti (11,360 sqm) and Proletarskiy (3,840 sqm) in Russia, and extensions to the retail park of Castres (+4,500 sqm) and the Mantes (+1,900 sqm) and Fâches-Thumesnil strip malls in France (+4,500 sqm), and the Hetmanska shopping centre (+ 5,100 sqm) in Poland.

Immochan also got future projects underway, laying the first foundation stone for the Aquarelle Pushkino shopping centre in Russia (68,000 sqm), and launching the renovation of Montivilliers (+27,000 sqm, 250 jobs created) and the extension and remodelling of the Bordeaux-Lac mall, where Primark will open an outlet in 2019. Finally, extension work to Nanya began in Taiwan, as did the construction of the Petrovka (11,000 sqm) and Kideal (5,000 sqm) retail parks in Ukraine.

Immochan celebrated 5 years of activity in Romania where it is now a market leader thanks to an acceleration of growth. This country is also leading the way in diversification, with the development of a living quarter, in Brasov, that is considered to be the largest urban regeneration project in Romania.

RESULTS

At 30 June 2017, **Immochan's consolidated revenue excluding taxes rose by 5.1%** at current exchange rates to €327 million. It rose by 4.4% at constant exchange rates.
After restatement for the impact of disposals in 2016, proforma revenue rose by 5.0% at constant exchange rates in relation to last year. Due to the stability of the network on a like-for-like basis, the increase in revenue is exclusively attributable to expansion (+5.0%). Disposals of shopping centres since 30 June 2016 had an impact on revenue of -0.6%, which was offset by a positive foreign exchange impact of +0.7%.
Thanks to investments in the shopping centres to make them more attractive, but also the commitment of all our teams and partners, **the vacancy rate fell by 1 point** year-on-year to 4.4% at 30 June 2017.
At constant exchange rates, **EBITDA rose by +6.5%**. This increase was notably due to strong rental performances and control over day-to-day costs and improved customer risk management.

In the words of **Benoit Lheureux,**
General Manager of Immochan

Immochan's solid half-year results confirm its good health and capacity to continue forging ahead. We are focused on the twin goals of securing our results and beginning the transformation of our sites, on the one hand, and on diversifying our investment and thus responding to our new role as a global player in urban development, on the other hand. As part of our drive to open up to new markets and new countries, we have deployed a pioneer team to Vietnam where we hope to see the first concrete results of our work materialise next year. More generally, we have embarked on a profound and cultural transformation. We have adopted a new mission: to link people. With this in mind, we are launching a new customer relationship strategy.

HIGHLIGHTS

The first half of 2017 was marked by a **dynamic activity growth** thanks to strong sales performances and the launch of the corporate project to speed up development and digital innovation.

During this first semester, Oney signed new partnerships in **online split payment services** in France and Spain, notably in new areas such as the travel sector.
In China, the **first electronic wallet payment tests** were carried out with Auchan Retail.
Finally, in **Russia, our new retail banking licence** is opening up new sales prospects, notably the management of current accounts, of savings accounts and of banking transactions for individual customers.

The first half of 2017 also saw the implementation of **new sources of financing**, including a savings product on the German market, and the **launch of new products**, such as 3 new extended warranties created for Auchan and Electro-Dépôt in France.

During these first 6 months, all of Oney's employees participated in writing the **company's Human Project**, a solid and ambitious collective plan designed to be of relevance in the years ahead.

RESULTS

Oney saw continued **dynamic growth** with significant gains in its activities: a 7.7% increase in the number of customers, an 11% increase in loan production and a 5% increase in performing credit outstandings, driven notably by the French, Portuguese, Russian and Romanian subsidiaries. The non-lending activities, i.e. insurance, payment solutions and fraud prevention, also showed strong growth (+8.4%).
Overall, **net banking income reached €206.4m at 30 June 2017**, representing an increase of +9.1% (excluding the impact of the sale of the Visa Europe share in 2016).
The **cost/income ratio stood at 68.7%**, up in relation to 2016, with expenditure dedicated to the speed up of the digital transformation directly impacting operating expenses. **Excluding this expenditure, the cost/income ratio would be 61.4%**, versus 62.4% in June 2016 (after restatement for the impact of the sale of the Visa Europe share).
Meanwhile, the cost of risk on loan outstandings continued to fall in relation to mid-2016, to 2.2%, thanks to good risk management across all markets.
In the end, **profit for the period came to €26m** at 30 June 2017, down -16.2% in relation to 30 June 2016 (excluding the impact of the sale of the Visa Europe share in 2016), due also to expenditure dedicated to the digitisation plan and the acceleration of development. **Excluding this expenditure, profit for the period was up +15.8%**.

In the words of **Jean Pierre Viboud,**
General Manager of Oney

We are very happy to present such performances, which reflect the success we have had in rolling out our strategy of innovation and support of our customers through "easy and smart" shopping paths. We are ramping up this strategy in all countries in which we operate, alongside our shopping partners, by offering innovative payment, insurance, fraud prevention and data sharing solutions. Our objective is to accompany our partners across all of their markets through effective solutions that meet their shopping needs, today and in the future.

Consolidated statement of financial position at 30 June 2017

ASSETS (IN €M)	H1 2017	H1 2016
Goodwill	3,655	3,651
Other intangible assets	1,029	1,039
Property, plant and equipment	11,519	11,967
Investment property	4,347	4,149
Investments in associates	180	188
Customer loans - credit activity	1,208	1,145
Other non-current financial assets	491	576
Non-current derivative financial instruments	159	287
Deferred tax assets	347	257
NON-CURRENT ASSETS	**22,934**	**23,258**
Inventories	4,189	4,184
Customer loans - credit activity	1,465	1,443
Trade receivables	494	402
Current tax assets	265	253
Other current receivables	2,349	2,391
Current derivative financial instruments	48	136
Cash and cash equivalents	1,674	1,422
Assets classified as held for sale	0	0
CURRENT ASSETS	**10,484**	**10,231**
TOTAL ASSETS	**33,418**	**33,489**

EQUITY AND LIABILITIES (IN €M)	H1 2017	H1 2016
Share capital	608	633
Share premiums	1,914	1,914
Reserves and net income attributable to owners of the parent	6,830	7,018
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**9,352**	**9,565**
Non-controlling interests	2,711	2,695
TOTAL EQUITY	**12,063**	**12,260**
Provisions	356	323
Non-current borrowings and other financial liabilities	4,320	3,930
Debts financing the credit activity	1,078	1,222
Non-current derivative financial instruments	31	16
Other non-current liabilities	1,373	1,270
Deferred tax liabilities	589	728
NON-CURRENT LIABILITIES	**7,748**	**7,490**
Provisions	277	221
Current borrowings and other financial liabilities	1,219	1,497
Debts financing the credit activity	1,067	913
Current derivative financial instruments	43	23
Trade payables	7,062	7,245
Current tax liabilities	186	148
Other current liabilities	3,754	3,692
Liabilities classified as held for sale	0	0
CURRENT LIABILITIES	**13,607**	**13,739**
TOTAL EQUITY AND LIABILITIES	**33,418**	**33,489**

Consolidated income statement at 30 June 2017

(changes at current exchange rates)

(in € million)	H1 2017	H1 2016	Y/Y-1
REVENUE	**26,466**	**25,909**	**+2.1%**
Cost of sales	(20,285)	(19,922)	+1.8 %
GROSS PROFIT	**6,181**	**5,987**	**+3.2%**
Payroll expenses	(3,122)	(2,972)	+5.0%
External expenses	(1,951)	(1,897)	+2.8%
Depreciation, amortisation and impairment	(784)	(803)	-2.3%
Other recurring operating profit and expenses	1	(3)	*n/a*
OPERATING PROFIT FROM CONTINUING OPERATIONS	**326**	**312**	**+4.3%**
Other operating profit and expenses	(101)	(68)	+49.9%
OPERATING PROFIT	**225**	**245**	**-8.3%**
Income from cash and cash equivalents	28	25	-
Gross cost of financial debt	(47)	(43)	-
Net cost of financial debt	(18)	(17)	+4.8%
Other financial revenue and expenses	(11)	(35)	-68.6%
PROFIT BEFORE TAX	**218**	**192**	**+13.1%**
Income tax expenses	(111)	(61)	+82.6%
Share of net profit (loss) of associates	(2)	(3)	-32.0%
NET PROFIT FROM CONTINUING OPERATIONS	**105**	**129**	**-18.6%**
Net profit from assets held for sale and discontinued operations	40	(12)	-
PROFIT FOR THE PERIOD	**145**	**117**	**+23.2 %**
Of which attributable to owners of the parent	(7)	4	-

Point of sale network under the Auchan banner at 30 June 2017

(including franchisees and partners)

	AUCHAN RETAIL		IMMOCHAN	ONEY
	PHYSICAL STORES	DIGITAL		
France	496	156 drive outlets, E-commerce	96	Oney
Spain	345	E-commerce	30	Oney
Portugal	47	E-commerce	10	Oney
Italy	1,580	1 drive outlet, e-commerce	50	Oney
Luxembourg	1	4 drive outlets, e-commerce	1	-
WESTERN EUROPE	**2,469**	**161 drive outlets**	**187**	**-**
Poland	110	Auchandirect	28	Oney
Hungary	19	E-commerce	18	Oney
Romania	33	E-commerce	23	Oney
Russia	306	E-commerce	39	Oney
Tajikistan	1	-	-	-
Ukraine	11	E-commerce	3	Oney
CENTRAL AND EASTERN EUROPE	**480**	**-**	**111**	**-**
Mainland China	446	E-commerce	74	Oney
Taiwan	22	9 drive outlets, e-commerce	22	-
Vietnam	11	-	-	-
ASIA	**479**	**9 drive outlets**	**96**	**-**
Senegal	8	-	-	-
Tunisia	81	-	-	-
Mauritania	2	-	-	-
AFRICA	**91**	**-**	**-**	**-**
TOTAL	**3,519**	**170 drive outlets**	**394**	

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