

19th September 2016

Food retailing

Casino Guichard

Price EUR42.66

Casino / Conforama

Fair Value EUR57 (+34%)

BUY

Bloomberg	CO FP
Reuters	CASP.PA
12-month High / Low (EUR)	56.5 / 35.2
Market Cap (EURm)	4,777
Avg. 6m daily volume (000)	460.5

	1 M	3 M	6 M	31/12/15
Absolute perf.	-5.1%	-11.9%	-11.9%	0.6%
Food Retailing	0.2%	3.7%	-5.7%	-3.7%
DJ Stoxx 600	-1.6%	5.1%	-0.9%	-7.7%

	2015	2016e	2017e	2018e
P/E	15.3x	20.4x	14.1x	12.1x
Div yield (%)	7.3%	7.3%	7.3%	7.3%

- The Conforama and Casino groups have just announced the creation of a joint central purchasing agency for non-food products with operations set to launch for the 2017 purchasing negotiations. Conforama and Casino will continue to operate their sales outlets and e-commerce sites independently, in line with their banner's entities and respective sales strategies.
- Named "Mano" the agency will be positioned as a leader in its area of activity and enhance the competitiveness of Cdiscount (whose profitability profile remains somewhat unproven so far), Géant (still loss making in 2016e and hopefully profitable in 2017), Monoprix (which is facing increased competition in the Paris area) and Casino Supermarkets banners.

VALUATION

- We see this partnership as a reaction to the merger between Fnac and Darty. Along with **1/** the positive impact of the conversion of 200 loss-making or barely profitable stores (carry on impact of around EUR50M in 2017e) into franchised entities and **2/** the Dia / Intermarché partnership (synergies around EUR50m in 2016e), hopefully, **3/** Mano should allow the consensus to acquire more confidence about the improvement in operating performance in 2017.

NEXT CATALYSTS

- Casino meets its target of EUR500m underlying operating profit in France in 2016.

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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