

Casino Guichard

Price EUR52.25

Disposal of BIG C Vietnam (first take) / 1.8x EV/ Sales multiple

Fair Value EUR57 (+9%)

BUY

Bloomberg	CO FP
Reuters	CASP.PA
12-month High / Low (EUR)	80.2 / 35.2
Market Cap (EURm)	5,915
Ev (BG Estimates) (EURm)	10,544
Avg. 6m daily volume (000)	801.6
3y EPS CAGR	6.0%

Casino has just announced the disposal of the 100% equity stake owned in its Vietnamese subsidiary Big C to the Central Group (i.e. Tos Chirathivat who founded Big C Thailand in 1993). The proceeds to be received will amount to EUR920m (vs EUR750m estimated in our current spot SOTP / EUR1.5 positive impact on a spot valuation that currently stands at EUR53).

Casino has just announced the closing of the sale of BIG C Vietnam (43 stores and 30 shopping malls, with a EUR586m turnover excluding taxes in 2015) to Central Group, for an enterprise value of EUR1bn (including net financial debt as of 31 December 2015 and minority interest in joint-ventures), implying 2015 multiples of 1.8x net sales, 20.4x EBITDA and 34.4x EBIT.

Recent transaction multiples in Thailand and Vietnam

Year	Area	Nature of the deal	Transaction multiple
2011	Thailand	Carrefour's Thai BU sold to BIG C	1.2x EV/Sales
2013	Thailand	CP All increased its stake in Siam Makro	1.6x EV/Sales
2016	Vietnam	Loss-making Metro Vietnam sold to TCC	1.3x EV/Sales
2016	Thailand	Casino sold its 58.6% equity stake in Big C to TCC	1.7x EV/Sales

The proceeds to be received by Casino will amount to EUR920m (vs EUR750m estimated in our current spot SOTP / EUR1.5 positive impact on a valuation that currently stands at EUR53). After the disposal of its subsidiaries Big C Thailand and Big C Vietnam, the deleveraging plan of the Group reaches €4.2 billion. Note that Casino will continue its sourcing activity of Vietnamese food products distributed in France, Brazil and Colombia.

ANALYSIS

- Now that Thailand and Vietnam have been sold, it is worth remembering that Casino managed to sell an asset which has been declining for a year on record multiples (i.e. 1.7x EV/Sales). Before the deals were announced, Asia represented ~40% of Casino's EV.
- With hindsight, without questioning the long term potential of Thailand and Vietnam, we can imagine the consequence that a potential decline of Big C share price would have had on Casino's current spot SOTP over a shorter time scale.
- This being said, the growth profile of the group over the long term is somewhat penalised by the disposal of Asia. Thenceforward, we keep believing Casino may do what is generally expected from a wise asset manager: sell high at 1.7x sales (i.e. Asia) and buy low at 0.3x sales (i.e. LatAm) / see: [CASINO - With hindsight: a real Catch-22!](#)

VALUATION

- The current spot SOTP currently stands at EUR53 per share

NEXT CATALYSTS

- Buyback of LatAm minorities

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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