

4th May 2016

Food retailing

Casino Guichard

Price EUR50.00

Exercise of call option on Monoprix Mandatory Bonds

Fair Value EUR57 (+14%)

BUY

Bloomberg	CO FP
Reuters	CASP.PA
12-month High / Low (EUR)	79.8 / 35.2
Market Cap (EURm)	5,660
Avg. 6m daily volume (000)	810.3

	1 M	3 M	6 M	31/12/15
Absolute perf.	1.1%	28.2%	-7.6%	17.9%
Food Retailing	-2.6%	-0.2%	-7.8%	-1.3%
DJ Stoxx 600	0.7%	1.9%	-11.3%	-8.3%

	2015	2016e	2017e	2018e
P/E	17.9x	21.5x	17.9x	15.0x
Div yield (%)	6.2%	6.2%	6.2%	6.2%

ANALYSIS

- As a reminder, following the disposal of both Thailand (EUR3.1bn proceed+EUR0.2bn linked to the deconsolidation of Big C's net debt) and Vietnam (EUR920m proceed), Casino's asset disposal programme reached EUR4.2bn. And we believe that there is room for further disposals.
- Initially, Casino made it clear that EUR3.5bn out of the initial EUR4bn deleveraging plan would be allocated to Holdco's net debt reduction. Given that there is currently no discount on Casino's debt, the redemption of this debt is constrained. Hence, besides the 2016 (already redeemed) and 2017 maturities, the exercise of the Monoprix call option was an obvious alternative.
- Yet, according to a press release, Casino effectively exercised its call option on all of the EUR500m mandatory convertible bonds issued by Monoprix in December 2013 (ORA). In our view, this is a relief since the conversion of this bond would have strongly diluted Casino's share in Monoprix (~20%) which remains the most profitable asset of the group.
- Beyond this news, the group's growth profile over the long term is somewhat penalised by the disposal of Asia. Thenceforward, we continue to believe that 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).

VALUATION

- The sacrosanct spot SOTP currently stands at EUR53 per share

NEXT CATALYSTS

- Sell high at 1.7x sales (i.e. Asia) and buy low at 0.3x sales (i.e. LatAm)

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