UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE CNOVA N.V. SECURITIES LITIGATION This Document Relates To: All Actions	MASTER FILE 16 CV 444-LTS

APPENDIX OF EXHIBITS TO THE DECLARATION OF DAVID A.P. BROWER IN SUPPORT OF LEAD PLAINTIFFS' MOTION FOR FINAL CERTIFICATION OF THE CLASS, FINAL APPROVAL OF CLASS NOTICE, FINAL APPROVAL OF THE PROPOSED SETTLEMENT, FINAL APPROVAL OF THE PROPOSED PLAN OF ALLOCATION, AND LEAD COUNSEL'S MOTION FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES

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Counsel for Lead Plaintiffs and the Class

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE CNOVA N.V. SECURITIES LITIGATION This Document Relates To: All Actions	MASTER FILE 16 CV 444-LTS

AFFIDAVIT OF JOSE C. FRAGA REGARDING MAILING OF THE NOTICE AND PROOF OF CLAIM FORM AND PUBLICATION OF THE SUMMARY NOTICE

STATE OF NEW YORK)
) ss.:
COUNTY OF NASSAU)

JOSE C. FRAGA, being duly sworn, deposes and says:

1. I am a Senior Director of Operations for Garden City Group, LLC ("GCG") Pursuant to this Court's October 11, 2017 Order Granting Preliminary Approval of Proposed Settlement, Granting Conditional Class Certification, and Providing for Notice to the Class (the "Order"), GCG was appointed as the Claims Administrator in connection with the Settlement of the above-captioned action.[1] The following statements are based on personal knowledge and information provided to me by other GCG employees.

MAILING OF THE NOTICE AND PROOF OF CLAIM

2. Pursuant to the Order, GCG mailed the Notice of Pendency of Class Action and Proposed Settlement (the "Notice") and the Proof of Claim and Release (the "Proof of Claim" and, collectively with the Notice, the "Claim Packet") to potential Class Members. A copy of the Claim Packet is attached hereto as Exhibit 1.

3. On October 5, 2017, Lead Counsel forwarded to GCG an email from Defendants'

[1] All capitalized terms not otherwise defined in this document shall have the meaning ascribed to them in the Stipulation and Agreement of Settlement dated on September 20, 2017 (the "Stipulation").

Counsel containing Excel files which contained 25 unique names and addresses of potential Class Members. On October 23, 2017, Claim Packets were disseminated by first-class mail to those 25 potential Class Members.

4. As in most class actions of this nature, the large majority of potential Class Members are expected to be beneficial purchasers whose securities are held in "street name" – *i.e.*, the securities are purchased by brokerage firms, banks, institutions and other third-party nominees in the name of the nominee, on behalf of the beneficial purchasers. GCG maintains a proprietary database with names and addresses of the largest and most common U.S. banks, brokerage firms, and nominees, including the national and regional offices of certain nominees (the "Nominee Database"). GCG's Nominee Database is updated from time to time as new nominees are identified, and others go out of business. At the time of the initial mailing, the Nominee Database contained 1,802 mailing records. On October 23, 2017, GCG caused Claim Packets to be disseminated by first-class mail to the 1,802 mailing records contained in GCG's Nominee Database.

5. The Notice directed those who purchased Cnova N.V. ordinary shares between November 19, 2014 through February 23, 2016, inclusive, for the beneficial interest of a person or entity other than themselves to either (a) send copies of the Claim Packet to the beneficial owners of the ordinary shares within seven (7) days from the receipt of the Notice, and provide written confirmation to GCG of such transmittal, or (b) provide to GCG the names and addresses of such beneficial owners within seven (7) days from the receipt of the Notice, in which event GCG will promptly mail the Claim Packet to such beneficial owners.

6. Through December 11, 2017, GCG has mailed an additional 4,503 Claim Packets to potential Class Members whose names and addresses were received from individuals or

nominees requesting that a Claim Packet be mailed to such persons, and mailed another 2,835 Claim Packets to nominees who requested Claim Packets to forward to their customers.

7. As of December 11, 2017, an aggregate of 9,175 Claim Packets have been disseminated to potential Class Members and nominees by first-class mail. This includes Claim Packets remailed to 10 potential Class Members whose Claim Packet was returned by the U.S. Postal Service and for whom updated addresses were provided to GCG by the Postal Service.[2]

PUBLICATION OF THE SUMMARY NOTICE

8. Pursuant to the Order, GCG's Notice & Media Team caused the Summary Notice to be transmitted over *PR Newswire*, a national business Internet newswire, on two separate occasions, on October 31, 2017 and November 14, 2017. Attached hereto as Exhibit 2 are Confirmation Reports for *PR Newswire*, attesting to those issuances. In addition, the Summary Notice was also transmitted over *Business Wire*, another national business Internet newswire, on November 7, 2017. Attached hereto as Exhibit 3 is a Confirmation Report for *Business Wire*, attesting to that issuance.

WEBSITE AND TELEPHONE HOTLINE

9. Pursuant to the Order, on October 23, 2017 , GCG posted the Stipulation, Order, Notice and Proof of Claim to its website, www.choosegcg.com/cases-info/CNV. GCG has also listed the exclusion, objection and claim filing deadlines, as well as the date of the Court's Final Approval Hearing on its website.

10. GCG established and continues to maintain a toll-free Interactive Voice Response ("IVR") system (1-866-613-0970) to accommodate inquiries from potential Class Members. This system became operational on or about October 23, 2017, and is accessible 24 hours a day, 7 days

[2] This includes Claim Packets that were returned as undeliverable and for which GCG was able to obtain an updated address through the United States Postal Service National Change of Address ("NCOA") database.

a week. Callers to the toll-free hotline during regular business hours have the option to speak with a call center representative.

REQUESTS FOR EXCLUSION

11. The Notice informs potential Class Members that requests for exclusion from the Class must be addressed to Cnova Securities Class Action, Claims Administrator, Attn: Exclusions Department, c/o GCG, P.O. Box 10493, Dublin, OH 43017-4093, such that they are postmarked no later than January 24, 2018. GCG has been monitoring all mail delivered to that post office box. To date, GCG has not received any requests for exclusion.

Jose C. Fraga

Sworn to before me this
13th day of December, 2017

Notary Public

ROSE MARIE HARDINA
Notary Public State of New York
No. 01HA5067940
Qualified in Nassau County
Commission Expires January 7, 2019

EXHIBIT 1

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE CNOVA N.V. SECURITIES LITIGATION This Document Relates To: All Actions	MASTER FILE 16 CV 444-LTS

NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT

To: All persons and entities that purchased Cnova N.V. ordinary shares from November 19, 2014 through February 23, 2016, both dates inclusive.

PLEASE READ THIS NOTICE CAREFULLY.

YOUR RIGHTS WILL BE AFFECTED BY A CLASS ACTION LAWSUIT PENDING IN THIS COURT

PLEASE NOTE THAT IF YOU ARE A CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE, YOU MUST TIMELY **SUBMIT A VALID PROOF OF CLAIM POSTMARKED NO LATER THAN MARCH 12, 2018**, IN CONNECTION WITH THIS SETTLEMENT. A PROOF OF CLAIM ACCOMPANIES THIS NOTICE. IF YOU NEED AN ADDITIONAL PROOF OF CLAIM YOU MAY REQUEST ONE FROM THE CLAIMS ADMINISTRATOR, AS EXPLAINED BELOW.

I. SUMMARY OF THIS NOTICE

This Notice relates to a federal securities class action brought pursuant to Sections 11 and 15 of the Securities Act of 1933 currently pending before the United States District Court for the Southern District of New York, in which Plaintiffs allege that defendants made misrepresentations and omissions regarding Cnova NV's financial condition and prospects in its public documents, including Cnova's Registration Statement and Prospectus issued in connection with Cnova's initial public offering of its ordinary shares on or about November 19, 2014. Plaintiffs further allege that the truth regarding Cnova's financial condition and prospects were partially revealed on January 28, 2015, December 18, 2015, and February 24, 2016, and that those persons and entities who purchased Cnova ordinary share between November 19, 2014 and February 23, 2016, inclusive (the "Class Period") were damaged as a result. Further discussion of the Action is set forth in Section III, below.

This Notice has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of New York ("Court"). The purpose of this Notice is to inform you of the proposed settlement of a class action lawsuit ("Action"), as set forth in the Stipulation and Agreement of Settlement dated September 20, 2017 ("Stipulation" or "Settlement"), and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement. This Notice is not intended to be, and should not be understood as, an expression of any opinion by the Court concerning the merits of the Action. This Notice describes the rights you may have in connection with the Settlement and what steps you may take in relation to the Settlement.

The proposed Settlement creates a fund in the amount of $28,500,000 in cash before deductions of attorneys' fees, costs, and expenses. Lead Plaintiffs Michael Schwabe and Jaideep Khanna ("Lead Plaintiffs") and defendants Cnova N.V. ("Cnova"), Vitor Faga de Almeida, German Quiroga, Emmanuel Grenier, Jean-Charles Naouri, Libano Miranda Barroso, Eleazar de Carvalho Filho, Didier Leveque, Ronaldo Iabrudi dos Santos Pereira, Arnaud Strasser, Fernando Tracanella, Nicolas Woussen, Yves Desjacques, and Bernard Oppetit ("Individual Defendants"), and Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., BNP Paribas Securities Corp., HSBS Securities (USA) Inc., Natixis Securities Americas LLC, and SG Americas Securities, LLC ("Underwriter Defendants") (collectively, with Cnova and the Individual Defendants, and the Underwriter Defendants, the "Defendants") disagree on the potential liability of Defendants and they do not agree on the average amount of damages per share, if any, that would be recoverable if Lead Plaintiffs were to have prevailed at trial on each claim alleged. Lead Plaintiffs and Lead Counsel (as defined below) believe that the proposed Settlement is an excellent recovery and is in the best interests of the Class (as defined below) in light of the risks associated with continuing to litigate and proceeding to trial.

The Class, as certified by the Court for the purposes of settlement on October 11, 2017, consists of all persons and entities that purchased Cnova N.V. ordinary shares from November 19, 2014 through February 23, 2016, inclusive (the "Class Period"), issued pursuant and/or traceable to Cnova's Registration Statement, which incorporated the Prospectus that was filed pursuant to Rule 424(b)(4) on November 21, 2014, in connection with Cnova N.V's initial public offering on or about November 19, 2014. Excluded from the Class are (i) Defendants; (ii) the officers and directors of Defendants; (iii) Casino Guichard Perrachon SA; (iv) the officers and directors of any excluded person or entity; (v) members of the immediate family of any excluded person; the legal representatives, agents, heirs, successors, subsidiaries, affiliates or assigns of any excluded person or entity; and (vi) any other person or entity in which any excluded person or entity has a beneficial ownership interest and had contractual control over the operations and/or management of such other person or entity during the Class Period to the extent of the excluded person or entity's beneficial ownership interest in such person or entity.

If the Settlement is approved by the Court, Court-appointed Lead Counsel for Lead Plaintiffs, Brower Piven, A Professional Corporation, 475 Park Avenue South, 33rd Floor, New York, NY 10016 ("Lead Counsel") will apply to the Court for an award of attorneys' fees not to exceed, in the aggregate, thirty-three and one third percent (33.33%) of the Settlement Fund (as defined below), plus reimbursement of Lead Counsel's reasonable out-of-pocket litigation, notice and settlement administration expenses as compensation for successfully prosecuting the Action. You may contact the claims administrator, Garden City Group, LLC ("GCG" or "Claims Administrator"), or a representative of Lead Counsel for further information about the Settlement; see below under "Further Information" for the contact information.

Statement of Plaintiffs' Recovery – The proposed Settlement with Defendants creates a fund in the amount of $28,500,000 in cash, which will include interest that accrues prior to distribution ("Settlement Fund"). Based on Lead Counsel's estimate of the number of shares of stock that may have been damaged by the alleged misrepresentations, and assuming that all those shares participate in the Settlement, Lead Plaintiffs estimate that the average recovery, based on 25,157,327 ordinary shares offered to the public in connection with Cnova's initial public offering on November 19, 2014, would be approximately $1.13 per share. As described more fully in Lead Plaintiffs' papers in support of the proposed Settlement and Plan of Allocation that will be filed before the deadlines for Class Members to request exclusion from the Class or object to the proposed Settlement and/or Plan of Allocation, Lead Plaintiffs have obtained a Settlement that Lead Counsel estimates will result in a recovery, based on the statutory measures of damages permitted under Section 11 of the Securities Act of 1933 and accounting for generally accepted principles of loss causation, for participating Class Members, before attorneys' fees, costs and expenses, of: (1) approximately 100% of the estimated likely recoverable damages under Section 11 of the Securities Act of 1933 in connection with Cnova's disclosures on December 18, 2015 (when Cnova announced that it had retained legal advisors and external forensic accountants to review issues related to potential accounting irregularities at its Brazilian subsidiary), and February 24, 2016 (when Cnova announced that its prior financial statements, including those in the Registration Statement, would need adjustment and could no longer be relied upon), and (2) approximately 50% of Class Members' estimated likely recoverable damages in connection with Cnova's disclosures on January 28, 2015 (when Cnova released disappointing results for its fourth quarter of 2014), based on the assumption that those results were the partial materialization of the undisclosed risk that the financial statements in the Registration Statement and Prospectus were materially inaccurate for the purposes of loss causation (a position Defendants strenuously dispute).

Your recovery from this fund, however, will depend on a number of variables, including the number of Cnova ordinary shares you purchased during the Class Period, the timing of your purchases and any sales, the number and amount of claims actually filed, and the estimate of recoverable losses based on the analysis of Lead Plaintiffs' damages consultant. You are advised to review the Plan of Allocation set forth on pages 6 to 9 below in the Notice to estimate potential individual recoveries, which provides the actual formulas that will be applied to claims submitted by each eligible individual, corporation, limited liability corporation, professional corporation, partnership, limited partnership, limited liability partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and/or any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assignees ("Person") or entity ("Class Member(s)"). The estimates above are also before deduction of any Court-awarded attorneys' fees, out-of-pocket expenses, and the cost of sending this Notice and administering and distributing the Settlement proceeds.

Statement of Potential Outcome of Case – Lead Plaintiffs and Defendants disagree on the potential liability of Defendants and they do not agree on the average amount of damages per share, if any, that would be recoverable if Lead Plaintiffs were to have prevailed at trial on each claim alleged. Defendants deny that they are liable in any respect or that Lead Plaintiffs suffered any injury. The issues on which the parties disagree include: (1) whether any Defendant engaged in any conduct in violation of, or subject to challenge under, the federal securities laws; (2) the amounts by which Cnova ordinary shares were allegedly artificially inflated (if at all) during the Class Period (as defined below); (3) the effect of various market forces influencing the trading price of Cnova ordinary shares at various times during the Class Period; (4) the extent to which the various matters that Lead Plaintiffs alleged were materially false or misleading influenced (if at all) the trading price of Cnova ordinary shares during the Class Period; (5) the extent to which the various allegedly adverse material facts that Lead Plaintiffs alleged were misrepresented or omitted influenced (if at all) the trading price of Cnova ordinary shares during the Class Period; (6) the impact, if any, of belated truthful discourse regarding Cnova; and (7) whether, even if liability could be proven, total damages would be greater than $0 and, if so, how much.

Statement of Attorneys' Fees and Costs Sought – Lead Counsel have committed a substantial amount of time prosecuting claims against Defendants on behalf of Lead Plaintiffs and the Class. In addition, they have not been reimbursed for out-of-pocket expenses. If the Settlement is approved by the Court, Lead Counsel shall apply to the Court for an award of a reasonable percentage of the Settlement Fund not to exceed, in the aggregate, thirty-three and one third percent (33 1/3 %) as attorneys' fees, and up to $300,000 for reimbursement of Lead Counsel's reasonable out-of-pocket litigation expenses. If the amounts described above are requested and approved by the Court, the average cost will be approximately $0.39 per share. In addition, Lead Counsel may apply to the Court, from time to time, for their fees and expenses, including hourly time billing incurred solely for administration of the Settlement.

Reasons for Settlement – Lead Plaintiffs believe that the proposed Settlement with Defendants is an excellent recovery and is in the best interests of the Class. Because of the risks associated with continuing to litigate and proceeding to trial, there was a danger that the Class would not have prevailed on their claims against Defendants, in which case the Class would receive nothing from Defendants. Even if Lead Plaintiffs prevail on liability, the amount of damages recoverable by Class Members was and is challenged by Defendants. Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law and, had the Action gone to trial, Defendants would have asserted that all or most of the losses of Class Members were caused by non-actionable conduct or market, industry, or general economic factors. Defendants would also assert, among other things, that their conduct complied with all applicable legal standards and they are liable for any violations of the federal securities laws.

Further Information – You may contact a representative of the Claims Administrator for further information about the Settlement by calling the following toll-free number: 1-866-613-0970. You also may email the Claims Administrator at the following email address: Cnova@choosegcg.com. Any written inquiries about the Action should be addressed to the Claims Administrator at:

Cnova Securities Class Action
Claims Administrator
c/o GCG
PO Box 10493
Dublin, OH 43017-4093

All Parties to this Action will file their papers in support of the proposed Settlement, the proposed Plan of Allocation and Lead Plaintiffs' application for an award of attorneys' fees and reimbursement of litigation expenses on or before December 22, 2017. You may review copies of those papers on or after December 22, 2017, by inspecting them either in the Office of the Clerk of the Court for the Southern District of New York at the Daniel Patrick Moynihan U.S. Courthouse, 500 Pearl Street, New York, NY 10007, or at www.choosegcg.com/cases-info/CNV/, or by requesting, in writing, copies from the Claims Administrator listed above, by writing to Cnova Securities Class Action, Claims Administrator, c/o GCG, PO Box 10493, Dublin, OH 43017-4093.

II. NOTICE OF HEARING ON PROPOSED SETTLEMENT

A settlement hearing will be held on March 15, 2018, at 2:00 p.m. (Eastern Time), before the Honorable Laura Taylor Swain, United States District Judge, at the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007 ("Final Approval Hearing"). The purpose of the Final Approval Hearing will be: (1) to determine whether the Court should grant final certification to the Class pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure; (2) to determine whether the Settlement consisting of $28,500,000 in cash should be approved as fair, reasonable, and adequate to the Class and the proposed Final Judgment (as defined on page 9) entered; (3) to determine whether the proposed Plan of Allocation for the proceeds of the settlement is fair and reasonable, and should be approved by the Court; (4) to determine whether any applications for attorneys' fees or expenses to Lead Counsel should be approved; and (5) to rule upon such other matters as the Court may deem appropriate. The Court may adjourn or continue the Final Approval Hearing without further notice to the Class.

III. THE LITIGATION

Currently pending before the United States District Court for the Southern District of New York is a consolidated action purportedly on behalf of all persons who purchased the ordinary shares of Cnova pursuant and/or traceable to Cnova's Registration Statement, which incorporated the Prospectus that was filed pursuant to Rule 424(b)(4) on November 21, 2014, issued in connection with Cnova's initial public offering on or about November 19, 2014, at an offering price of $7.00 per ordinary share (the "Offering Price") and which were subsequently listed on the NASDAQ Global Select Market under the symbol "CNV," and who were damaged thereby. The defendants named in the Action are Cnova, the Individual Defendants, and the Underwriter Defendants.

On January 20, 2016, plaintiff William J. Stevenson filed a complaint in the United States District Court for the Southern District of New York captioned *Stevenson v. Cnova N.V.*, *et al*., Civil Action No. 1:16-cv-00444-LTS-AJP ("*Stevenson* Action"). By Court Order dated April 15, 2016, the *Stevenson* Action was consolidated with two other actions: *Dumon v. Cnova N.V, et al.*, Civil Action No. 1:16-cv-00498-LTS-AJP; and *Lee v. Cnova N.V, et al.*, Civil Action No. 1:16-cv-01199-LTS-AJP. By the same Order, Michael Schwabe and Jaideep Khanna were appointed as Lead Plaintiffs. The Order also provided that Brower Piven, A Professional Corporation was appointed Lead Counsel.

On June 13, 2016, Lead Plaintiffs filed their Amended Class Action asserting violations of Sections 11 and 15 of the Securities Act of 1933 arising out of Defendants' alleged false and misleading statements in its Registration Statement, which incorporated the Prospectus filed on November 21, 2014, that was issued in connection with the Company's initial public offering on or about November 19, 2014. Thereafter, Lead Plaintiffs' counsel conducted an extensive examination of public sources of information, including thousands of pages of Cnova public filings, analyst reports, and news reports, and consulted with experts to begin preparing the case for trial. On August 16, 2016, Lead Plaintiffs filed the Amended and Supplemental Consolidated Class Action Complaint ("Complaint"), which incorporated information contained in the Annual Report for fiscal year ended December 31, 2015 filed on SEC Form 20-F or disclosed after the filing of the amended complaint. Following the filing of the latter Complaint, the parties agreed to attempt to settle the Action through mediation.

On November 2, 2016, the parties participated in a mediation session with the Honorable United States District Judge (Ret.), Layn R. Phillips, but did not reach a resolution. The parties had a number of telephone calls over the course of the next several months concerning possible settlement. On February 1, 2017, the parties met for a second mediation session before Judge Phillips at which time the parties made further efforts to resolve the litigation. Following the second mediation session, the parties continued to negotiate the terms of the settlement and on May 22, 2017, the parties reached a Memorandum of Understanding to settle the Action.

Both before and after the mediation sessions, Plaintiffs' Lead Counsel thoroughly reviewed thousands of pages of publicly available documents, including, among other things, U.S. Securities & Exchange Commission and other regulatory filings, media reports, and analyst reports. Plaintiffs' Lead Counsel also consulted several expert consultants in the United States, Brazil, France and the United Kingdom regarding various issues in the Action, including very extensive consultations with their economic, financial and damages experts.

Plaintiffs' Lead Counsel conducted an extensive factual investigation and discovery. Plaintiffs' Lead Counsel reviewed almost one million pages of documents, including approximately 175,000 documents Defendants produced to Lead Plaintiffs that were largely in Portuguese as well as documents in French and English, that included confidential internal emails by and between Defendants and their agents, presentations and selected work papers prepared by and for Cnova in connection with the investigations conducted by Cnova's directors, outside counsel, outside auditors, and outside forensic accountants concerning events and accounting at Cnova's Brazilian subsidiary prior and subsequent to Cnova's initial public offering of its ordinary shares and the ultimate restatement of its financial statements and results for fiscal years 2014 and 2015. In addition, Lead Plaintiffs interviewed Cnova's outside counsel and the forensic auditor that lead the Cnova investigation of its accounting irregularities to discuss the forensic analysis that was completed during the course of Cnova's internal investigation.

Subsequently, counsel for Lead Plaintiffs and Defendants continued negotiations resulting in the terms and conditions set forth in the Stipulation.

IV. CLAIMS OF THE CLASS AND BENEFITS OF SETTLEMENT

Lead Plaintiffs believe that the claims asserted in the Action against Defendants have merit and that the evidence developed to date supports those claims. However, Lead Plaintiffs and their counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action against Defendants through trial and through appeals. Lead Plaintiffs and their counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as this Action, as well as the difficulties and delays inherent in such litigation. Lead Plaintiffs and their counsel also are mindful of the inherent problems of proof under and possible defenses to the securities law violations asserted in the Action. Lead Plaintiffs and their counsel believe that the settlement set forth in the Stipulation confers substantial benefits upon the Class. Based on their evaluation, Lead Plaintiffs and their counsel have determined that the settlement set forth in the Stipulation is in the best interests of Lead Plaintiffs and the Class.

V. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

Defendants have denied and continue to deny each and all of the claims alleged in the Action. Defendants, however, recognize the uncertainty and the risk inherent in any litigation, especially complex securities litigation, and the difficulties and substantial burdens, expense, and length of time that may be necessary to defend the Action through the conclusion of discovery, summary judgment motions, trial, post-trial motions, and appeals. Defendants have therefore determined to settle the Action on the terms and conditions set forth in the Stipulation and to put the Released Claims (as defined on page 9) to rest finally and forever, without in any way acknowledging any wrongdoing, fault, liability, or damages to Lead Plaintiffs and the Class.

VI. TERMS OF THE PROPOSED SETTLEMENT

Cnova has paid, or caused to be paid, cash in the amount of $28,500,000 into an escrow account, which will earn interest for the benefit of the Class, pursuant to the terms of the Stipulation, until distributed to eligible claiming Class Members. In exchange for such payment, the Releasing Parties fully, finally and forever release, relinquish and discharge the Released Claims against the Released Parties (as defined on page 10). The Released Parties fully, finally and forever release, relinquish and discharge the Released Defendants' Claims (as defined on page 10) against Lead Plaintiffs and/or Lead Counsel (as defined on pages 1 and 2). A portion of the Settlement Fund will be used for certain administrative expenses, including the costs of printing and mailing this Notice, the cost of publishing newspaper notices, payment of any taxes assessed against the Settlement Fund and costs associated with the processing of claims submitted. In addition, as explained herein, a portion of the Settlement Fund may be awarded by the Court to Lead

Counsel for attorneys' fees and expenses. The Settlement Fund less (i) any Court-awarded attorneys' fees, costs, and expenses; (ii) notice and administration costs; (iii) taxes and tax expenses; and (iv) other Court-approved deductions that occur before distribution of the proceeds of the settlement to the Class ("Net Settlement Fund"), will be distributed to any Class Member whose claim for recovery has been allowed pursuant to the terms of the Stipulation ("Authorized Claimant") according to the Plan of Allocation described below.

VII. REQUESTING EXCLUSION FROM THE CLASS

If you do not wish to be included in the Class and you do not wish to participate in the proposed settlement described in this Notice you may request to be excluded. To do so, you must send a letter, postmarked **no later than January 24, 2018**. In this letter, you must set forth: (a) your name, current address, and day-time and evening telephone numbers; (b) the dates of all your purchases and/or sales of Cnova ordinary shares during the Class Period; (c) the number of shares purchased and/or sold on each such date; (d) the prices paid and/or received for all such shares on each such date; and (e) a clear and unambiguous statement that you wish to be excluded from the Class. The request for exclusion should be addressed as follows:

Cnova Securities Class Action
Claims Administrator
Attn: Exclusions Department
c/o GCG
PO Box 10493
Dublin, OH 43017-4093

NO REQUEST FOR EXCLUSION WILL BE CONSIDERED VALID UNLESS ALL OF THE INFORMATION DESCRIBED ABOVE IS INCLUDED IN ANY SUCH REQUEST. NO FURTHER OPPORTUNITY TO REQUEST EXCLUSION WILL BE GIVEN IN THIS ACTION.

If you validly request exclusion from the Class: (a) you will be excluded from the Class; (b) you shall have no rights under the Stipulation; (c) you shall not be entitled to submit any Proof of Claim forms; (d) you will not share in the proceeds of the Settlement described herein; (e) you will not be bound by any judgment entered in the Action; and (f) you will not be precluded, by reason of your decision to request exclusion from the Class, from otherwise prosecuting an individual claim, if timely, against the Defendants based on the matters complained of in the Action.

If you choose to be excluded from the Class, you will retain any right you have to individually pursue any legal rights that you may have against any Defendants with respect to the claims asserted in the Action. Please note that if you decide to exclude yourself from the Class, you may be time-barred from asserting the claims covered by the Action by the applicable statute of repose. If you wish to opt-out to pursue a separate recovery against Defendants, before seeking to opt-out, you are urged to consult counsel at your own expense to determine whether any such separate action can still be timely pursued on your behalf.

VIII. THE RIGHTS OF CLASS MEMBERS

If you are a Class Member, you have the following options:

1. You may file a Proof of Claim. If you submit a Proof of Claim, you will share in the proceeds of the proposed Settlement if your claim is valid and if the proposed settlement is finally approved by the Court. In addition, you will be bound by the Final Judgment and release described below.
2. If you have not timely and validly requested exclusion from the Class, you may object to the Settlement (*see* Section XIV below). However, if your objection is rejected, you will be bound by the Settlement and the Final Judgment just as if you had not objected.
3. You may do nothing at all. If you choose this option, you will not share in the proceeds of the Settlement, but you will be bound by any judgment entered by the Court in connection with the Settlement, and you shall be deemed to have, and by operation of the Final Judgment shall have, fully released all of the Released Claims against the Released Parties.
4. If you are a Class Member, you may, but are not required to, enter an appearance through counsel of your own choosing at your own expense. If you do not do so, you will be represented by Lead Counsel, who are:

David A.P. Brower
Daniel Kuznicki
BROWER PIVEN
A Professional Corporation
475 Park Avenue South, 33rd Floor
New York, NY 10016

Plaintiffs' Lead Counsel

You will not be charged personally for the services of Lead Counsel.

IX. PLAN OF ALLOCATION

The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund to those Class Members who suffered economic losses as a proximate result of the alleged wrongdoing. The Claims Administrator shall determine each Authorized Claimant's share of the Net Settlement Fund based upon the recognized loss formulas (the "Recognized Loss") described below. The Recognized Loss calculations made pursuant to the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that Class Members might have been able to recover after a trial. Nor are the Recognized Loss calculations pursuant to the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making pro rata allocations of the Net Settlement Fund.

In developing the Plan of Allocation, Lead Plaintiffs consulted with their financial and damages experts who had reviewed publicly available information regarding Cnova and performed statistical analyses of the price movements of Cnova ordinary shares and the price performance of relevant market and peer indices during the Class Period. The damages experts isolated the losses in Cnova ordinary shares that were caused by the alleged violations of the federal securities laws, eliminating losses attributable to market factors, industry factors, or Company-specific factors unrelated to the alleged violations of law. Lead Counsel further refined these calculations to account for the strength of the claims asserted in the Action. The Plan of Allocation, however, is not a formal damage analysis.

The calculation of Recognized Loss depends upon several factors, including: when the Cnova ordinary shares were purchased during the Class Period and for what price; whether those shares were sold, and if sold, for what price; the price of the shares in the IPO; and the price of the shares when the first complaint was filed in this Action.[1]

Section 11 of the Securities Act of 1933 provides for an affirmative defense of negative causation which prevents recovery for losses that Defendants prove are not attributable to misrepresentations and/or omissions alleged by Lead Plaintiffs in the Registration Statement. The Recognized Loss calculation assumes that the declines in the price of Cnova ordinary shares in response to corrective disclosures alleged by Lead Plaintiffs are the only compensable losses. Lead Counsel, in consultation with their damages experts, has determined that such disclosures occurred on: the following dates: after market close on January 28, 2015; after market close December 18, 2015; and February 23, 2016 (the "Corrective Disclosures"), and caused the following declines in the price of Cnova ordinary shares, net of market and industry effects:

Corrective Disclosure Impact Date	Company-Specific Share Price Decline
January 29, 2015	$0.55
January 30, 2015	$0.36
December 21, 2015	$0.53
December 22, 2015	$0.15
February 24, 2016	$0.18

Accordingly, if a Cnova share was sold before January 29, 2015 (the earliest stock price decline in response to an alleged Corrective Disclosure), the Recognized Loss for that share is $0.00, and any loss suffered is not compensable under the federal securities laws. Likewise, if a Cnova share was both purchased and sold between two consecutive Corrective Disclosure dates, the Recognized Loss for that share is $0.00.

Additionally, Lead Counsel has concluded that, in weighing the strengths and weaknesses of the claims of Class Members against the Defendants during the Class Period, claims for Cnova ordinary shares purchased during the Class Period and held on January 29 & 30, 2015, involved difficulties of proof and potential negative causation defenses that justify an adjustment under this Plan of Allocation of the per share Recognized Losses resulting from the disclosures on those dates of 50%. This adjustment is reflected in the Company-specific share price declines in the table above, which form the basis of the Recognized Loss formulas below.

Cnova shares tendered in the offer by Casino Guichard Perrachon SA to purchase all outstanding publicly traded ordinary shares of Cnova shall be considered a sale of such Cnova ordinary shares stock at $5.50 per share on March 2, 2017 (the completion date of the tender offer), and, therefore, for Cnova ordinary shares purchased during the Class Period and held on March 2, 2017, the tender offer will be treated as a sale on March 2, 2017 at $5.50 per share.

[1] January 20, 2016 is the date of the earliest complaint filed in this action that states a claim under Section 11 of the Securities Act of 1933. The price of Cnova stock on January 20, 2016 was $2.28.

Substantiation of Claims

With respect to Cnova ordinary shares, a Recognized Loss will be calculated as set forth below for each purchase or acquisition of Cnova ordinary shares that is listed in the accompanying Claim Form and for which adequate documentation is provided. Lead Counsel or the Claims Administrator may request additional documentation to support a claim. The failure to provide the requested information or otherwise satisfy Lead Plaintiffs and the Claims Administrator regarding the *bone fides* of a claim will result in the rejection, in whole or in part, of any such claim. Lead Counsel shall also have the right to reject, in whole or part, any claim submitted by any person or entity that does not meet the Class definition or is an excluded person or entity. Lead Counsel shall further have the right to request sufficient documentation from any Claimant to determine whether such Claimant is a Class Member or an excluded person or entity, and to determine the size of any such Claimant's interest in the Net Settlement Fund. If any Claimant fails to provide the requested information or other evidence of its Class membership and/or the size of his, her or its interest in the Net Settlement Fund satisfactory to Lead Counsel, the claim of the subject entity will be rejected.

Any person or entity whose claim is rejected shall be given the opportunity to appeal the rejection of his, her or its claim to the Court at a time and pursuant to procedures that will be determined by the Court following the processing of claims.

Calculation of Recognized Losses

In the calculation of Recognized Losses, all purchases and sales shall exclude any fees, taxes and commissions incurred in connection with such purchases and sales. Any transactions in Cnova ordinary shares executed outside of regular trading hours for the U.S. financial markets shall be deemed to have occurred during the next regular trading session.

Purchases or acquisitions and sales of Cnova ordinary shares shall be deemed to have occurred on the "trade" date as opposed to the "settlement" date. The receipt or grant by gift, inheritance or operation of law of Cnova ordinary shares during the Class Period shall not be deemed a purchase, acquisition or sale of these Cnova ordinary shares for the calculation of a Claimant's Recognized Loss, nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of such Cnova ordinary shares unless (i) the donor or decedent purchased or otherwise acquired such Cnova ordinary shares during the Class Period; (ii) the instrument of gift or assignment specifically provides that it is intended to transfer such rights; and (iii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such Cnova ordinary shares.

Recognized Loss Formulas

For each Cnova ordinary share purchased or otherwise acquired by a Class Member during the Class Period the Recognized Loss per share shall be calculated as follows:

I. For each Cnova ordinary share purchased during the period November 19, 2014 through January 28, 2015, inclusive, including those shares purchased directly from an underwriter or its agent in the Offering,

   a. that was sold prior to January 29, 2015, the Recognized Loss per share is $0.

   b. that was sold on January 29, 2015, the Recognized Loss per share is *the lesser of*

      i. $0.55; or

      ii. the purchase price (not to exceed the $7.00 Offering Price) *minus* the sale price.

   c. that was sold during the period January 30, 2015 through December 18, 2015, inclusive, the Recognized Loss per share is *the lesser of*

      i. $0.91; or

      ii. the purchase price (not to exceed the $7.00 Offering Price) *minus* the sale price.

   d. that was sold on December 21, 2015, the Recognized Loss per share is *the lesser of*

      i. $1.44; or

      ii. the purchase price (not to exceed the $7.00 Offering Price) *minus* the sale price.

   e. that was sold during the period December 22, 2015 through January 19, 2016, inclusive, the Recognized Loss per share is *the lesser of*

      i. $1.59; or

      ii. the purchase price (not to exceed the $7.00 Offering Price) *minus* the sale price.

f. that was sold during the period January 20, 2016 through February 23, 2016, inclusive, the Recognized Loss per share is *the lesser of*

   i. $1.59; or

   ii. the purchase price (not to exceed the $7.00 Offering Price) *minus* the higher of the sale price or $2.28 (*i.e.*, the price of Cnova ordinary shares on January 20, 2016, when the first complaint was filed in this Action).

g. that was sold on or after February 24, 2016, inclusive, the Recognized Loss per share is *the lesser of*

   i. $1.77; or

   ii. the purchase price (not to exceed the $7.00 offer price) *minus* the higher of the sale price or $2.28 (*i.e.*, the price of Cnova ordinary shares on January 20, 2016, when the first complaint was filed in this Action).

II. For each Cnova ordinary share purchased by a Class Member during the period January 29, 2015 through December 18, 2015, inclusive,

a. that was sold prior to December 21, 2015, the Recognized Loss per share is $0.

b. that was sold on December 21, 2015, the Recognized Loss per share is *the lesser of*

   i. $0.53; or

   ii. the purchase price (not to exceed the $7.00 Offering Price) *minus* the sale price.

c. that was sold during the period December 22, 2015 through January 19, 2016, inclusive, the Recognized Loss per share is *the lesser of*

   i. $0.68; or

   ii. the purchase price (not to exceed the $7.00 Offering Price) *minus* the sale price.

d. that was sold during the period January 20, 2016 through February 23, 2016, inclusive, the Recognized Loss per share is *the lesser of*

   i. $0.68; or

   ii. the purchase price (not to exceed the $7.00 Offering Price) *minus* the higher of the sale price or $2.28 (*i.e.*, the price of Cnova ordinary shares on January 20, 2016, when the first complaint was filed in this Action).

e. that was sold on or after February 24, 2016, the Recognized Loss is *the lesser of*

   i. $0.86; or

   ii. the purchase price (not to exceed the $7.00 offer price) *minus* the higher of the sale price or $2.28 (*i.e.*, the price of Cnova ordinary shares on January 20, 2016, when the first complaint was filed in this Action).

III. For each Cnova ordinary share purchased by a Class Member during the period December 21, 2015 through February 23, 2016, inclusive, and

a. that was sold prior to February 24, 2016, the Recognized Loss per share is $0.

b. that was sold on or after February 24, 2016, the Recognized Loss per share is *the lesser of*

   i. $0.18; or

   ii. the purchase price (not to exceed the $7.00 Offering Price) *minus* the higher of the sale price or $2.28 (*i.e.*, the price of Cnova ordinary shares on January 20, 2016, when the first complaint was filed in this Action).

An Authorized Claimants total Recognized Loss is the sum total of his, her or its per share Recognized Loss for each Cnova ordinary share purchased during the Class Period.

For purposes of determining whether a Claimant has a Recognized Loss, purchases, acquisitions, and sales of like ordinary shares will first be matched on a First In/First Out basis. To the extent that a calculation of a per share Recognized Loss results in zero or a negative number, that number shall be set to zero.

If the sum total of Recognized Losses of all Authorized Claimants who are entitled to receive payment out of the Net Settlement Fund is greater than the Net Settlement Fund, each Authorized Claimant shall receive his, her, or its *pro rata* share of the Net Settlement Fund. The *pro rata* share shall be the Authorized Claimant's Recognized Loss divided by the total of Recognized Losses of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund.

If the Net Settlement Fund exceeds the sum total amount of the Recognized Losses of all Authorized Claimants entitled to receive payment out of the Net Settlement Fund, the excess amount in the Net Settlement Fund shall be distributed *pro rata* to all Authorized Claimants entitled to receive payment.

The Net Settlement Fund will be allocated among all Authorized Claimants whose prorated payment is $5.00 or greater. If the prorated payment to any Authorized Claimant calculates to less than $5.00, it will not be included in the calculation (*i.e.*, the Recognized Loss will be deemed to be zero) and no distribution will be made to that Authorized Claimant. Any prorated amounts of less than $5.00 will be included in the pool distributed to those whose prorated payments are $5.00 or greater.

Payment pursuant to the Plan of Allocation, or such other plan of allocation as may be approved by the Court, shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiffs, Lead Counsel, Lead Plaintiffs' damages experts, Defendants, Defendants' Counsel, or any of the other Released Parties, or the Claims Administrator or other agent designated by Lead Counsel arising from distributions made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or further Orders of the Court. Lead Plaintiffs, Defendants and their respective counsel, and all other Released Parties, shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund or the Net Settlement Fund; the plan of allocation; the determination, administration, calculation, or payment of any Claim Form or nonperformance of the Claims Administrator; the payment or withholding of taxes; or any losses incurred in connection therewith.

The Plan of Allocation set forth herein is the plan that is being proposed to the Court for its approval by Lead Plaintiffs after consultation with their damages experts. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Class. Any Orders regarding any modification of the Plan of Allocation will be posted on the settlement website.

X. PARTICIPATION IN THE SETTLEMENT

TO PARTICIPATE IN THE DISTRIBUTION OF THE NET SETTLEMENT FUND, YOU MUST TIMELY COMPLETE AND RETURN A VALID PROOF OF CLAIM IN CONNECTION WITH THIS SETTLEMENT.

A Proof of Claim is being sent with this Notice. If you are a Class Member and need an additional Proof of Claim, copies may be obtained by telephoning the Claims Administrator, Garden City Group, LLC, toll-free at 1-866-613-0970 or by downloading the form on the internet at www.choosegcg.com/cases-info/CNV/.

The Proof of Claim, with all supporting documents (DO NOT SEND ORIGINALS), must be postmarked **no later than March 12, 2018**, and delivered to the Claims Administrator at the address below. DO NOT SEND a Proof of Claim to counsel for the Parties or the Court.

Cnova Securities Class Action
Claims Administrator
c/o GCG
PO Box 10493
Dublin, OH 43017-4093

Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim, you will be barred from receiving any payment from the Net Settlement Fund, but will in all other respects be bound by the provisions of the Stipulation and the Final Judgment. The Court may disallow or adjust the claim of any Class Member. Each claimant will be deemed to have submitted to the jurisdiction of the United States District Court for the Southern District of New York with respect to his, her, or its Proof of Claim.

XI. DISMISSAL AND RELEASES

If the proposed settlement is approved, the Court will enter a Final Judgment and Order of Dismissal ("Final Judgment"). Under the Final Judgment, the Releasing Parties fully, finally and forever release, relinquish and discharge the Released Claims against the Released Parties. The Released Parties fully, finally and forever release, relinquish and discharge the Released Defendants' Claims against Lead Plaintiffs and/or their attorneys.

"Released Claims" means any and all claims, debts, actions, causes of action, suits, dues, sums of money, accounts, liabilities, reckonings, bonds, bills, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, awards, extents, executions, and demands whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liability), whether based on federal, state, local, statutory or common law or any other law, rule or regulation, including without limitation the federal securities laws, whether fixed or contingent, whether accrued or un-accrued, whether asserted or unasserted, whether liquidated or un-liquidated, whether at law or in equity, whether matured or unmatured, whether direct, indirect or consequential, whether class or individual in nature, whether suspected or unsuspected, and whether known claims or Unknown Claims (as defined below), which the Lead Plaintiffs and the Class Members on behalf of themselves, their heirs, executors, representatives, administrators, predecessors, successors, assigns, officers and directors, any and all other persons they represent and any other person or entity claiming (now or in the future) through or on behalf of them, in their individual capacities and in their capacities as purchasers of Cnova ordinary shares, ever had, now has or hereafter can, shall or may have, from the beginning of time through and including the present, whether in their own right or by assignment, transfer or grant from any other person, thing or entity that (i) have been asserted in this Action by the Lead Plaintiffs and Class Members, or any of them, against any of the Released Parties, or (ii) could have been asserted in any forum by the Lead Plaintiffs or Class Members, or any of them, against any of the Released Parties which arise out of, are based upon or relate to, directly or indirectly, the allegations, transactions, facts, statements, matters or occurrences, representations or omissions involved, set forth, or referred to in the Complaint or relate to the purchase acquisition, transfer, holding, ownership, disposition, or sale of Cnova ordinary shares during the Class Period, including (but not limited to) the purchase or acquisition of Cnova ordinary shares pursuant and/or traceable to the Registration Statement and Prospectus issued in connection with Cnova's November 19, 2014 initial public offering. Released Claims does not include claims relating to the enforcement of the Settlement or the terms of the Stipulation.

"Released Defendants' Claims" means any and all claims, rights, causes of action or liabilities, of every nature and description whatsoever, whether based in law or equity, on federal, state, local, statutory or common law or any other law, rule or regulation (including any claims for violations of Fed. R. Civ. P. 11), including both known claims and Unknown Claims, that have been or could have been asserted in this Action or any forum by the Released Parties, or any of them, or the successors and assigns of any of them against Lead Plaintiffs or their attorneys, which arise out of or relate in any way to the institution, prosecution, or settlement of the Action. Released Defendants' Claims does not include claims relating to the enforcement of the Settlement or the terms of the Stipulation.

"Released Parties" means the Defendants and their respective present and former direct and indirect parents, subsidiaries, divisions, and affiliates, and any of their present and former officers, directors, members, general partners, limited partners, employees, agents, representatives, attorneys, advisors, associates, associations, fiduciaries, sureties, insurers and reinsurers, shareholders, auditors and accountants, predecessors, heirs, consultants, successors and assigns of each of them, and any other person or entity in which any of the foregoing has or had a controlling interest or which is or was related to or affiliated with any of the foregoing, and anyone acting in concert with any of them.

"Releasing Parties" means Lead Plaintiffs and each of the Class Members on behalf of themselves, their heirs, executors, representatives, administrators, predecessors, successors, assigns, officers and directors.

"Unknown Claims" means any and all Released Claims which any Releasing Party does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that the Lead Plaintiff expressly waives, and each Class Member shall be deemed to have waived, and by operation of the Final Judgment shall have expressly waived, any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Lead Plaintiffs, as Class representatives, acknowledge that members of the Class may discover facts in addition to or different than those that they now know or believe to be true with respect to the subject matter of the release herein, but that it is its intention, on behalf of the Class, to fully, finally, and forever settle and release any and all claims released hereby, known or unknown, suspected or unsuspected, which now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery or existence of such additional or different facts. Lead Plaintiffs also acknowledge, and Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Claims was separately bargained for and was a key element of the Settlement Agreement.

XII. APPLICATION FOR ATTORNEYS' FEES AND EXPENSES

At the Final Approval Hearing, Lead Counsel will request an award of a reasonable percentage of the Settlement Fund not to exceed, in the aggregate, thirty-three and one third percent (33 1/3%) of the Settlement Fund as attorneys' fees, plus reimbursement of Lead Counsel's reasonable out-of-pocket litigation and Notice and settlement administration expenses. Lead Counsel's fee application will be filed with the Court on or before December 22, 2017. All such sums as may be approved by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees, costs, or expenses.

Lead Counsel have committed a substantial amount of time prosecuting claims on behalf of Lead Plaintiffs and the Class. In addition, they have not been reimbursed for any of their costs and expenses. The amounts requested by Lead Counsel will compensate counsel for their efforts in achieving the Settlement for the benefit of the Class, and for their risk in undertaking this representation on a wholly contingent basis. The amount to be requested is within the range of fees awarded to plaintiffs' counsel under similar circumstances in other litigations of this type. Lead Counsel may thereafter from time to time apply to the Court, without further notice to the Class, for an additional award of attorneys' fees and costs incurred in connection with administering the Settlement, provided, in the aggregate, all fees awarded to Lead Counsel will not exceed thirty-three and one third percent (33 1/3%) of the Settlement Fund. All such awards shall be subject to the approval of the Court.

In addition to Lead Counsel's fees and litigation expenses, expenses will be incurred in connection with providing notice to the Class, processing Proofs of Claims, and distributing the Net Settlement Fund, and those amounts approved by the Court will be deducted from the Settlement Fund. The Claims Administrator estimates that the cost of administration of this Settlement will be approximately $400,000. That amount is a good faith estimate and may be higher or lower depending on numerous factors, including, but not limited to the number of claims submitted and the efforts necessary to cure deficient claims and/or obtain necessary documentation from claiming Class Members to calculate their claims. The Claims Administrator may apply, from time to time, without further notice to the Class for payment of its fees and expenses incurred in providing notice to the Class, administering the Settlement and distributing the proceeds of the Settlement and any such applications will require the approval of Lead Counsel and the Court.

XIII. CONDITIONS FOR SETTLEMENT

The Settlement is conditioned upon the occurrence of certain events described in the Stipulation. Those events include, among other things: (1) entry of the preliminary approval order; (2) that the Stipulation not be terminated pursuant to its terms; (3) entry of the Final Judgment by the Court, as provided for in the Stipulation; and (4) expiration of the time to appeal from or alter or amend the Final Judgment. If, for any reason, any one of the conditions described in the Stipulation is not met or the Stipulation otherwise does not become effective or, under certain specified conditions, the Stipulation is terminated and, thereby, becomes null and void, the parties to the Stipulation will be restored to their respective positions as of the date the Stipulation was executed.

XIV. THE RIGHT TO OBJECT AND BE HEARD AT THE HEARING

Any Class Member who has not excluded himself, herself, or itself from the Class can object to the Settlement, or any part of it, and/or the application by Lead Counsel for attorneys' fees and expenses. To object, any such Person and entity must submit a written objection and copies of any papers and briefs so they are received **on or before January 24, 2018**, by each of the following:

Brower Piven
A Professional Corporation
David A.P. Brower
Daniel Kuznicki
475 Park Avenue South
33rd Floor
New York, NY 10016

Plaintiffs' Lead Counsel

White & Case LLP
Glenn M. Kurtz
Douglas P. Baumstein
1221 Avenue of the Americas
New York, NY 10020

Attorneys for Cnova N.V.

Any written objection must demonstrate the objecting Person's or entity's membership in the Class, including the dates of all such Class Member's purchases and/or sales of Cnova ordinary shares during the Class Period, the number of shares purchased and/or sold on each such date, and the prices paid and/or received for all such shares on each such date. Only Class Members who have submitted written objections in this manner will be entitled to be heard at the Final Approval Hearing, unless the Court orders otherwise. Persons and entities that intend to object to the Settlement and desire to present evidence at the Final Approval Hearing must include in their written objections the identity of any witnesses they may call to testify and any exhibits they intend to introduce into evidence at the Final Approval Hearing.

If you wish to attend the Final Approval Hearing in person and speak to the Court, you must ask the Court for permission. To do so, you must submit a written statement noting your intention to appear at the Final Approval Hearing to the persons noted above so that it is received **on or before January 24, 2018**.

XV. SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased Cnova ordinary shares (NMS: CNV) between November 19, 2014 and February 23, 2016, both dates inclusive, for the beneficial interest of a person or entity other than yourself, **THE COURT HAS DIRECTED THAT WITHIN SEVEN (7) DAYS OF YOUR RECEIPT OF THIS NOTICE FROM THE CLAIMS ADMINISTRATOR**, **ALL SECURITIES BROKERS AND OTHER NOMINEES** either (a) provide to Garden City Group, LLC ("GCG"), the Claims Administrator identified below, the name and last known address of each person or entity for whom or which you purchased Cnova ordinary shares during such time period or (b) request additional copies of this Notice, which will be provided to you free of charge, and within seven calendar (7) days after receipt of such additional copies of this Notice from the Claims Administrator, mail the Notice directly to the beneficial owners of those Cnova ordinary shares. If you select option (a) above, the Claims Administrator will cause copies of this Notice to be forwarded to the beneficial owners of securities referred to herein. If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. All communications concerning the foregoing should be addressed to the Claims Administrator:

Cnova Securities Class Action
Claims Administrator
c/o GCG
PO Box 10493
Dublin, OH 43017-4093

You are entitled to reimbursement for your reasonable and necessary expenses actually incurred in complying with the foregoing, including reimbursement of reasonable postage expenses and the reasonable costs of obtaining the names and addresses of beneficial owners. Those reasonable expenses and costs will be paid upon request and submission of appropriate supporting documentation. All requests for reimbursement should be sent to the Claims Administrator.

XVI. EXAMINATION OF PAPERS

This Notice is a summary and does not describe all of the details of the Stipulation. For full details of the matters discussed in this Notice, you may review the Stipulation filed with the Court, which may be inspected during business hours, at the office of the Clerk of the Court, Southern District of New York, Daniel Patrick Moynihan U.S. Courthouse, 500 Pearl Street, New York, NY 10007 or at www.choosegcg.com/cases-info/CNV/.

If you have any questions about the Settlement, you may contact a representative of Garden City Group, LLC, the Claims Administrator, by calling the following toll-free number: 1-866-613-0970. You also may email the Claims Administrator at the following email address: Cnova@choosegcg.com. Any written inquiries about the Action should be addressed to the Claims Administrator at:

Cnova Securities Class Action
Claims Administrator
c/o GCG
PO Box 10493
Dublin, OH 43017-4093

PLEASE DO NOT CONTACT THE COURT OR DEFENDANTS' COUNSEL REGARDING THIS NOTICE.

Dated: OCTOBER 23, 2017

BY THE ORDER OF THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

Must be Postmarked No Later Than March 12, 2018

Cnova Securities Class Action
Claims Administrator
c/o GCG
PO Box 10493
Dublin, OH 43017-4093
1-866-613-0970

CNV

Claim Number:

Control Number:

PROOF OF CLAIM AND RELEASE

THIS PROOF OF CLAIM MUST BE MAILED TO THE ADDRESS ABOVE AND POSTMARKED NO LATER THAN MARCH 12, 2018.

To recover as a member of the Class based on your claims in the action entitled *In re Cnova N.V. Securities Litigation*, 1:16-cv-00444-LTS-AJP ("Action"), in the United States District Court for the Southern District of New York, you must complete and, under Part V below, sign this Proof of Claim and Release form ("Proof of Claim"). If you fail to submit a timely, properly completed and addressed Proof of Claim, your claim may be rejected and you may be precluded from any recovery from the Net Settlement Fund. All defined terms contained herein shall have the same meaning as set forth in the Stipulation and Agreement of Settlement dated as of September 20, 2017 (the "Stipulation").

Important - *Please print clearly. This form should be completed IN CAPITAL LETTERS using BLACK or DARK BLUE ballpoint/fountain pen. Characters and marks used should be similar in the style to the following:*

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z 1 2 3 4 5 6 7 0

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PART I - CLAIMANT IDENTIFICATION

Claimant or Representative Contact Information:

The Claims Administrator will use this information for all communications relevant to this Claim (including the check, if eligible for payment). If this information changes, you MUST notify the Claims Administrator in writing at the address above.

LAST NAME (CLAIMANT): **FIRST NAME (CLAIMANT):**

LAST NAME (Beneficial Owner if Different From Claimant): **FIRST NAME (Beneficial Owner):**

LAST NAME (Co-Beneficial Owner): **FIRST NAME (Co-Beneficial Owner):**

Company/Other Entity (If Claimant Is Not an Individual):

Name of the Person you would like the Claims Administrator to Contact Regarding This Claim (If Claimant is Not an Individual):

Trustee/Nominee/Other

Account Number (If Claimant Is Not an Individual): **Trust/Other Date (If Applicable):** / /

Street Address:

City **State** **Zip Code**

Foreign Province **Foreign Country** **Foreign Zip Code**

Daytime Telephone Number: - - **Evening Telephone Number:** - -

Last Four Digits of the Beneficial Owner's Employer Identification Number or Social Security Number[1]

Email Address **(Email address is not required, but if you provide it you authorize the Claims Administrator to use it in providing you with information relevant to this claim.)**

IF YOU FAIL TO SUBMIT A COMPLETE CLAIM BY MARCH 12, 2018 YOUR CLAIM IS SUBJECT TO REJECTION OR YOUR PAYMENT MAY BE DELAYED.

NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large numbers of transactions may request to, or may be requested to, submit information regarding their transactions in electronic files. To obtain the mandatory electronic filing requirements and file layout, you may visit the website at **www.choosegcg.com/cases-info/CNV/** or you may email the Claims Administrator, Garden City Group, LLC, at **eclaim@choosegcg.com**. Any file not in accordance with the required electronic filing format will be subject to rejection. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues an email after processing your file with your claim numbers and respective account information. Do not assume that your file has been received or processed until you receive this email. If you do not receive such an email within 10 days of your submission, you should contact the electronic filing department at **eclaim@choosegcg.com** to inquire about your file and confirm it was received and acceptable.

To view Garden City Group, LLC's Privacy Notice, please visit http://www.choosegcg.com/privacy

[1]The last four digits of the taxpayer identification number (TIN), consisting of a valid Social Security Number (SSN) for individuals or Employer Identification Number (EIN) for business entities, trusts, estates, etc., and telephone number of the beneficial owner(s) may be used in verifying this claim.

PART II - SCHEDULE OF TRANSACTIONS IN ORDINARY SHARES

A. PURCHASES/ACQUISITIONS: Purchases or Acquisitions of Cnova N.V. Ordinary Shares from **November 19, 2014** through **March 2, 2017**, inclusive. (Must be documented.)[2]

Date(s) of Purchase/Acquisition (List Chronologically) (Month/Day /Year)	Number of Shares Purchased/Acquired	Purchase/Acquisition Price Per Share	Total Purchase or Acquisition Price (excluding taxes, commissions and fees)	Check this box if the purchase listed covered a "short sale".
/ /		.	.	
/ /		.	.	
/ /		.	.	
/ /		.	.	
/ /		.	.	
/ /		.	.	

[2] **Please note:** Information requested with respect to your purchases/acquisitions of Cnova Ordinary shares from February 24, 2016 through and including March 2, 2017 is needed in order to balance your claim; purchases/acquisitions during this period, however, are not eligible under the Settlement and will not be used for purposes of calculating your Recognized Loss pursuant to the Plan of Allocation.

B. SALES: Sales of Cnova N.V. Ordinary Shares from **November 19, 2014** through **March 2, 2017**, inclusive. (Must be documented.)

Date(s) of Sale (List Chronologically) (Month/Day /Year)	Number of Shares Sold	Sale Price Per Share	Total Sale Price (excluding taxes, commissions and fees)	Check this box if the sale covered was a "short sale".
/ /		.	.	
/ /		.	.	
/ /		.	.	
/ /		.	.	
/ /		.	.	
/ /		.	.	

C. ENDING HOLDINGS: Number of Cnova N.V. Ordinary Shares tendered in the offer by Casino Guichard Perrachon, SA during the Class Period and held at the close of trading on **March 2, 2017**: (If none, write "zero" or "0"; if other than zero, must be documented.) ______ Shares

IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS YOU MUST PHOTOCOPY THIS PAGE AND CHECK THIS BOX ☐
IF YOU DO NOT CHECK THIS BOX THESE ADDITIONAL PAGES WILL NOT BE REVIEWED

PART III - SUPPORTING DOCUMENTATION

Please Submit Supporting Documentation For Your Claim. You must submit documentation for your trading history. Acceptable documentation may include: (a) monthly stock brokerage or other investment account statements; (b) trade confirmation slips; (c) a signed letter from your broker on firm letterhead verifying the information you are providing; (d) a Deposit or Escrow Receipt showing your holdings; or (e) other equivalent proof of your transactions. DO NOT SEND ORIGINALS. If you have questions, please call 1-866-613-0970.

PART IV - RELEASE

Please Review the Release For the Claims Against the Defendants and Sign Below.

1. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally and forever release, relinquish and discharge, all of the Released Claims against the Released Parties.

"Released Claims" means any and all claims, debts, actions, causes of action, suits, dues, sums of money, accounts, liabilities, reckonings, bonds, bills, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, awards, extents, executions, and demands whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liability), whether based on federal, state, local, statutory or common law or any other law, rule or regulation, including without limitation the federal securities laws, whether fixed or contingent, whether accrued or un-accrued, whether asserted or unasserted, whether liquidated or un-liquidated, whether at law or in equity, whether matured or unmatured, whether direct, indirect or consequential, whether class or individual in nature, whether suspected or unsuspected, and whether known claims or Unknown Claims (as defined below), which the Lead Plaintiffs and the Class Members on behalf of themselves, their heirs, executors, representatives, administrators, predecessors, successors, assigns, officers and directors, any and all other persons they represent and any other person or entity claiming (now or in the future) through or on behalf of them, in their individual capacities and in their capacities as purchasers of Cnova ordinary shares , ever had, now has or hereafter can, shall or may have, from the beginning of time through and including the present, whether in their own right or by assignment, transfer or grant from any other person, thing or entity that (i) have been asserted in this Action by the Lead Plaintiffs and Class Members, or any of them, against any of the Released Parties, or (ii) could have been asserted in any forum by the Lead Plaintiffs or Class Members, or any of them, against any of the Released Parties which arise out of, are based upon or relate to, directly or indirectly, the allegations, transactions, facts, statements, matters or occurrences, representations or omissions involved, set forth, or referred to in the Complaint or relate to the purchase acquisition, transfer, holding, ownership, disposition, or sale of Cnova ordinary shares during the Class Period, including (but not limited to) the purchase or acquisition of Cnova ordinary shares pursuant and/or traceable to the Registration Statement and Prospectus issued in connection with Cnova's November 19, 2014 initial public offering. Released Claims does not include claims relating to the enforcement of the Settlement or the terms of the Stipulation.

"Released Parties" means the Defendants and their respective present and former direct and indirect parents, subsidiaries, divisions, and affiliates, and any of their present and former officers, directors, members, general partners, limited partners, employees, agents, representatives, attorneys, advisors, associates, associations, fiduciaries, sureties, insurers and reinsurers, shareholders, auditors and accountants, predecessors, heirs, consultants, successors and assigns of each of them, and any other person or entity in which any of the foregoing has or had a controlling interest or which is or was related to or affiliated with any of the foregoing, and anyone acting in concert with any of them.

"Releasing Parties" means Lead Plaintiffs and each of the Class Members on behalf of themselves, their heirs, executors, representatives, administrators, predecessors, successors, assigns, officers and directors.

"Unknown Claims" means any and all Released Claims which any Releasing Party does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that the Lead Plaintiff expressly waives, and each Class Member shall be deemed to have waived, and by operation of the Final Judgment shall have expressly waived, any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Lead Plaintiffs, as Class representatives, acknowledge that Class Members may discover facts in addition to or different than those that they now know or believe to be true with respect to the subject matter of the release herein, but that it is its intention, on behalf of the Class, to fully, finally, and forever settle and release any and all claims released hereby, known or unknown, suspected or unsuspected, which now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery or existence of such additional or different facts. Lead Plaintiffs also acknowledge, and Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Claims was separately bargained for and was a key element of the Stipulation.

2. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this release or any other part or portion thereof.

3. I (We) hereby warrant and represent to the best of my (our) knowledge that I (we) have included information about all of my (our) transactions in Cnova ordinary shares during the Class Period.

PART V - CERTIFICATION

Under the penalty of perjury, I (we) certify that:

1. The number shown in Part 1 of this form is the last 4 digits of my (our) current SSN/TIN; and

2. I (We) certify that I am (we are) not subjected to backup withholding under the provisions of Section 3406(a)(1)(C) of the Internal Revenue Code.

NOTE: If you have been notified by the Internal Revenue Service that you are subject to backup withholding, please strike out the language that you are not subject to backup withholding in the certification above.

The Internal Revenue Service does not require your consent to any provision other than the certification required to avoid backup withholding.

I (We) declare under penalty of perjury under the laws of the United States of America that the foregoing information supplied by the undersigned is true and correct.

Executed this _____ day of ____________________ in ____.
(Month) (Year) (City, State, Country)

Signature of Claimant (if this claim is being made on behalf of Joint Claimants, then each must sign.)

____
Signature of Claimant

______________________________ ______________________________
Print Name of Claimant Date

____
Signature of Joint Claimant, if any

______________________________ ______________________________
Print Name of Joint Claimant, if any Date

If Claimant is other than an individual, or is not the person completing this form, the following also must be provided:

____
Signature of Person Completing Form

______________________________ ______________________________
Print Name of Person Completing Form Date

____
Capacity of person signing on behalf of claimant, if other than an individual, e.g., executor, president, trustee, custodian, etc.

REMINDER CHECKLIST

1. Please sign the above release and certification. If this Claim Form is being made on behalf of joint Claimants, then both must sign.

2. Remember to attach only copies of acceptable supporting documentation.

3. Please do not highlight any portion of the Claim Form or any supporting documents.

4. **Do not send original** stock certificates or documentation. These items cannot be returned to you by the Claims Administrator.

5. Keep copies of the completed Claim Form and documentation for your own records.

6. The Claims Administrator will acknowledge receipt of your Claim Form by mail, within sixty (60) days. Your claim is not deemed filed until you receive an acknowledgement postcard. If you do not receive an acknowledgement postcard within 60 days, please call the Claims Administrator toll free at 1-866-613-0970.

7. If your address changes in the future, or if this Claim Form was sent to an old or incorrect address, please send the Claims Administrator written notification of your new address. If you change your name, please inform the Claims Administrator.

8. If you have any questions or concerns regarding your claim, please contact the Claims Administrator at the above address or at 1-866-613-0970, or email Cnova@choosegcg.com.

THIS PROOF OF CLAIM MUST BE POSTMARKED NO LATER THAN MARCH 12, 2018 AND MUST BE MAILED TO:

Cnova Securities Class Action
Claims Administrator
c/o GCG
PO Box 10493
Dublin, OH 43017-4093

EXHIBIT 2

Summary Publication Notice of Proposed Settlement of Class Action and Final Settlement Hearing

NEWS PROVIDED BY
Brower Piven →
09:00 ET

SHARE THIS ARTICLE

NEW YORK, Oct. 31, 2017 /PRNewswire/ -- The following statement is being issued pursuant to Court Order regarding the in re Cnova N.V. Securities Litigation Settlement.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE CNOVA N.V. SECURITIES LITIGATION
This Document Relates To: All Actions
MASTER FILE 16 CV 444-LTS

To: All persons and entities that purchased Cnova N.V. ordinary shares from November 19, 2014 through February 23, 2016, both dates inclusive.

This Summary Notice is given pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of New York ("Court"), dated October 11, 2017. The purpose of this Summary Publication Notice is to inform you of the proposed settlement of the above-entitled class action ("Action") against defendants Cnova N.V. ("Cnova"), Vitor Faga de Almeida, German Quiroga, Emmanuel Grenier, Jean-Charles Naouri, Libano Miranda Barroso, Eleazar de Carvalho Filho, Didier Leveque, Ronaldo Iabrudi dos Santos Pereira, Arnaud Strasser, Fernando Tracanella, Nicolas Woussen, Yves Desjacques, and Bernard Oppetit, Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., BNP Paribas Securities Corp., HSBS Securities (USA) Inc., Natixis Securities Americas LLC, and SG Americas Securities, LLC (collectively, the "Defendants").

A settlement hearing will be held before the Honorable Laura Taylor Swain, United States District Judge, at the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007, at 2:00 o'clock p.m. on March 15, 2018 in order: (1) to determine whether the Court should grant certification to the Class pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure; (2) to determine whether the proposed Settlement consisting of $28,500,000 in cash should be approved as fair, reasonable, and adequate to the Class and the proposed Final Judgment entered; (3) to determine whether the proposed Plan of Allocation for the proceeds of the Settlement is fair and reasonable, and should be approved by the Court; (4) to determine whether the applications by Plaintiffs' Lead Counsel for an award of attorneys' fees equal to up to one-third of the Settlement Fund and reimbursement of their litigation expenses should be approved; and (5) to rule upon such other matters as the Court may deem appropriate.

If you purchased or otherwise acquired Cnova ordinary shares between November 19, 2014 and February 23, 2016 (both dates inclusive), and are not otherwise excluded from the Class, you are a Class Member. Class Members will be bound by the Final Judgment of the Court. If you are a Class Member, in order to share in the distribution of the Net Settlement Fund, you must submit a Proof of Claim postmarked no later than March 12, 2018, establishing that you are entitled to recovery. A Proof of Claim is being sent with this Notice. If you are a Class Member and need an additional Proof of Claim, copies may be obtained by telephoning the Claims Administrator at 1-866-613-0970 or by downloading the form on the internet at www.choosegcg.com/cases-info/CNV.

If you do not wish to be included in the Class, you do not wish to participate in the Settlement and you do not wish to receive a distribution from the Net Settlement Fund, you may request to be excluded, in the manner set forth in the full Notice of Pendency of Class Action and Proposed Settlement ("Notice"), no later than January 24, 2018. If you are a Class Member and do not timely and validly request exclusion from the Class, and you wish to object to the Settlement, the Plan of Allocation, and/or Plaintiffs' Lead Counsel's application for an award of attorneys' fees and/or reimbursement of expenses, you may submit a written objection. You also may, but are not required to, appear at the Final Approval Hearing. You must file and serve your written objection, in the manner specifically set forth in the Notice, no later than January 24, 2018.

This Summary Notice is only a summary of information regarding the Action, and the Settlement. You are urged to obtain a copy of the full, detailed Notice of Pendency of Class Action and Proposed Settlement, which includes, among other things, a description of: (1) the litigation in the Action prior to the Settlement; (2) the terms of the proposed Settlement; (3) the benefits of the Settlement to the Class; (4) the Plan of Allocation for the proceeds of the Settlement; (5) the rights of Class Members; (6) the release of claims against Defendants; (7) the application for an award of attorneys' fees and expenses; and (8) additional details concerning the Final Approval Hearing, excluding oneself from the Class and/or objecting to the Settlement, the Plan of Allocation, and/or the application for attorneys' fees and/or reimbursement of expenses, including the procedures that MUST be followed for Class Members to request exclusion from the Class or to object to the Settlement, the Plan of Allocation and/or application for attorneys' fees and/or reimbursement of expenses.

A copy of the full Notice of Pendency of Class Action and Proposed Settlement may be accessed at: www.choosegcg.-com/cases-info/CNV, and for additional information, you may contact Garden City Group, LLC, the Claims Administrator, at the following address:

Cnova Securities Class Action
Claims Administrator
c/o GCG
PO Box 10493
Dublin, OH 43017-4093

PLEASE DO NOT CONTACT THE COURT OR DEFENDANTS' COUNSEL REGARDING THIS NOTICE.

Dated: October 31, 2017

Honorable Laura Taylor Swain
United States District Judge

SOURCE Brower Piven

You just read:

Summary Publication Notice of Proposed Settlement of Class Action and Final Settlement Hearing

NEWS PROVIDED BY
Brower Piven →
09:00 ET

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Tammy Ollivier

From: sfhubs@prnewswire.com
Sent: Tuesday, October 31, 2017 6:00 AM
To: GCGBuyers; Tammy Ollivier
Subject: PR Newswire: Press Release Distribution Confirmation for Brower Piven. ID#1975669-2-1

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Summary Publication Notice of Proposed Settlement of Class Action and Final Settlement Hearing

NEWS PROVIDED BY
Brower Piven →
09:00 ET

NEW YORK, Nov. 14, 2017 /PRNewswire/ -- The following statement is being issued pursuant to Court Order regarding the In re Cnova N.V. Securities Litigation Settlement.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE CNOVA N.V. SECURITIES LITIGATION
This Document Relates To: All Actions
MASTER FILE 16 CV 444-LTS

To: All persons and entities that purchased Cnova N.V. ordinary shares from November 19, 2014 through February 23, 2016, both dates inclusive.

This Summary Notice is given pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of New York ("Court"), dated October 11, 2017. The purpose of this Summary Publication Notice is to inform you of the proposed settlement of the above-entitled class action ("Action") against defendants Cnova N.V. ("Cnova"), Vitor Faga de Almeida, German Quiroga, Emmanuel Grenier, Jean-Charles Naouri, Libano Miranda Barroso, Eleazar de Carvalho Filho, Didier Leveque, Ronaldo Iabrudi dos Santos Pereira, Arnaud Strasser, Fernando Tracanella, Nicolas Woussen, Yves Desjacques, and Bernard Oppetit, Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., BNP Paribas Securities Corp., HSBS Securities (USA) Inc., Natixis Securities Americas LLC, and SG Americas Securities, LLC (collectively, the "Defendants").

A settlement hearing will be held before the Honorable Laura Taylor Swain, United States District Judge, at the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007, at 2:00 o'clock p.m. on March 15, 2018 in order: (1) to determine whether the Court should grant certification to the Class pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure; (2) to determine whether the proposed Settlement consisting of $28,500,000 in cash should be approved as fair, reasonable, and adequate to the Class and the proposed Final Judgment entered; (3) to determine whether the proposed Plan of Allocation for the proceeds of the Settlement is fair and reasonable, and should be approved by the Court; (4) to determine whether the applications by Plaintiffs' Lead Counsel for an award of attorneys' fees equal to up to one-third of the Settlement Fund and reimbursement of their litigation expenses should be approved; and (5) to rule upon such other matters as the Court may deem appropriate.

If you purchased or otherwise acquired Cnova ordinary shares between November 19, 2014 and February 23, 2016 (both dates inclusive), and are not otherwise excluded from the Class, you are a Class Member. Class Members will be bound by the Final Judgment of the Court. If you are a Class Member, in order to share in the distribution of the Net Settlement Fund, you must submit a Proof of Claim postmarked no later than March 12, 2018, establishing that you are entitled to recovery. A Proof of Claim is being sent with this Notice. If you are a Class Member and need an additional Proof of Claim, copies may be obtained by telephoning the Claims Administrator at 1-866-613-0970 or by downloading the form on the internet at www.choosegcg.com/cases-info/CNV.

If you do not wish to be included in the Class, you do not wish to participate in the Settlement and you do not wish to receive a distribution from the Net Settlement Fund, you may request to be excluded, in the manner set forth in the full Notice of Pendency of Class Action and Proposed Settlement ("Notice"), no later than January 24, 2018. If you are a Class Member and do not timely and validly request exclusion from the Class, and you wish to object to the Settlement, the Plan of Allocation, and/or Plaintiffs' Lead Counsel's application for an award of attorneys' fees and/or reimbursement of expenses, you may submit a written objection. You also may, but are not required to, appear at the Final Approval Hearing. You must file and serve your written objection, in the manner specifically set forth in the Notice, no later than January 24, 2018.

This Summary Notice is only a summary of information regarding the Action, and the Settlement. You are urged to obtain a copy of the full, detailed Notice of Pendency of Class Action and Proposed Settlement, which includes, among other things, a description of: (1) the litigation in the Action prior to the Settlement; (2) the terms of the proposed Settlement; (3) the benefits of the Settlement to the Class; (4) the Plan of Allocation for the proceeds of the Settlement; (5) the rights of Class Members; (6) the release of claims against Defendants; (7) the application for an award of attorneys' fees and expenses; and (8) additional details concerning the Final Approval Hearing, excluding oneself from the Class and/or objecting to the Settlement, the Plan of Allocation, and/or the application for attorneys' fees and/or reimbursement of expenses, including the procedures that MUST be followed for Class Members to request exclusion from the Class or to object to the Settlement, the Plan of Allocation and/or application for attorneys' fees and/or reimbursement of expenses.

A copy of the full Notice of Pendency of Class Action and Proposed Settlement may be accessed at: www.choosegcg.com/cases-info/CNV, and for additional information, you may contact Garden City Group, LLC, the Claims Administrator, at the following address:

Cnova Securities Class Action
Claims Administrator
c/o GCG
PO Box 10493
Dublin, OH 43017-4093

PLEASE DO NOT CONTACT THE COURT OR DEFENDANTS' COUNSEL REGARDING THIS NOTICE.

Dated: Nov. 14, 2017

Honorable Laura Taylor Swain
United States District Judge

SOURCE Brower Piven

Summary Publication Notice of Proposed Settlement of Class Action and Final Settlement Hearing

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Brower Piven →
09:00 ET

Tammy Ollivier

From: sfhubs@prnewswire.com
Sent: Tuesday, November 14, 2017 6:02 AM
To: GCGBuyers; Tammy Ollivier
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EXHIBIT 3

Summary Publication Notice of Proposed Settlement of Class Action and Final Settlement Hearing

November 07, 2017 09:00 AM Eastern Standard Time

NEW YORK--(BUSINESS WIRE)--The following statement is being issued pursuant to Court Order regarding the In re Cnova N.V. Securities Litigation Settlement.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE CNOVA N.V. SECURITIES LITIGATION
This Document Relates To: All Actions
MASTER FILE 16 CV 444-LTS

To: All persons and entities that purchased Cnova N.V. ordinary shares from November 19, 2014 through February 23, 2016, both dates inclusive.

This Summary Notice is given pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of New York ("Court"), dated October 11, 2017. The purpose of this Summary Publication Notice is to inform you of the proposed settlement of the above-entitled class action ("Action") against defendants Cnova N.V. ("Cnova"), Vitor Faga de Almeida, German Quiroga, Emmanuel Grenier, Jean-Charles Naouri, Libano Miranda Barroso, Eleazar de Carvalho Filho, Didier Leveque, Ronaldo Iabrudi dos Santos Pereira, Arnaud Strasser, Fernando Tracanella, Nicolas Woussen, Yves Desjacques, and Bernard Oppetit, Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., BNP Paribas Securities Corp., HSBS Securities (USA) Inc., Natixis Securities Americas LLC, and SG Americas Securities, LLC (collectively, the "Defendants").

A settlement hearing will be held before the Honorable Laura Taylor Swain, United States District Judge, at the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007, at 2:00 o'clock p.m. on March 15, 2018 in order: (1) to determine whether the Court should grant certification to the Class pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure; (2) to determine whether the proposed Settlement consisting of $28,500,000 in cash should be approved as fair, reasonable, and adequate to the Class and the proposed Final Judgment entered; (3) to determine whether the proposed Plan of Allocation for the proceeds of the Settlement is fair and reasonable, and should be approved by the Court; (4) to determine whether the applications by Plaintiffs' Lead Counsel for an award of attorneys' fees equal to up to one-third of the Settlement Fund and reimbursement of their litigation expenses should be approved; and (5) to rule upon such other matters as the Court may deem appropriate.

If you purchased or otherwise acquired Cnova ordinary shares between November 19, 2014 and February 23, 2016 (both dates inclusive), and are not otherwise excluded from the Class, you are a Class Member. Class Members will be bound by the Final Judgment of the Court. If you are a Class Member, in order to share in the distribution of the Net Settlement Fund, you must submit a Proof of Claim postmarked no later than March 12, 2018, establishing that you are entitled to recovery. A Proof of Claim is being sent with this Notice. If you are a Class Member and need an additional Proof of Claim, copies may be obtained by telephoning the Claims Administrator at 1-866-613-0970 or by downloading the form on the internet at www.choosegcg.com/cases-info/CNV.

If you do not wish to be included in the Class, you do not wish to participate in the Settlement and you do not wish to receive a distribution from the Net Settlement Fund, you may request to be excluded, in the manner set forth in the full Notice of Pendency of Class Action and Proposed Settlement ("Notice"), no later than January 24, 2018. If you are a Class Member and do not timely and validly request exclusion from the Class, and you wish to object to the Settlement, the Plan of Allocation, and/or Plaintiffs' Lead Counsel's application for an award of attorneys' fees and/or reimbursement of expenses, you may submit a written objection. You also may, but are not required to, appear at the Final Approval Hearing. You must file and serve your written objection, in the manner specifically set forth in the Notice, no later than January 24, 2018.

This Summary Notice is only a summary of information regarding the Action, and the Settlement. You are urged to obtain a copy of the full, detailed Notice of Pendency of Class Action and Proposed Settlement, which includes, among other things, a description of: (1) the litigation in the Action prior to the Settlement; (2) the terms of the proposed Settlement; (3) the benefits of the Settlement to the Class; (4) the Plan of Allocation for the proceeds of the Settlement; (5) the rights of Class Members; (6) the release of claims against Defendants; (7) the application for an award of attorneys' fees and expenses; and (8) additional details concerning the Final Approval Hearing, excluding oneself from the Class and/or objecting to the Settlement, the Plan of Allocation, and/or the application for attorneys' fees and/or reimbursement of expenses, including the procedures that MUST be followed for Class Members to request exclusion from the Class or to object to the Settlement, the Plan of Allocation and/or application for attorneys' fees and/or reimbursement of expenses.

A copy of the full Notice of Pendency of Class Action and Proposed Settlement may be accessed at: www.choosegcg.com/cases-info/CNV, and for additional information, you may contact Garden City Group, LLC, the Claims Administrator, at the following address:

Cnova Securities Class Action
Claims Administrator
c/o GCG
PO Box 10493
Dublin, OH 43017-4093

PLEASE DO NOT CONTACT THE COURT OR DEFENDANTS' COUNSEL REGARDING THIS NOTICE.

Dated: November 7, 2017

Honorable Laura Taylor Swain
United States District Judge

Contacts

Brower Piven
David A.P. Brower, 212-501-9000

BROWER PIVEN

Release Versions

English | EON: Enhanced Online News

Contacts

Brower Piven
David A.P. Brower, 212-501-9000

Tammy Ollivier

From: newsroom@businesswire.com
Sent: Tuesday, November 07, 2017 6:00 AM
To: Tammy Ollivier
Subject: Release Issued for Business Wire Order #3796223c

BusinessWire
A Berkshire Hathaway Company

Business Wire Connect Order #3796223c Release Issued

Tammy Ollivier,

Your news release was issued today at November 07, 2017 06:00 AM Pacific Time (U.S. and Canada).

Release Issued

Summary Publication Notice of Proposed Settlement of Class Action and Final Settlement Hearing

Reports & Order History for this release

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Contacts

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Jeff.Donovan@Businesswire.com
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EXHIBIT B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE CNOVA N.V. SECURITIES LITIGATION	MASTER FILE 16 CV 444-LTS

DECLARATION OF ZACHARY NYE, PH.D.
IN SUPPORT OF THE PROPOSED SETTLEMENT AND PLAN OF ALLOCATION

I, Zachary Nye, hereby declare as follows, pursuant to 28 U.S.C. § 1746:

I. Background and Qualifications

1. I am a financial economist and Vice President at Stanford Consulting Group, Inc. ("SCG"). Since 1981, SCG has provided economic research and expert testimony for business litigation, and regulatory and legislative proceedings. All SCG professionals hold masters or doctoral degrees in business, economics, finance or operations research, and certain senior consultants have testified as experts in these fields.

2. I have an A.B. in Economics from Princeton University; an M.Sc. in Finance from the London Business School; and a Ph.D. in Finance from the Paul Merage School of Business at the University of California, Irvine. I have co-authored academic research published in peer-reviewed conference proceedings, as well as working papers with finance faculty at various universities. My research areas include the market efficiency of underlying and derivative securities, volatility forecasting, risk management, financial econometrics, valuation and corporate finance. I have previously served as an expert witness in matters involving securities litigation, as well as business and intellectual property valuation. My curriculum vitae, which includes my academic research, publications in the past ten years, and prior expert testimony in the past four years, is attached hereto as Exhibit 1.

3. My current hourly rate is $600. I have received assistance from individuals at SCG, who worked under my direction; their fees charged for this project are their standard hourly rates. Neither my compensation nor that of any individual at SCG is contingent on the outcome of this litigation.

II. Scope of Engagement

4. SCG has advised plaintiffs' counsel throughout this litigation regarding capital market issues and potential recoverable damages from a financial standpoint. SCG was initially retained by plaintiffs' counsel to prepare an event study, identifying statistically significant movements in the share price of Cnova N.V. ("Cnova" or the "Company") during the period November 19, 2014 through February 23, 2016, both dates inclusive (*i.e.*, the "Class Period"), and to estimate damages to Class members based on various potential loss causation and damages scenarios, including the estimation of statutory damages under Section 11 and 12(2) of the Securities Act of 1933 (the "Securities Act").

5. In its work, SCG has analyzed public information and financial data related to Cnova and its publicly traded peers, and evaluated the reactions of market professionals to new information released by Cnova during the Class Period, including those described in published securities analyst reports.[1] Among other matters, SCG has considered potential loss causation defenses that defendants could credibly raise and assessed the merits of any potential negative causation defense from a financial standpoint. Additionally, SCG assisted plaintiffs' counsel in analyzing and responding to the estimate of damages contained in defendants' mediation statement exchanged in connection with the settlement mediation between the parties held in California on November 2, 2016 (the "Mediation"). At the Mediation, I discussed the proposed damages analyses with the consultant/economist retained by defendants, and assisted in defending plaintiffs' proposed damages model and estimates.

6. Finally, SCG assisted plaintiffs' counsel in developing the proposed plan of allocation of the Net Settlement Fund in the above-captioned matter (the "Plan of Allocation"),

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[1] A collection of the relevant Class Period analyst reports are annexed hereto as Exhibit 2.

described in the Notice of Pendency of Class Action and Proposed Settlement (the "Notice"), which was intended to mirror the damages estimates SCG provided to plaintiffs' counsel in connection with the Mediation and subsequent settlement negotiations, leading to the recovery by plaintiffs of $28.5 million for the Class.[2]

7. Based upon SCG's prior work on this matter, I now have been asked by counsel for plaintiffs in this matter to opine on the following:

i. loss causation associated with the price decline of Cnova's ordinary shares[3] upon the disclosure of information that allegedly corrected defendants' misstatements and omissions in this matter;

ii. estimated damages per-share and class-wide aggregate damages incurred by investors who purchased the ordinary shares of Cnova pursuant and/or traceable to the registration statement issued in connection with the Company's initial public offering on or about November 19, 2014 (the "IPO"),[4] as well as during the Class Period; and

iii. the reasonableness and fairness of the Plan of Allocation.

III. Summary of Alleged Misrepresentations

8. In this matter, plaintiffs have alleged that during the Class Period, defendants violated the federal securities laws under Sections 11 of the Securities Act by making false and misleading statements about Cnova's financial condition and prospects in its public documents,

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[2] Herein, all capitalized terms are as defined in the Notice.

[3] Throughout the Class Period, Cnova ordinary shares were listed on the Nasdaq Global Select Market under the ticker "CNV." (*See* Exhibit 3 for a chart of the daily closing price and volume of Cnova ordinary shares compared to the S&P500 market index.)

[4] A total of 29,157,327 shares were sold in the offering (26,800,000 shares were offered, plus 2,357,327 shares were sold through a partial exercise of an over-allotment) at a price of $7.00 per share. (*See* CNV SEC Form 20-F, filed March 31, 2015, p. 177.)

Following Cnova's initial public offering, the Company had 441,297,846 ordinary shares outstanding. The Company's "Founding Shareholders" held 93.4% of the Company's ordinary shares. Shares held by the Founding Shareholders are not included in damages. (Founding Shareholders include: Charles Naouri, Casino, CBD, Via Varejo S.A., Éxito and certain current and former managers of Nova Pontocom.). (*See id*., pp. i, 41.)

including in Cnova's registration statement and prospectus issued in connection with its IPO (the "Registration Statement").[5] Plaintiffs allege that the Registration Statement contained false and misleading statements and/or material omissions about Cnova's true financial condition and business prospects.[6] According to the Complaint,

> Defendants made false and/or misleading statements and/or failed to disclose: (1) that the Company overstated net sales; (2) that the Company failed to properly write-off the value of certain returned items; (3) that there was a material discrepancy in accounts receivable related to the damaged/returned items; (4) that, as such, the Company's EBIT was overstated; (5) that the company lacked adequate internal controls; and (6) that, as a result of the foregoing, the Company's financial statements and Defendants' statements about Cnova's business, operations, and prospects, were materially false and misleading at all relevant times.[7]

IV. Summary of Alleged Corrective Events

9. Plaintiffs allege that the truth regarding Cnova's financial condition and prospects were partially revealed on the following three dates: after market close on January 28, 2015; after market close on December 18, 2015, and prior to market open on February 24, 2016. In order to assess loss causation in this matter, I performed a standard event study to determine whether the corrective disclosures and/or risk materialization events that plaintiffs allege corrected false or misleading material information, or that revealed material information that was previously omitted during the Class Period, caused a measurable stock price reaction after accounting for contemporaneous market and industry effects.[8] Expert economists commonly use an event study

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[5] The Registration Statement included the Company's consolidated financial statements for the years ended December 31, 2011, 2012 and 2013, and for the nine months ended September 30, 2013 and 2014. (*See* CNV Form 424(b)(4), filed November 21, 2014, p. 9.)

[6] Amended and Supplemental Consolidated Complaint, dated August 16, 2016 (the "Complaint").

[7] Complaint, ¶12.

[8] *See* Exhibit 4 for the event study regression results. Exhibit 5 contains the daily expected and residual returns for Cnova ordinary shares estimated from the regression model.

in securities litigation to correlate the disclosure of new material information to security price response. Event studies comprise numerous steps, including: (i) the *a priori* definition and selection of events to study; (ii) identification of a study period; (iii) estimation of a regression model to remove non-company-specific effects from the security's return; (iv) testing for statistical significance; and (v) interpretation of empirical results.[9] Academic research acknowledges that some variation in approaches to event studies is permitted.[10]

10. I have reviewed the available news and analyst reports surrounding these alleged corrective disclosures and/or risk materialization events. In summary, the alleged corrective information released on these dates was new, negative, Company-specific information that caused a statistically significant Company-specific decline in the price of Cnova ordinary shares.[11] The following is a summary of the alleged corrective events and the corresponding stock price reactions.

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[9] As described by Mitchell and Netter:

> The execution of an event study is quite simple. It involves the identification of an event that causes investors to change their expectations about the value of a firm. The investigator compares a stock price movement contemporaneous with the event to the expected stock price movement if the event had not taken place. There are three basic steps in conducting an event study: (i) define the event window; (ii) calculate abnormal stock price performance around the event; and (iii) test for statistical significance of the abnormal stock price performance. (*See* Mitchell, Mark L. and Jeffry M. Netter, 1994, "The Role of Financial Economics in Securities Fraud Cases: Applications at the Securities and Exchange Commission," *The Business Lawyer*, Vol. 49, pp. 557, 558.)

[10] However, "[w]hile there is no unique structure, the analysis can be viewed as having seven steps." Those steps are event definition, selection criteria, normal and abnormal returns, estimation procedure, testing procedure, empirical results, and interpretation and conclusion. (*See* Campbell, John Y., Andrew W. Lo, and A. Craig MacKinlay, *The Econometrics of Financial Markets*, Princeton University Press, 1997, pp. 150–152.)

[11] An event study was conducted for each alleged corrective event. Company-specific returns are a measure of the change in Cnova's stock price due to Company-specific events and are calculated as the difference between Cnova's actual return and its expected return on a given date. Expected returns have been estimated using a regression analysis, which measures the

January 28, 2015
Just three months after the Company's IPO, after market close on Wednesday, January 28, 2015, Cnova released its year-end 2014 financial results.[12] The Company reported net sales of €1.1 billion and an adjusted EBITDA of €42 million. The Company also provided sales guidance for the first quarter of 2015, stating that it expected year-over-year sales to increase 17% +/-200 basis points (or €894–€925 million). The Company's sales guidance was well below analysts' consensus forecast of 25% growth (or €961 million). During its conference call the next day, the Company attributed its lower-than-expected sales guidance to deteriorating macroeconomic conditions in Brazil.[13] Following the Company's earnings release, several analysts expressed concern over the Company's sales guidance, reducing their earnings estimates and investment ratings for the Company.[14] On January 29, 2015, the price of Cnova ordinary shares declined 14.8% (a Company-specific decline of 15.0% or \$1.11). The next day, January 30, 2015, the share price declined another 12.4% (a Company-specific decline of 11.3% or \$0.71). The Company-specific returns on both January 29 and January 30, 2015 were statistically significant at the 95% confidence level. News commentators attributed the decline in the price of Cnova ordinary shares to its poor earnings results and guidance.[15] Plaintiffs allege that the Company's worse-than-expected quarterly results and sales guidance released on January 28, 2015 was a result of the alleged misrepresentations and/or omissions in place at time of the Company's IPO, and that such misrepresentations were designed to make the Company's Brazilian operations appear stronger than they really were. Thus, contrary to the Company's assertions that its disappointing financial performance was due to deteriorating macroeconomic conditions in Brazil (which would have been widely known to the market prior to January 29, 2015), the negative information released on January 28 is alleged to be a materialization of the risk concealed by the alleged accounting fraud.

relationship between Cnova's stock returns and changes in market-wide factors that would be expected to impact all stocks.

[12] *Dow Jones Institutional News*, "Press Release: CNOVA N.V.: Strong Cash Generation of EUR 203 million in FY14; Net Cash position of EUR 534 million at year-end, or EUR 1.21/share; Adj. Operating Profit[1] of EUR 35 million in 4Q14 (+34.5% vs. 4Q13), EUR ...," January 28, 2015, 6:42 PM.

[13] *CQ FD Disclosure*, "Q4 2014 Cnova NV Earnings Call – Final," January 29, 2015.

[14] *See, e.g.*, Deutsche Bank, "Cnova, Mixed Bag In First Print Out of the Gate," January 30, 2015; J.P. Morgan, "Cnova, A Disappointing Debut," January 29, 2015.

[15] *See, e.g.*, *Reuters News*, "BUZZ-Cnova NV: Second day of slump pushes stock to lowest since Nov IPO," January 30, 2015, 1:44 PM.

December 18, 2015
After market close on Friday, December 18, 2015, the Company announced that it had engaged legal advisors and external forensic accountants as part of an internal investigation into employee misconduct related to inventory management at its Brazilian subsidiary, and that it would assess any related accounting and financial statement impact.[16] Following the Company's December 18, 2015 disclosures, analysts expressed concern over the implications of the investigation.[17] On December 21, 2015, the price of Cnova ordinary shares declined 18.0% (a Company-specific decline of 18.1% or $0.53). On December 22, 2015, the share price declined another 5.9% (a Company-specific decline of 6.1% or $0.15). The Company-specific returns on both December 21 and December 22, 2015 were statistically significant at the 95% confidence level. News commentators attributed the decline in the price of Cnova ordinary shares to news of the investigation.[18] Plaintiffs allege that the information disclosed by the Company on December 18, 2015 alerted the market that there was misconduct within Cnova's Brazilian operations that put its financial statements and business prospects in question. This was the first of a series of disclosures through which defendants admitted that the Registration Statement for the Company's IPO contained material misstatements and/or omissions.

February 24, 2016
Prior to market open on Wednesday, February 24, 2016, the Company released its fourth-quarter and full-year 2015 results.[19] It also provided an update on its Brazil internal review.[20] The Company stated that it had determined that certain accounting adjustments would "need to be apportioned to 2013 and 2014 but [it had] not yet determined the specific amounts attributable to these prior periods." Accordingly, the Company warned that the financial statements included its previously filed 2014 annual report should not be relied upon. The Company provided additional details regarding its findings to date, including, among other things, that (i) it had "identified an overstatement of Cnova net sales and accounts receivable" because "a significant portion of second sales were not reversed"; (ii) "inconsistencies were

[16] *Dow Jones Institutional News*, "Press Release: Cnova N.V.: Cnova N.V. Initiates a Review of Inventory in Brazil," December 18, 2015, 4:02 PM.

[17] *See*, *e.g.*, Morgan Stanley, "Cnova NV, Investory Investigation," December 21, 2015; Societe Generale, "Cnova, Negative News with Inventory Issues in Brazil," December 21, 2015.

[18] *See*, *e.g.*, *Reuters News*, "BUZZ-Cnova NV: Slumps on employee misconduct probe at Brazil unit," December 21, 2015, 12:58 PM.

[19] *Nasdaq / Globenewswire*, "Cnova N.V.: Cnova N.V. 4th Quarter and Full Year 2015 Financial Results," February 24, 2016, 1:44 AM.

[20] *Nasdaq / Globenewswire*, "Cnova N.V.: Cnova N.V. Update Brazil Internal Review Financial Statement Adjustments in Line with Previous Estimates and Subject to Restatement," February 24, 2016, 1:46 AM.

found [] linked to the amount and valuation of damaged/returned items, which represent less than 10% of total inventory at the end of 2015"; and (iii) it had "uncovered that incorrect entries concerning primarily accounts payable and written reports were intentionally prepared by Cnova Brazil accounting staff at the direction of former Cnova Brazil employees." The Company estimated that the combined impact of its actions on fourth-quarter 2015 operating EBIT was a reduction of R$177.0 million (€47.8 million).[21]

Analysts expressed concerns over the impact of the fraudulent activity discovered in the Company's Brazil division. For example, Credit Suisse stated that "The difficult macro environment in Brazil is not news, and to add to that headwind, Cnova will have to restate financials following the discovery of fraudulent employee activity and subsequent forensic examination of its inventory value."[22] Deutsche Bank noted that "large charges, losses and accruals in Brazil from internal issues" negatively impacted the Company's quarterly results, concluding that "with CNV's struggling Brazilian business and no clear path towards profitability, we prefer to stay on the sidelines."[23]

On February 24, 2016, the price of Cnova ordinary shares declined 7.1% (a Company-specific decline of 7.0% or $0.18). The Company-specific return on February 24, 2016 was statistically significant at the 95% confidence level.

Plaintiffs allege that the information disclosed by the Company on February 24, 2016 provided further confirmation to the market that there was misconduct within Cnova's Brazilian operations that put its financial statements and business prospects in question, and that the Registration Statement for the Company's IPO contained material misstatements and/or omissions.

11. With respect to the January 28, 2015 and December 18, 2015 alleged corrective disclosures, a two-day event window is appropriate. Each of these two-day event windows reflects continuing reaction to news and/or continued release of unconfounded, fraud-related information, and each two-day event window was a period in which the residual price change of the stock was statistically significant. In addition, news articles attributed the decline in the price

[21] *Ibid*. *See also*, *Nasdaq / Globenewswire*, "Cnova N.V.: Cnova Update on Investigation into Brazil Inventory Management and Other Topics," January 12, 2016, 2:00 AM.

[22] Credit Suisse, "Digging Out from Company-Specific and Macro-Driven Headwinds," February 25, 2016.

[23] Deutsch Bank, "Cnova, More Turbulence Ahead In 2016 For CNV," February 24, 2016.

on the second day to the alleged corrective disclosures. For example, with respect to the January 28, 2015 disclosures, *Reuters News* reported:

> Casino's e-commerce retailer's shares fall for second straight day to touch their lowest since November IPO
>
> Stock slumped as much as 30 pct to a record low of $4.53; IPO was priced at $7
>
> Stock had closed down nearly 15 pct on Thursday after company posted weak results and gave a weak forecast
>
> "The obvious red flag for Cnova is missing and guiding down in its first quarter as a public company, which should weigh on the multiple," Deutsche Bank writes in a note on Friday
>
> Deutsche Bank cuts target from $8.50 to $6, the lowest on Wall Street
>
> JP Morgan also lowers target, as does Credit Suisse, which previously had the highest target among seven brokerages covering the stock[24]

12. In addition, academic studies often consider the impact of earnings announcements and similar events that take place at a pre-determined, well-known time, where traders can prepare themselves to act rapidly when the news is released, based on prepared strategies. Nevertheless, a continued response time is still found. Furthermore, it is not always a clear-cut press release or other scheduled announcement such as an announcement of earnings or a dividend that leads to the market becoming aware of certain information. Securities litigation events of interest are largely unexpected events; while investors may be immediately apprised of them, they will not have been able to prepare different valuation scenarios ahead of time, so determining the actual value impact of such an event may take some time, particularly as different traders with the same information set may come to different conclusions as to the total value impact, and need to find counterparties willing to trade at their price.

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[24] *Reuters News*, "BUZZ-Cnova NV: Second day of slump pushes stock to lowest since Nov IPO," January 30, 2015, 1:44 PM.

13. Mitchell and Netter, former SEC staff, state that one, two, and three-day event windows are commonly used in securities litigation.

> … [I]n many securities fraud cases the relevant information is revealed slowly over time, while during the same period investors receive other, sometimes unrelated, information about the firm(s) in question. In the latter case, it is relatively difficult to choose an appropriate window. The main advice is to carefully identify the exact dates during which the information is in question reached the market, and then restrict the window to a short period, if possible, generally two or three days around each release of new information. ….[25]
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> ***
>
> Because the efficient markets hypothesis, supported by considerable empirical evidence, suggests that stock prices react quickly to the release of new information, in many cases the event window will be relatively short, sometimes as short as one trading day.
>
> The current academic standard is to extend the event period to the close of trading on the day after the release of the pertinent information. n94
>
> n94 This is particularly true when the researcher examines a sample of several occurrences of the same type event such as a merger announcement. For a single event that is generally the norm in a securities fraud case, depending upon market factors, the window often can extend beyond the close of trading the day after the public announcement.[26]

14. Similarly, A. Craig MacKinlay, the academic author of an article on event study analysis, explicitly allows for event windows longer than one day.

> Even if the event being considered is an announcement on a given date it is typical to set the event window length to be larger than one. This facilitates the use of abnormal returns around the event day in the analysis.[27]

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[25] Mitchell, Mark L. and Jeffry M. Netter, "The Role of Financial Economics in Securities Fraud Cases: Applications at the Securities and Exchange Commission," *The Business Lawyer*, 49, p. 545 at 559.

[26] *Ibid.*, at 558–559.

[27] A. Craig MacKinlay, "Event Studies in Economics and Finance," *Journal of Economic Literature*, Vol XXXV (March 1997), p. 19.

15. The Supreme Court's ruling in *Halliburton II*[28] observed that in a prior defining decision on reliance, the Court recognized no fixed period or rule for the time required by an efficient market to incorporate new information.

> The Court in *Basic* acknowledged, however, the debate among economists about the efficiency of capital markets and refused to endorse "any particular theory of how quickly and completely publicly available information is reflected in market price." 485 U.S., at 248, n. 28.[29]

16. It is clear from the above that practitioners of event studies, whether financial economists conducting research in academia or in the arena of securities litigation, do not agree with the notion that an efficient market must fully incorporate new information within the same trading day that the information appears.

V. Per-Share Damages

17. Section 11 of the Securities Act concerns liability for false statements in a registration statement, under which damages are defined as the:

> difference between the amount paid for the security (not exceeding the price at which the security was offered to the public) and (1) the value thereof as of the time such suit was brought, or (2) the price at which such security shall have been disposed of in the market before suit, or (3) the price at which such security shall have been disposed of after suit but before judgment if such damages shall be less than the damages representing the difference between the amount paid for the security (not exceeding the price at which the security was offered to the public) and the value thereof as of the time such suit was brought….[30]

In addition, Section 11 provides for an affirmative defense of negative causation which prevents recovery for losses that defendants prove are not attributable to alleged misrepresentations and/or omissions in the offering's registration statement. Thus, assuming defendants would be able to

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[28] *Halliburton Co. et al. v. Erica P. John Fund, Inc., FKA Archdiocese of Milwaukee Supporting Fund, Inc.,* 573 U.S. ___ (2014).

[29] *Ibid.,* p. 3.

[30] 15 U.S.C. § 77k(e).

demonstrate negative causation at trial, the Company-specific declines in the price of Cnova ordinary shares in response to the corrective events alleged by plaintiffs are the only compensable losses in this matter. As discussed above, plaintiffs allege that corrective events occurred after market close on January 28, 2015; after market close December 18, 2015; and prior to market open on February 24, 2016, thereby causing the following declines in the price of Cnova ordinary shares:[31]

Corrective Disclosure Impact Date	Previous Closing Price	Company-Specific Return	Statistically Significant[32]	Company-Specific Share Price Decline[33]
1/29/2015	$7.72	-15.0%	Yes	$1.11
1/30/2015	$6.28	-11.3%	Yes	$0.71
12/21/2015	$2.95	-18.1%	Yes	$0.53
12/22/2015	$2.42	-6.1%	Yes	$0.15
2/24/2016	$2.55	-7.0%	Yes	$0.18
			Total	**$2.68**

18. Accordingly, no damages are incurred on shares sold before January 29, 2015, the earliest corrective disclosure impact date, or on shares both purchased and sold between two consecutive corrective disclosure impact dates. In addition, it is assumed that the first lawsuit filed on behalf of the purchasers of Cnova ordinary shares, with a claim under the Securities Act, was filed on January 20, 2016 (the "Suit Date"). The closing price of Cnova ordinary shares on the Suit Date was $2.28. Based on the above, per-share damages are calculated as follows:

i. For shares sold prior to January 20, 2016 (the Suit Date), per-share damages are the lesser of: (a) the cumulative Company-specific share price decline suffered by investors who held Cnova shares through one or more of the alleged corrective

[31] *See* Exhibit 6.

[32] The Company-specific returns on all five of the dates listed above are statistically significant at the 95% confidence level.

[33] Contribution to price inflation equals the previous closing price times the Company-specific return.

events;[34] or (b) the purchase price (not to exceed the $7.00 offering price) minus the sale price.

ii. For shares sold on or after January 20, 2016, per-share damages are the lesser of: (a) the cumulative Company-specific share price decline suffered by investors who held Cnova shares through one or more of the alleged corrective events; or (b) the purchase price (not to exceed the $7.00 offering price) minus the higher of the sale price and $2.28 (*i.e.*, Cnova's share price on the Suit Date).

19. On March 2, 2017, Casino Guichard Perrachon SA ("Casino") completed a tender offer for the purchase of all outstanding publicly trades ordinary shares of Cnova at a price $5.50 per share. For the purpose of calculating damages under Section 11, Cnova ordinary shares purchased during the Class period and held to March 2, 2017, were considered a sale of such Cnova ordinary shares stock at $5.50 per share on March 2, 2017. Given that the tender offer price of $5.50 per share is greater than Cnova's share price of $2.28 on the Suit Date, per share damages for Cnova ordinary shares purchased during the Class Period and held on March 2, 2017 are limited to the purchase price (not to exceed the $7.00 offering price) minus $5.50 per share.

VI. Aggregate Damages

20. To estimate aggregate damages, the timing and quantity of investor transactions in Cnova stock during the Class Period was estimated using the so-called proportional "One-Trader Model." The One-Trader Model is a version of the General Trading Model ("GTM"),[35] which posits that each share purchased during the Class Period has the same chance of being sold on a

[34] However, for shares purchased on January 29, 2015, per-share damages do not include the Company-specific share price decline on January 30, 2015. Likewise, for shares purchased on December 21, 2015, per-share damages do not include the Company-specific share price decline on December 22, 2015.

[35] Barclay, Michael, and Frank C. Torchio. "A Comparison of Trading Models Used for Calculating Aggregate Damages in Securities Litigation." *Law and Contemporary Problems*, vol. 64, no. 2/3, 2001, pp. 105–136, at p. 117.

subsequent day as any other share in the float, and that shares purchased on day one of the class period have, on average, a probability of being sold on day two equal to the adjusted volume-to-float ratio on day two.[36] "Virtually every securities litigation case in which aggregate damages are estimated relies on a version of the GTM for the number of shares damaged and the damage theory for the amount of artificial inflation."[37] Applying the theory of per-share damages described above to the daily trading behavior predicted by the One-Trader Model, aggregate Class-wide damages is estimated to be as follows:

Number of Damaged Shares	Aggregate Damages
25.16 million[38]	$45.59 million

21. Out of the $45.59 million in estimated aggregate damages, approximately $31.02 million can be attributed to the January 28, 2015 corrective disclosure; $13.72 million can be attributed to the December 18, 2015 corrective disclosure; and $0.85 million can be attributed to the February 24, 2016 corrective disclosure.[39]

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[36] An alternative to the One-Trader model is the proportional 80/20 Multi-Trader model, which posits two active traders (*e.g.*, institutions and individuals) with different holdings and propensities to trade. The so-called "80/20" split between the two sets of traders specifies a large set of "slow" traders (*i.e.*, they hold 80% of shares available, but trade 20% of the volume) and a small set of "fast" traders (*i.e.*, they hold 20% of shares available, but trade 80% of the volume). Here, the difference between the aggregate damage estimates under the One-Trade Model and the 80/20 Multi-Trader model is less than 5%.

[37] Barclay, Michael, and Frank C. Torchio. "A Comparison of Trading Models Used for Calculating Aggregate Damages in Securities Litigation." *Law and Contemporary Problems*, vol. 64, no. 2/3, 2001, pp. 105–136, at p. 105.

[38] Approximately four million IPO shares sold to Cnova insiders have been excluded from damages. *See* Exhibit 7 for a summary of insider and institutional holdings for Cnova ordinary shares for quarters ended December 2014 through December 2016.

[39] *See* Exhibit 8.

VII. Overview of the Plan of Allocation for Cnova Ordinary Shares

22. At the request of counsel for plaintiffs, I assisted in developing the Plan of Allocation. Persons and entities who purchased Cnova ordinary shares during the Class Period are potentially eligible to share in the distribution of the Net Settlement Fund, if they submit valid claim forms. The Plan of Allocation describes the method of calculating each Claimant's Recognized Loss for each share of Cnova stock purchased during the Class Period, as well as their pro-rata share of the Net Settlement Fund.

23. The method for calculating each claimant's Recognized Loss under the Plan of Allocation is consistent with the method for calculating per-share damages described in §V above. However, it is my understanding that Lead Counsel has concluded that, in weighing the strengths and weaknesses of the claims of Class Members against the defendants during the Class Period, claims for Cnova ordinary shares purchased during the Class Period and held on January 29 and 30, 2015 involved difficulties of proof and potential negative causation defenses that justify an adjustment under the Plan of Allocation of the per-share Recognized Losses incurred on those dates of 50%. This adjustment is reflected in the Company-specific share price declines in the table below, which form the basis of the Recognized Loss formulas in the Plan of Allocation:

Corrective Disclosure Impact Date	Company-Specific Share Price Decline
1/29/2015	$0.55
1/30/2015	$0.36
12/21/2015	$0.53
12/22/2015	$0.15
2/24/2016	$0.18
Total	**$1.77**

In all other respects, the Recognized Loss formulas in the Plan of Allocation are in accordance with the method for calculating per-share damages described in §V above.

24. The Net Settlement Fund is to be allocated in proportion to the Recognized Loss calculated by the Claims Administrator for each Authorized Claimant. Each Authorized Claimant shall receive his, her, or its *pro rata* share of the Net Settlement Fund. The *pro rata* share shall be the Authorized Claimant's Recognized Loss divided by the total Recognized Losses of all Authorized Claimants, and multiplied by the total amount in the Net Settlement Fund.

VIII. The Plan of Allocation Is Equitable and Reasonable

25. In my opinion, the Plan of Allocation provides a fair and reasonable method for calculating a Claimant's Recognized Loss and distributing the Net Settlement Fund. The proposed distribution of the Net Settlement Fund under the Plan of Allocation represents an equitable allocation of the Net Settlement Fund among Claimants who suffered economic losses as a result of the alleged fraud. My opinion is based upon the following two factors.

26. First, the per-share Recognized Loss formulas used in the Plan of Allocation are based on the per-share compensable loss figures that SCG calculated for litigation purposes and provided to plaintiffs' counsel as the estimated maximum amounts of damages Class members could likely recover at trial.

27. Second, as to the 50% discount applied in the Plan of Allocation for losses attributable to the January 28, 2015 corrective event, it is my understanding that there is a materially higher likelihood of defendants establishing a viable negative causation defense for such losses than for losses associated with the December 18, 2015 and February 24, 2016 corrective events. Specifically, unlike the December 18, 2015 and February 24, 2016 corrective events, no publicly available information on January 28, 2015 directly addressed the accuracy of the financial information contained in Cnova's Registration Statement, nor did that disclosure

indicate any suspicions of financial misdeeds by defendants. Rather, the January 28, 2015 disclosure reported disappointing operating results for Cnova's fourth quarter of 2014 and lower than expected guidance, which the Company attributed primarily to deteriorating business conditions in Brazil. Accordingly, given: (1) the uncertainty as to whether the poor fourth quarter results and guidance represented a partial realization of the Company's true operating prospects, which plaintiffs allege had been misrepresented and concealed by the false financial information contained in the Registration Statement, as opposed to a deterioration in business conditions unrelated to the alleged fraud; and (2) the heightened risk that defendants could mount a viable negative causation defense, thereby precluding any recovery for the attendant losses (*i.e.*, \$31.02 million of SCG's \$45.59 million in estimated damages), it is my opinion that a 50% discount for losses resulting from the January 28, 2015 corrective event is reasonable and justified.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed on December 14, 2017.

Zachary Nye, Ph.D.

EXHIBIT 1

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Zachary R. Nye

Email: zach@scginc.com

Education

Ph.D. – University of California, Irvine 2009
Finance Irvine, California

- Dissertation: Macro-Augmented Volatility Forecasting.
- Research Interests: Market efficiency of underlying and derivative securities, volatility forecasting, risk management, financial econometrics, valuation and corporate finance.
- Teaching Experience: Corporate Finance, Investments, and Risk Management.

M.Sc. – London Business School 2004
Finance London, England

- Earned distinction for Masters Thesis on the informational efficiency of credit-linked notes.

A.B. – Princeton University 2001
Economics Princeton, New Jersey

Employment History

Vice President Summer 2015 – present
Stanford Consulting Group, Inc. Redwood City, California

The Stanford Consulting Group, Inc. provides economic research and expert testimony for business litigation, as well as regulatory and legislative proceedings.

<u>Responsibilities include:</u>

- quantifying economic damages (*e.g.*, present value of expected future earnings, price inflation, lost profits, unjust enrichment, reasonable royalties);
- enterprise, project, equity, debt, derivative-security and intellectual-property valuation;
- assessing the informational efficiency of financial securities;
- analyzing fairness opinions related to corporate mergers and acquisitions;
- econometric modeling and analysis;
- marginal cost analysis;
- preparing expert reports and declarations;
- providing deposition and trial testimony; and
- supporting counsel in preparation for cross examination of opposing experts.

Senior Consultant Summer 2009 – Summer 2015
Stanford Consulting Group, Inc. Redwood City, California

Associate — Summer 2004 – Summer 2005
Stanford Consulting Group, Inc. — Redwood City, California

Mortgage Consultant — Fall 2002 – Summer 2003
Woolwich PLC — Oxford, UK

Trading Desk Specialist — Fall 2001 – Summer 2002
Merrill Lynch, Defined Asset Funds — Plainsboro, New Jersey

Academic Research

Nye, Zachary and Mark Washburn, 2013, "Macro-Augmented Volatility Forecasting," *Western Decision Sciences Institute Proceedings*. Paper presented at the WDSI Annual Meeting, Long Beach, California, March 27, 2013. Winner of the 2013 Best Theoretical/Empirical Research Paper Awards.

Nye, Zachary and Philippe Jorion, 2009, "Macro-Augmented Volatility Forecasting," Working Paper, University of California at Irvine.

Nye, Zachary and Timothy C. Johnson, 2005, "Market Efficiency's Hidden Teeth: An Unambiguous Test for Derivative Securities," Working Paper, London Business School.

Testimony

L-3 Communications Corporation, et al. v. Serco, Inc., United States District Court for the Eastern District of Virginia, Case No. 1:15-cv-701-GBL-JFA
Deposition October 22, 2015
Deposition October 18, 2017

In re Juno Therapeutics, Inc., United States District Court of Western District of Washington at Seattle, Case No. C16-1069RSM
Deposition October 4, 2017

Brad Mauss, et al. v. NuVasive, Inc., et al., United States District Court, Southern District of California, Case No.: 13-cv-02005-JM
Deposition December 20, 2016
Deposition August 28, 2017

In re Akorn, Inc. Securities Litigation, United States District Court, Northern District of Illinois, Eastern Division, Case No. 15-CV-01944
Deposition June 21, 2017

City of Pontiac General Employees' Retirement System, et al. v. Dell Inc., et al., United States District Court, Western District of Texas, Austin Division, Case No. 1:15-cv-00374-LY
Deposition April 19, 2017

In re Ocwen Financial Corporation Securities Litigation, United States District Court, Southern District of Florida, Case 14-81057-CIV-WPD
Deposition September 23, 2016
Deposition March 28, 2017

Stephen Calfo, et al. v. John P. Messina, Sr., et al., United States District Court, Southern District of New York, Civil Action No. 15 Civ. 04010 (LGS)
Deposition January 5, 2017

In re EZCORP, Inc. Securities Litigation, United States District Court, Southern District of New York, Case No. 14-cv-6834 (ALC)

Deposition	October 14, 2016

Arthur Menaldi, et al. v. Och-Ziff Capital Management Group LLC, et al., United States District Court, Southern District of New York, No. 14-CV-03251-JPO

Deposition	October 3, 2016

Keith Thomas, et al. v. MagnaChip Semiconductor Corp., et al., United States District Court, Northern District of California, Case No. 3:14-cv-01160-JST

Deposition	September 16, 2016

In re Rocket Fuel, Inc. Securities Litigation, United States District Court, Northern District of California, Oakland Division, Case No. 4:14-cv-03998-PJH

Deposition	September 14, 2016

Barbara Strougo, Individually and on Behalf of All Others Similarly Situated v. Barclays PLC, et al., United States District Court, Southern District of New York, Case No. 14-cv-5797 (SAS)

Deposition	August 11, 2015
Evidentiary Hearing	November 5, 2015
Deposition	June 16, 2016

In re Merck & Co., Inc. Securities, Derivative & "ERISA" Litigation, United States District Court, District of New Jersey, Case Numbers: 05-cv-5060; 07-cv-4021; 07-cv-4022; 07-cv-4023; 07-cv-4024; 07-cv-4546; 11-cv-6259; and 15-cv-518

Deposition	December 6, 2013
Deposition	October 1, 2015

Richard Thorpe and Darrel Weisheit, Individually and on Behalf of All Others Similarly Situated v. Walter Investment Management Corp., et al., United States District Court, Southern District of Florida, Case No. 1:14-cv-20880-UU

Deposition	September 16, 2015

City of Austin Police Retirement System, *Individually and on Behalf of All Others Similarly Situated* v. Kinross Gold Corporation, et al., United States District Court, Southern District of New York, Civil Action No. 1:12-cv-01203-VEC-KNF

Deposition	November 19, 2014

In re El Paso Partners, L.P. Derivative Litigation, Court of Chancery of the State of Delaware, C.A. No. 7141-CS

Deposition	September 24, 2013
Trial	November 12 and 13, 2014

L-3 Communications Corporation, et al. v. Jaxon Engineering & Maintenance, Inc., et al., United States District Court for the District of Colorado, Civil Action No. 10-cv-02868-MSK-KMT

Deposition	August 7, 2014

Axa Corporate Solutions Assurance, et al. v. Honeywell International, Inc., et al., Superior Court of the State of Arizona in and for the County of Maricopa, No. CV2011-019334

Deposition	February 24, 2014

In re Heckmann Corporation Securities Litigation, United States District Court for the District of Delaware, Case No. 1:10-cv-00378-LPS-MPT

Deposition	November 9, 2012

EXHIBIT 2

17 December 2014
Initiation of coverage

Cnova

Netherlands | General retail

Buy (None)

Target price
USD 9.50

Current price
USD 6.80

Fabienne Caron
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Assisted by Thibault Parguey

Some value despite complex structure

We initiate coverage on Cnova, the ecommerce subsidiary of Casino recently listed on the Nasdaq, with a Buy rating and a USD9.5 target price. We like its growth and profitability outlook in France and Brazil despite the fact that its complex shareholder structure and dependency on two parent companies leads us to apply a 20% discount to our fair value.

Different business models in France and Brazil

While the market place is already relatively well established in France, it is in its infancy in Brazil, and thus brings strong upside. In Brazil, the business relies on interest-free credit to consumers (80% of sales). As a result, the company factors trade receivables, which derives high financial charges.

EBIT margin to increase driven by the market place

We expect Cnova to release an increase in gross margin and profitability from Q4 driven by a further increase in the market place as well as the annualisation of the price investment in France. For 2015, we forecast 19% net sales growth in dollars and a 1.9% EBIT margin (+200bp). We expect the market place to represent 20% in France and 7% in Brazil of gross merchandise volume in 2015 respectively. It is cash generative (9% FCF yield in 2015E)

A complex company, not a pure online player

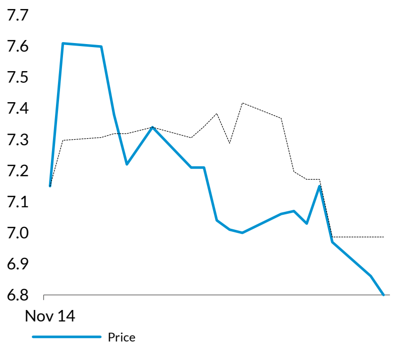
Cnova has a complex shareholder structure with Casino holding a 43.5% direct stake. Besides, the company depends on its mother companies regarding buying, logistics, stores (click and collect), and brand name (in Brazil). This brings financial advantage versus pure online peers (lower capex, marketing costs, better buying).

20% discount on our fair value still derives USD9.5

Cnova was listed 40% below the lower end of the range at USD7 with a low free float of 6%. Chairman Mr Naouri as well as the CEO and other directors have subscribed to 13% of the IPO volume. The company is currently valued at 46% EV/sales 2015e versus 70% for B2W, its main competitor in Brazil. With a 20% sales CAGR over 2014-16E and strong profitability upside, we find the stock attractive. Our blend of SOP and DCF derives a fair value of USD9.5; we use a 20% discount given the complexity of the structure and the tight links with the mother companies which may lead to some conflict of interest. This still derives an attractive upside of 38%. We initiate coverage with a Buy rating.

Reuters CNV.O
Bloomberg CNV
Index DJ Stoxx 600

Market data	
Market cap (USDm)	2,985
Free float	6%
No. of shares outstanding (m)	439
Avg. daily trading volume('000)	na
YTD abs performance	-4.9%
52-week high (USD)	7.61
52-week low (USD)	6.80



FY to 31/12 (USD)	2015E	2016E	2017E
Sales (m)	5,149.6	6,317.1	7,810.8
EBITDA adj (m)	141.8	202.3	286.0
EBIT adj (m)	95.4	145.4	215.6
Net profit adj (m)	98.4	155.9	228.7
Net fin. debt (m)	-553.5	-757.0	-1,001.5
FCF (m)	162.3	199.7	244.5
EPS adj. and fully dil.	0.22	0.36	0.52
Net dividend	0.00	0.00	0.00

FY to 31/12 (USD)	2015E	2016E	2017E
P/E (x) adj and ful. dil.	30.3	19.1	13.0
EV/EBITDA (x)	17.1	11.0	6.9
EV/EBIT (x)	25.4	15.3	9.2
FCF yield	5.4%	6.7%	8.2%
Dividend yield	0.0%	0.0%	0.0%
Net debt/EBITDA (x)	-4.5	-4.1	-3.8
Gearing	-79.5%	-103.8%	-123.8%
ROIC	na	na	na
EV/IC (x)	na	na	na

Summary

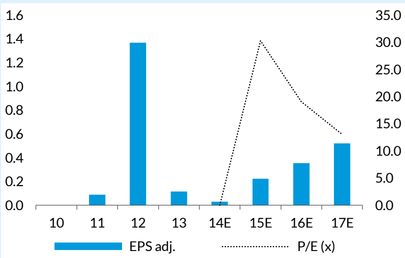
Company profile

Cnova is a Dutch e-commerce company listed on the Nasdaq with two main countries France and Brazil. The company is as well present Columbia, Ecuador, Thailand, Vietnam, Ivory coast, Senegal and Belgium. Its main online shops are called Cdiscount in France and Exta, Ponto Frio and Casas Bahia in Brazil.

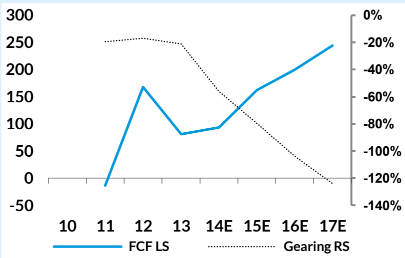
Management structure	
Emmanuel Grenier	Co CEO
Germán Quiroga	Co CEO
Vitor Fagá de Almeida	CFO

Key shareholders	
Casino	43.5%
Nova Holding	50.2%
Exito	0.2%

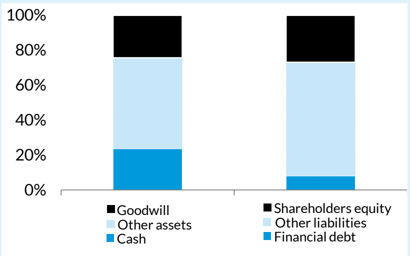
EPS and P/E



FCF and Gearing



Balance Sheet Structure, 2014E



Valuation

Base case

Increase in the market place improves profitability of the business.

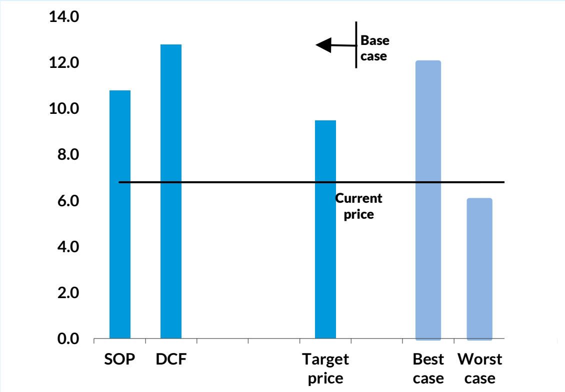
Best case

Stronger growth of the market place in Brazil.

Worst case

Slowdown in sales and pricing pressure in Brazil.

Target price



Risks to our rating

Gross margin pressure due to pricing activity.

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Summary and valuation

Cnova is valued at a 46% EV/sales 2015E c. 35-40% below its main Brazilian online competitor B2W. Nevertheless, we believe the company offers some potential in terms of sales growth, improvement in profitability thanks to the market place and free cash flow generation. However, given the complex structure and the dependence to two parent companies, we apply a 20% discount to our blend of SOP and DCF. This derives a USD9.5 target price and 38% upside. We initiate coverage with a Buy rating.

Nova Pontocom versus B2W: a comparison

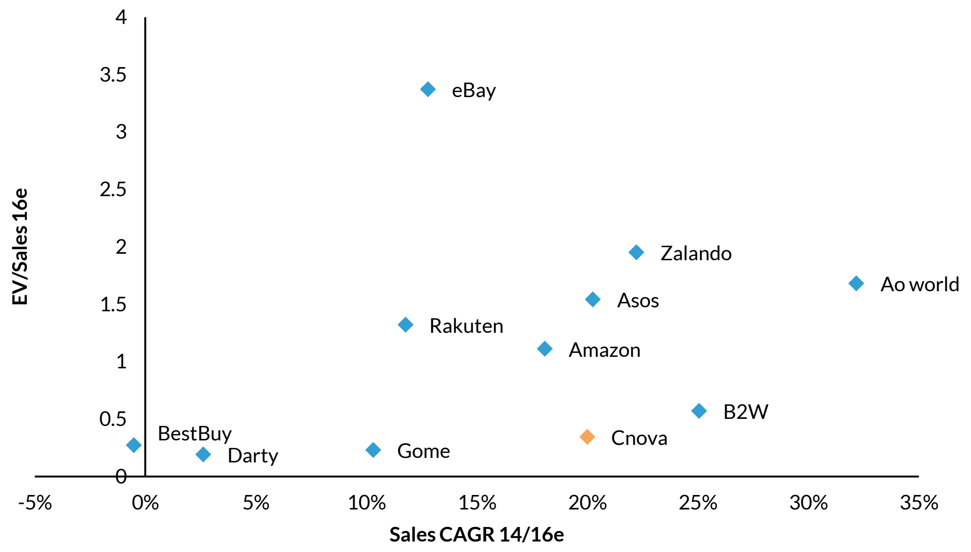
In Brazil, Nova Pontocom is smaller than B2W, with 2015E sales of BRL5.8bn and BRL9.9bn respectively. Nova Pontocom remains small compared with its parent company GPA, as it represents only 9% of GPA, while B2W represents c. 50% of the sales of its parent company (Lojas Americanas). We thus see strong sales potential for Nova Pontocom, especially as consumer electronics is rapidly shifting online and the penetration rate of many products remains low in Brazil.

We believe that Nova Pontocom will benefit strongly from purchasing scale as well as the logistic and the store network of ViaVarejo, the consumer electronics bricks & mortar business. This is a strong competitive advantage and should lead to lower capex needs than at peers. This enables the company to be free cash flow-positive while B2W does not generate positive free cash flow due to capex increase, strong factoring of receivables and pressure on margins.

Both Nova Pontocom and B2W use factoring of receivables (see page 14). Cnova as a whole has a strong balance sheet (B2W made a capital increase this summer). Finally, the market place in Brazil currently is developped in one of three main online stores, i.e. Extra.com.br (the hypermarket's online store). Ponto Frio and Casas Bahia's market places are in their infancy.

As a whole, the Brazilian business offers better momentum and better free cash flow generation than B2W. We thus believe that it should be valued at a premium. The graph below compares the EV/Sales 2016E with the CAGR sales 2014-16E of online players as well as consumer electronics clicks & mortar businesses. Online peers clearly offer superior growth: we have 20% CAGR 2014-16E for Cnova versus 25% for B2W based on consensus. Cnova is thus valued at a 34% discount to B2W on EV/Sales 2015E and at a 40% discount on 2016E, which we is believe is not justified.

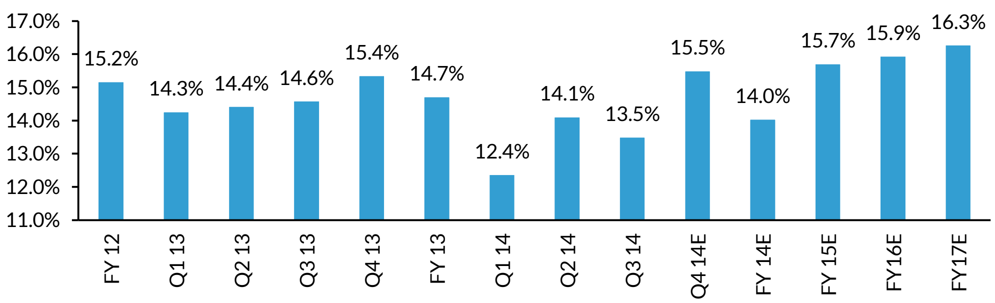
Chart 1: Valuation of online and Bricks&Mortar retailers



Source: Bloomberg, Kepler Cheuvreux

We value France using a similar multiple to the one applied to Brazil. France is clearly not growing as fast, but the business is expected to return to profitability as soon as next year as the company will annualise the price investment made in 2014. We expect Cnova's Q4 gross margin to increase already year on year, as the weight of the market place leads to better profitability.

Chart 2: Cnova - gross margin trend



Source: Kepler Cheuvreux

SOP and DCF valuation

Table 1: SOP 2015E

2015E USDm	Sales	EBIT	EV/Sales	EV
France	2220.3	22.20	0.80	1776.2637
Brazil	2929.3	73.23	0.80	2343.4519
Group	5149.6	95.44	0.80	4119.7156
Net cash adjusted				-631.35
Market cap				4751.06
No. shares				438.91
Fair value (USD)				**10.8**

Source: Kepler Cheuvreux

On a DCF basis, we derive a USD12.8 fair value based on a 7% WACC and 4% terminal growth.

Table 2: DCF valuation

		Discount rate		
	USDm	**6.3%**	**7.3%**	**8.3%**
Terminal Growth Rate	**3.5%**	6870	4925	3804
	4.0%	8304	5626	4210
	4.5%	10537	6579	4724
Share price				
		Discount rate		
	USD	**6.3%**	**7.3%**	**8.3%**
Terminal Growth Rate	**3.5%**	15.7	11.2	8.7
	4.0%	18.9	**12.8**	9.6
	4.5%	24.0	15.0	10.8

Source: Kepler Cheuvreux

The average of our SOP and DCF yields a USD11.8 fair value. However, we apply a 20% discount, given that: 1) the free float is limited; 2) the ownership structure is complex; and 3) the strong links with the parent companies mean the company could not exist on a standalone basis, and may worry investors in terms of corporate governance (conflicts of interest may arise). Despite this discount, we still see 38% upside to our USD9.46 fair value. At USD9.5 Cnova would be valued at 70% EV/Sales 2015E.

Table 3: Valuation summary

Method	Fair value (USD)
SOP	10.8
DCF	12.8
Average	11.8
Discount	-20%
Fair value	**9.46**

Source: Kepler Cheuvreux

Insider shareholders took 13.4% of the shares issued

We noted on the SEC website that Jean-Charles Naouri (the chairman) took a direct stake in the company, as did CEO Quiroga. Fimlac is a holding company in which Naouri is a director, while Ladreit is a director at Casino. The ordinary shares purchased by Naouri and Germán Quiroga are subject to the 180-day lockup agreement described in the prospectus.

Table 4: Insider purchases

Related person	Investment amount (USDk)	Number of ordinary shares
Jean-Charles Naouri	14,000	2,000,000
Germán Quiroga	3,500	500,000
Marc Ladreit de Lacharrière	3,500	500,000
Fimalac SA	3,500	5,000,000
Total	**24,500**	**3,500,000**

Source: SEC

Investment case

Low IPO price, low free float

On 20 November, Cnova (incorporated in the Netherlands) was listed on the NASDAQ at USD7, 44% below the lower end of the USD12.5-14 IPO range set in early November. The free float is rather low, at 6%.

Table 5: Cnova - shareholder structure following the capital increase

%	Before primary offering	After primary offering
Casino	46.30	43.50
Exito	0.20	0.20
GPA	28.00	26.25
Viavarejo	23.50	22.03
Management	2.00	1.90
Total	100.00	93.88
Free float	0.00	6.12
New total	100.00	100.00

Source: Company data

26.8m new shares have been created. The lock-up period for the founding shareholders is 180 days. The proceeds of USD188m will be used to reduce the leverage from self-financing receivables generated by the interest-free instalments paid in Brazil and to fund capex and potential acquisitions. As we explain further on, the consumer electronics business in Brazil online (although it is the same for offline) is based on giving customers the option to pay in instalments (the average is eight months). Around 80% of the business is generated with instalments in Brazil (which accounts for 45% of Cnova's sales 2015E). The selling of these receivables to banks leads to high financial expenses (-1.8% of sales) and the costs move in line with the Selic rate, which has been increasing lately. As such, looking at EBIT solely as a performance factor can be somewhat misleading.

Table 6: Cnova - capital structure

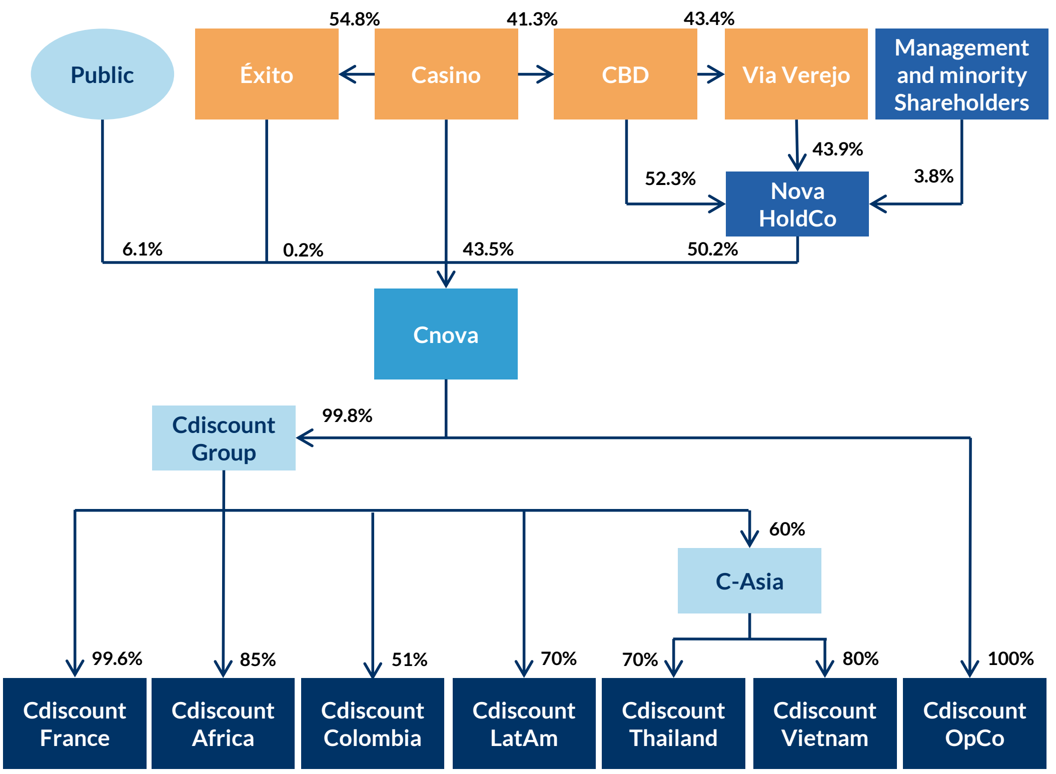
	Without overallotment	With overallotment
Outstanding number of shares	438,914,952	442,934,952
o/w Capital increase	26,800,000	30,820,000

Source: company data

Complex ownership structure

Cnova's ownership structure is rather complicated (as highlighted in the following chart) and may shy many investors away. Cnova is fully consolidated in Brazil by CBD, the mother company of Viavarejo (the brick-and-mortar consumer electronics business).

Chart 3: Cnova - shareholder structure



Source: Cnova, Kepler Cheuvreux

As a whole, Casino indirectly controls Cnova with a 58.4% stake. There are two classes of shares, and investors represented by the free float will not receive special voting shares or special depository receipts. The founding shareholders have 93.9% of the ordinary shares and 96.9% of the votes, and will continue to control the company even if their share of the ordinary shares is as low as 35%.

Table 7: Casino stakes in Cnova

Casino direct stake	43.50%
Casino via CBD	10.84%
Casino via Via Varejo	3.95%
Casino via Éxito	0.11%
Casino direct and indirect stake	**58.40%**

Source: Cnova

Cnova is a "controlled company" under the NASDAQ rules, meaning that its board of directors will include fewer independent members than for a non-controlled company. Some of the directors on the board also have a position in the parent companies, which may imply conflicts of interest. Jean Charles Naouri, CEO and owner of Casino, is the chairman of Cnova and of CBD.

Table 8: Board of directors of Cnova

Name	Other positions	Age
Non-executive directors		
Jean-Charles Naouri, Chairman	Chairman of the board of CBD	65
Líbano Miranda Barroso	CEO of Via Varejo	49
Silvio J. Genesini		
Eleazar de Carvalho Filho		57
Ronaldo Iabrudi dos Santos Pereira	CEO of CBD, Chairman of the board of Via Varejo	59
Didier Lévêque		52
Bernard Oppetit		58
Arnaud Strasser	Vice chairman of CBD and Via Varejo	45
Executive director		
Germán Quiroga, Co-CEO		47

Source: Cnova

Highly dependent on its mother companies

While Cnova defines itself as an e-commerce company, it is not a pure online retailer, as it relies on its mother companies for local expertise, bricks-and-mortar retail stores and infrastructures (buying and logistic), which may lead to potential conflict of interests and corporate governance issues.

Accordingly, we believe Cnova could not exist in its current structure as a standalone company without higher investments, particularly in logistics. Also, the company is using its mother companies' stores to offer click & collect. We summarize below the relationship between Cnova and the mother companies.

1. **Cnova buys with its mother companies to maximise scale**

Out of Cnova's 2,797 suppliers, 310 are shared with the mother companies. They buy together with 209 suppliers using the same buying conditions. These buying agreements accounted or 25% of the cost of goods sold in 2013. In September 2013, Cnova bought 61% of its products with its parent company, and we expect this percentage to further increase.

Cdiscount is twice the size of Geant's non-food business in our estimates

Cdiscount buys with Casino. Clearly, Cdiscount's net sales (EUR1.4bn in 2014E) are above the non-food sales that Geant generates (we estimate EUR700m for 2014E). Therefore, Cdiscount does not pay Casino any fee. However, we believe that Geant should pay Cdiscount a fee (although these intercompany fees disappear in Casino's consolidated accounts).

Nova Pontocom pays a 130bps fee on purchases to buy with Viavarejo

Nova Pontocom pays a 130bps fee on its purchase with Viavarejo as its benefits from its scale. This agreement is in place until 2019, with an option to review the deal in 2017.

2. **Common logistics**

Easidys and CCV, the Casino group's logistics companies, operate some fulfillment centres for Cdiscount. Easidys runs the logistics centre in Andrezieux (France) for C discount. The details of the costs are not exposed in the IPO document, which just states that *"the arrangement is compensated at costs plus associated expenses"*. The compensation received by Easidys also depends on the size of the packages. They differentiate between P30's package above 30kg and the M30 package, whose weight is below 30kg. Easidys and Cdiscount can amend the deal every year depending on market conditions, for example.

The agreement with Easidys last until June 2020 and is automatically renewable for six years. Easidys can terminate the agreement every six years with two years' notice, while Cdiscount can terminate the contract every two years with two years' notice.

Cdiscount shares warehouses space with Casino, and the former leases the warehouses that they need.

In Brazil, Nova Pontocom leases warehouse space from Viavarejo and CBD. Nova Pontocom rents distributions centres in four cities.

3. **Management support fee**

Nova Pontocom is paying management fees to some companies of the Casino group, amounting to an estimated EUR5.2m for 2014 (this fee can be revised annually).

4. **Financing agreement**

Cdiscount has an agreement with Banque Casino (a 50/50 JV with Credit Mutuel) whereby Cdiscount customers can pay with the Banque Casino credit card, and Banque Casino pay a 0.25% fee per purchase to Cdiscount, and there is a cash pooling agreement between Cdiscount and Polca holding, a company from Casino group.

In Nova Pontocom's balance sheet includes EUR64m in other current assets, which represents Cdiscount's current account with Casino (Cdiscount lends cash to Casino) This amount is then subtracted from Cdiscount's net debt calculation.

5. **Licensing agreement**

In Brazil, Nova Pontocom's online stores are under the same banners as the respective stores: Extra for the hypermarkets, Ponto Frio for the upmarket consumer electronics stores, and Casas Bahia for the mass-market consumer electronics stores. As a result, CBD and Viavarejo entered into a trademark agreement with Nova Pontocom. The agreement is for 20 years and is automatically extended by another ten years thereafter. Nova Pontocom has to pay a one-off fee of BRL100,000 (EUR31,100) only to each CBD and Viavarejo.

6. **Click & collect agreement**

Nova Pontocom offers its customers the option pick up their purchases in Casino, CBD and Viavarejo stores. This is currently more developed in France and already represents 60% of Cdiscount's net sales, which is why we do not see Cnova as a pure e-commerce company, as it benefits from its mother companies' stores and would not be in a position as a standalone and independent company to offer such a service to consumers, as such a store network would be far too expensive to set up.

Cdiscount has an agreement with three companies of Casino France: DCF, CCV and FPLP. The agreement ends in June 2024 and can be automatically renewed for ten years. The parties meet every two years to renegotiate the terms based on market prices and competitive conditions. The agreement with CCV lasts until 2023.

Table 9: Click and collect fees to Casino

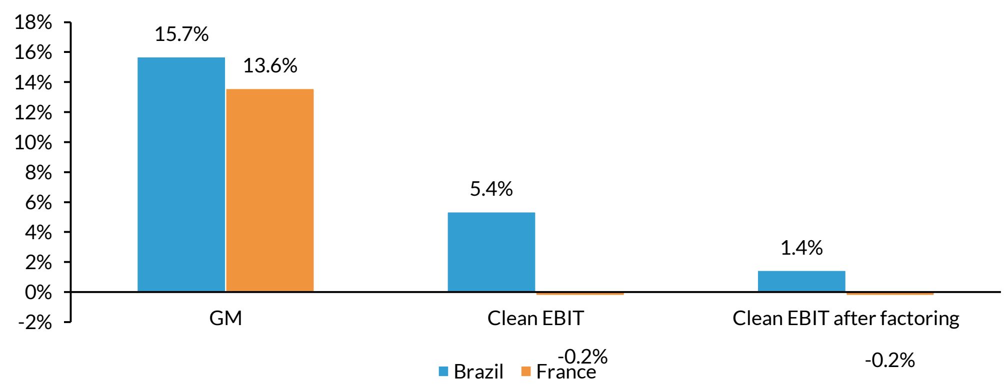
	DCF	CCV	FPLP
P30 >30kg	EUR9.00	EUR8.00	EUR9.00
M30<30kg	EUR0.45	NA	EUR0.45

Source: Cnova

Brazil and France: different P&L structures

For 2011, we can compare the P&L of France and Brazil standalone, revealing that Brazil has a higher gross margin (some products, such as mobile phones, have higher gross margins in Brazil than in France). Taking into account the cost of factoring receivables, the difference in EBIT profitability was 180bps. Although there is no detailed split P&L for recent years, we believe Brazil still generated a slightly higher gross margin, while France is working with a slightly higher cost structure (mainly marketing and IT). The fact that Cdiscount is a standalone banner (although on its website it clearly states that it belongs to Casino) makes for higher marketing expenses versus Nova Pontocom, which benefits from the strong brand recognition of mother companies Extra, Ponto Frio and Casas Bahia,

Chart 4: Cnova - P&L structure 2011

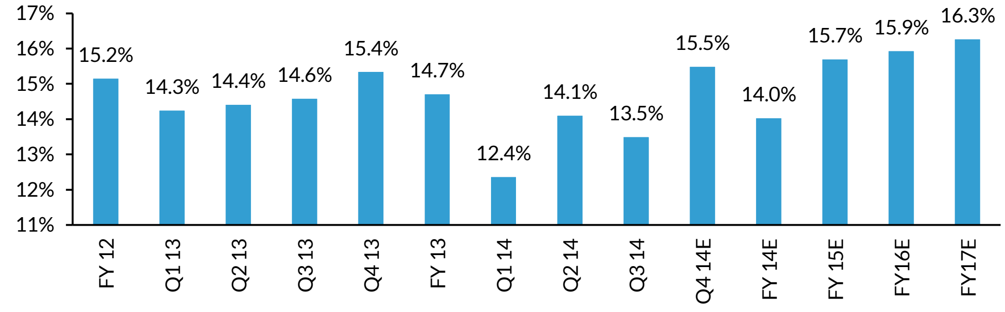


Source: Kepler Cheuvreux

Forecast drivers

We have focused on forecasts on France and Brazil only given the marginal size of the remaining countries. Going forward, the main profitability driver is set to be the increase in gross margin stemming from the market place. So far this year, the company has posted a decline in gross margin due to price investment in France. We believe, however, that the trend will increase as early as Q4 2014, as the company annualises the price investment.

Chart 5: Cnova - gross margin

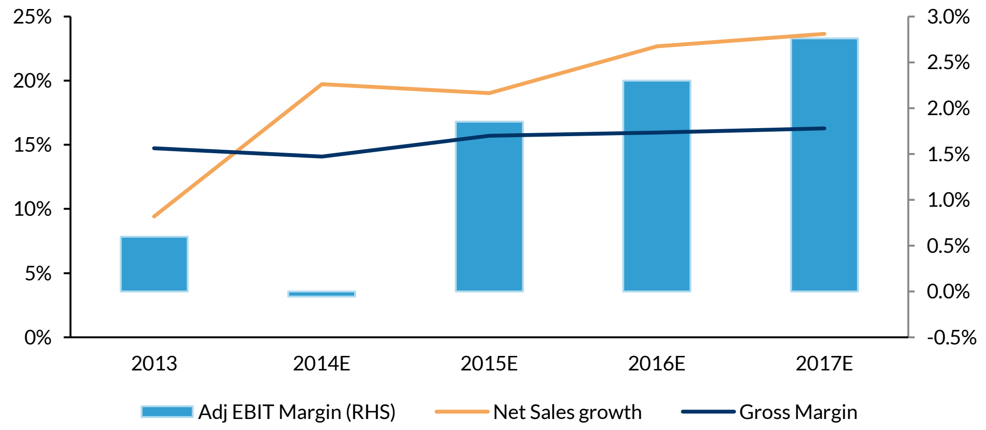


Source: Kepler Cheuvreux

Cnova mainly sells consumer electronics and home appliances. As a result, it derives a lower gross margin than online fashion retailers. Furthermore, marketing costs as a percentage of sales are lower than for peers, at c. 2%, given the strong brand awareness of the main online sites (Cdiscount, Extra, Ponto Frio and Casas Bahia), which results in a high conversion rate (i.e. above 3%).

Going forward, we expect the increase in gross margin to be the main driver of EBIT growth.

Chart 6: Cnova - forecasts



Source: Kepler Cheuvreux

We summarise our forecasts in US dollars below. There is a negative currency impact of 5% for 2015E. We expect 14% growth in Gross Merchandise Volume (GMV) for 2015E (8.2% in USD), with 30% for Brazil (20.9% in USD).

Table 10: Forecasts summary

USDm	Q4 2013	FY 2013	Q4 2014E	FY 2014E	FY 2015E	FY 2016E
USD	1.36	1.32	1.25	1.30	1.24	1.24
BRL/EUR	3.10	2.85	3.14	3.11	3.21	3.21
GMV Total	**1568**	**4500.1**	**1821.2**	**5886.8**	**6736.4**	**8591.4**
YOY	24.9%	21.4%	27.4%	26.2%	20.1%	27.5%
GMV France	858.4	2399.4	962.4	2996.5	3241.3	3977.9
YOY	na	na	23.0%	24.9%	8.2%	22.7%
GMV Brazil	709.7	2100.8	858.8	2890.3	3495.1	4613.5
YOY	na	na	32.8%	37.6%	20.9%	32.0%
Ccy	na	na	-1.2%	-9.1%	-3.1%	0.0%
Net sales	**1261.2**	**3968.6**	**1375.5**	**4540.0**	**5149.6**	**6317.1**
YOY	na	9.41%	19.65%	14.40%	19.02%	22.67%
France net sales	637.0	1885.8	654.4	2081.2	2220.3	2509.0
YOY	na	10.59%	12.70%	10.37%	6.68%	13.00%
Brazil net sales	624.2	1962.9	721.2	2461.2	2929.3	3808.1
YOY	na	8.28%	26.75%	25.39%	19.02%	30.00%
YOY ex ccy	na	na	28.00%	36.33%	28.00%	30.00%
Group gross margin	**15.4%**	**14.7%**	**15.7%**	**14.1%**	**15.7%**	**15.9%**
EBIT	**28.9**	**22.66**	**14.7**	**-2.8**	**95.4**	**145.4**
Margin	**2.3%**	**0.6%**	**-0.6%**	**-0.1%**	**1.9%**	**2.3%**
Financial results	na	-74		-82.45	-91.54	-93.90
% sales	na	-1.9%		-1.8%	-1.8%	-1.5%

Source: Kepler Cheuvreux

We set out below our forecasts for factoring of receivables in Brazil. We estimate that 80% of Brazil net sales is paid in interest-free instalments (eight months, on average).

Table 11: Brazil factoring activities

EURm	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Brazil sales	1962.9	2461.2	2929.3	3808.1	4950.5
YOY	8.3%	25.4%	19.0%	30.0%	30.0%
Factoring					
% sales paid by instalments	80.0%	80.0%	80.0%	80.0%	80.0%
sales paid with instalments	1570.3	1969.0	2343.5	3046.5	3960.4
No. instalments	8.0	8.0	7.5	7.0	6.5
Receivables through factoring	523.4	656.3	732.3	888.6	1072.6
Factoring costs	**-60.2**	**-78.5**	**-91.5**	**-97.6**	**-97.6**
Implied rate	-11.5%	-12.0%	-12.5%	-11.0%	-9.1%

Source: Kepler Cheuvreux

Cnova: a mix of mature/emerging markets

Cnova is the result of the merger of Cdiscount in France and Nova Pontocom in Brazil. We now look at each company separately given the difference in maturity of the countries in which they operate. Although Cnova operates in nine countries, the main ones are France and Brazil. The Cdiscount sites in Columbia and Thailand were launched in January 2014, while Vietnam was launched in February.

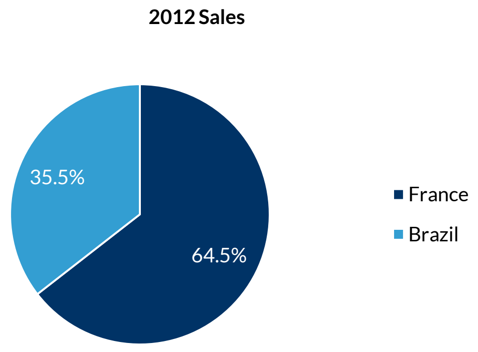
Chart 7: Cnova - operations by region

Source: Company data

Besides France and Brazil, Cnova is also present in Columbia (through a partnership with Exito) and Thailand (through a partnership with Big C). Both are subsidiaries of Casino. The two online platforms were launched in January 2014. In February, Casino entered Vietnam and in June it started operations in the Ivory Coast (with Bollore as a partner) and Ecuador. In September, Cdiscount entered Belgium under the Cdiscount banner. In this report, we focus solely on France and Brazil, which are the two core markets. For more information on the other countries, please refer to the IPO document.

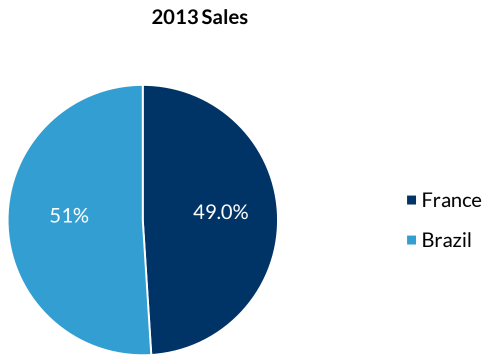
The next two charts highlight the shifting of the geographical allocation of sales between 2012 and 2013.

Chart 8: Geographic sales spit between France & Brazil



Source: Kepler Cheuvreux

Chart 9: Geographic sales spit between France & Brazil



Source: Kepler Cheuvreux

Key performance indicators

Table 12: Quick overview

	France	Brazil	Total
Number of products (2014)	12,000,000	790,000	12,790,000
Average monthly visitors (2013)	9,117,000	30,000,000	39,117,000
repurchase rate of organic customers within 30 days (2013)	26.1%	24.4%	25.2%
repurchase rate of organic customers within 90 days (2013)	50.5%	34.2%	42.0%
repurchase rate of organic customers within 180 days (2013)	61.3%	41.7%	51.1%
Online ranking (2014)	2	2	6
Market place split	80%	20%	100%
Online conversion rate	>3%	>3%	
GMV growth (YOY as of Q3 2014)	24%	36.1%	30%
Net sales growth (YOY as of Q32014)	14.8%	30.4%	22.8%
EBIT margin (9M 2014)	-1.86%	1.65%	-0.6%
Click & collect as % of sales (9M 2014)	60%	in development	
Marketplace as % of GMV (2014)	93%	4%	
Distribution centres	11	6	17
Total size of distribution centres (m²)	240,000	295,000	535,000

Source: Cnova, Kepler Cheuvreux

Cdiscount: an overview

Cdiscount is an online retailer founded in 1998 in which Casino took a 60% stake in 2000. Casino currently owns 100% of Cdiscount. The company started to sell books and CDs and expanded into consumer electronics in 2001, beauty products in 2009 and furniture in 2010. The market place (offering third-party vendors the opportunity to sell through its online platform) was opened in 2011.

The French Amazon

Cdiscount is the second-largest e-commerce banner in France, behind Amazon.fr. Out of the top ten online retailers below, only three are pure online players (Amazon.fr, Cdiscount, and La Redoute).

Table 13: Top ten French online retailers, January-August 2014

Brand	Ranking change	Index
Amazon.fr	+1	100
Cdiscount	-1	87
Darty	=	41
Fnac	+1	34
Auchan	-1	31
Carrefour	+1	30
E.Leclerc	+2	26
Boulanger	-2	24
La Redoute	-1	24
Decathlon	+6	16

Source: PwC-LSA-Toluna EC30

According to Fedav, the French mail order and e-commerce federation, Cdiscount has 9.1m visitors per month and 723,000 per day - respectively 42% and 56% less than Amazon.fr.

Table 14: Top 15 e-commerce firms in France in Q2 2014 in terms of visitors

Brand	Average single visitors per month	Average single visitors per day
Amazon.fr	15,600,000	1,669,000
Cdiscount	9,117,000	723,000
Fnac	8,436,000	628,000
eBay	8,398,000	986,000
PriceMinister	7,206,000	572,000
Voyages-Scnf.com	6,772,000	463,000
Carrefour	6,384,000	461,000
La Redoute	5,987,000	411,000
Vente-privee	5,832,000	972,000
Leroy Merlin	5,133,000	322,000
Booking.com	4,991,000	305,000
Rue du Commerce	4,815,000	287,000
E.Leclerc	4,349000	275,000
Groupon	4206,000	422,000
Darty	4,151,000	240,000

Source: Fedav

Cdiscount offers a wide range of products (non-perishable) and is seen by French consumers as an alternative to Amazon.fr, so customers compare both websites. It is not unusual in France to have a French website competing against a global website (e.g. Leboncoin competing against eBay.fr).

Intense competition

In France, Cdiscount is the second-largest online retailer behind Amazon.fr. Besides competing with other online retailers like LDLC and Rue du Commerce, it also competes against the online platforms of brick-and-mortar companies such as Darty and Boulanger.

Table 15: Cdiscount - competitor overview

Competitor localisation	Name	Listed	Product category
Global competitors	Amazon.com	Yes	Global
	Rakuten	Yes	Global
Competitors in France	Amazon.fr	Yes	Small consumer electronics + cultural products
	FNAC	Yes	Small consumer electronics + cultural products
	LDLC	Yes	Small consumer electronics
	Rue du Commerce	No	Small consumer electronics
	Mister Gooddeal	No	Home appliance + consumer electronics
	Darty	Yes	Home appliance + consumer electronics
	Boulanger	No	Home appliance + consumer electronics
	La Redoute	No	Home furnishing + clothing

Source: company data

Pricing and products: Cdiscount prices aggressively versus Amazon.fr

Cdiscount offers 12m products including the market place. Excluding the market place, we believe the offer would be c. 1m products, as the number of products sold in the market place reached 11.1m in September 2014.

Table 16: Cdiscount - brand position

	Brand positioning	Current markets	Primary product offerings	Brand recognition
Cdiscount	Price Leader	France Colombia Thailand Vietnam Ivory Coast Ecuador Belgium Senegal Brazil	Computers Consumer electronics Home appliances Home furnishings	Top 20 retail brands (France)

Source: Cnova

Cdiscount has a rather aggressive price strategy and is trying to position itself 13% cheaper than competitors, according to the company. When comparing the top-selling items this Christmas, we conclude that on average Cdiscount appears to be slightly cheaper than Amazon, its number one competitor.

Market place gaining considerable momentum

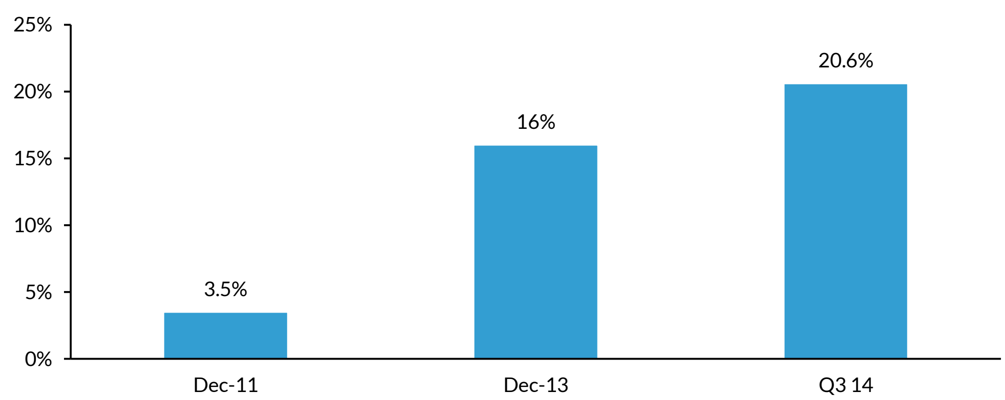
The market place enables third-party sellers to sell their products on the Cdiscount platform. They pay a fee representing between 11.2% for the 9 months 2014 and 11.7% for Q3 2014 of their gross sales, according to the company. The Cdiscount market place was launched in 2011 (vs. 2013 for Brazil Extra). Third parties in the market place offered 11.1m products as of September 2014 versus c. 900,000 for the owned Cdiscount site. Since Q1 2014, Cdiscount has started to offer fulfillment services (including click and collect) to third-party sellers for a fee (not disclosed).

Table 17: Cdiscount versus Amazon – top items price comparison (December 2014)

	Amazon	Cdiscount	Cheaper	Difference in %
Samsung Galaxy Tab 4	EUR269	EUR269	Same	0.0%
Ipad Air 16 Go	EUR389	EUR385	Cdiscount	1.0%
Samsung AtivBook 2	EUR339	EUR399	Amazon	15.0%
Lenovo Yoga 2 13 PC	EUR699	EUR709	Amazon	1.4%
LG32LB5610 TV	EUR249	EUR239	Cdiscount	4.0%
Samsung UE40EH5000 TV	EUR356	EUR300	Cdiscount	15.7%
Samsung Galaxy S5 Noir	EUR479	EUR456	Cdiscount	4.8%
GoPro Hero 4 Silver	EUR379	EUR379	Same	0.0%
Sony DSC-HX50	EUR198	EUR198	Same	0.0%
TOTAL	EUR3.357	EUR3.334		0.7%

Source: Cdiscount, Amazon

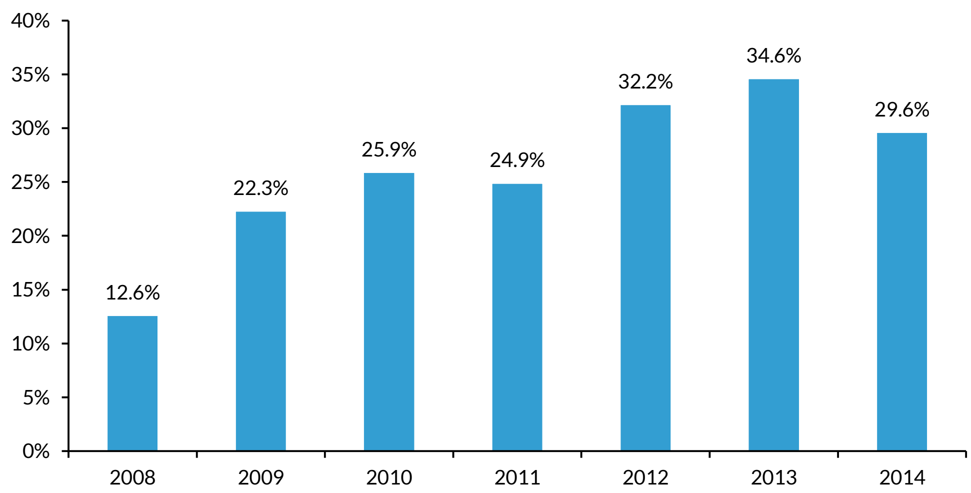
Chart 10: Cdiscount market place as a percentage of GMV



Source: Company data

As a result, c. 80% of the market place's gross sales is generated in France. Given the strong growth of the market place, this drives total GMV growth.

Chart 11: GMV growth of Cnova (France and Brazil) as of 30 September each year



Source: Cnova

Below we compare the cost of using Cdiscount's market place with Amazon.fr. We conclude that on average Amazon.fr is more expensive than Cdiscount looking at the monthly fee (EUR39 versus EUR35) for Cdiscount and the fee per product. This can be explained by the fact that Cdiscount needs to be more price-competitive to offset the fact that its website attracts fewer visitors than Amazon.fr on average. Cdiscount attracts on average 743,000 unique visitors per day versus 1.6m for Amazon.fr.

Table 18: Market place fee comparison

	Amazon.fr	Amazon.fr	Cdiscount
Monthly fee	**EUR39**		**EUR35**
Categories	**% fees**	**Minimum fee**	**% fees**
High-tech accessories	12%	EUR0.50	12.50%
Accessories for Amazon products	45%	EUR0.50	
Cars &motorbikes	15%	EUR0.50	From 8% to 12.5%
Jewellery	20%	EUR1.50	12.5%
DIY	12%	EUR0.50	From 8% to 12.5%
Video games	8%		Hardware: 4% Accessories:12.5%
Large electrical appliances	7%	EUR0.50	Hardware: 6,50% Accessories: 12.5%
Small electrical appliances	15%	EUR0.50	Hardware:8% Accessories: 12.5%
High-tech products	7%	EUR0.50	6.5%
Musical instruments	12%	EUR0.50	Instruments:10% Accessories:12.5%
Books, music, videos, DVDs	15%		Books &CD :12.5% DVD/Blu Ray 10%
Watches	15%	EUR1.50	
PC accessories	12%	EUR0.50	6.5% or 12.5%
PCs	5%	EUR0.50	6.5% or 12.5%
Tyres	10%	EUR0.50	4.0%
Clothing, health& beauty	15%	EUR0.50	12.5%
Sports, shoes	15%	EUR0.50	12.5%
Sports accessories	15%	EUR0.50	10.0%
Pets	15%	EUR0.50	12.5%
Toys, stationery	15%	EUR0.50	12.5%
Baby	15%	EUR0.50	12.5%
Dry groceries, beverages	15%	EUR0.50	12.5%

Source: Amazon, Cdiscount, Kepler Cheuvreux

Click and collect is popular (c. 60% of net sales in France)

Cdiscount offers home delivery as well as click and collect. This is a key point of differentiation versus Amazon.fr, which only offers home delivery. According to Cnova, 60% of Cdiscount's sales are delivered using click and collect. The following table summarises the difference in home delivery costs between the two sites; naturally, consumers take delivery costs into consideration when finalising purchases.

- Cdiscount offers no free home delivery and structures its shipping costs by weight and per value. Amazon.fr offers free delivery on orders of over EUR25 and does not directly sell products weighing more than 30kg.
- Both companies offer a premium subscription service for an annual fee. While Cdiscount's subscription is cheaper at EUR19 per year versus EUR49 for Amazon Prime, the free delivery is restricted to orders over EUR25 and that are neither large nor heavy. The one-day delivery is not guaranteed, except by TNT. While Amazon.fr is more expensive, it guarantees one-day delivery with no limit on order value, and offers additional services, with photo storage and Kindle e-books included in the Amazon Prime subscription package.

- Click and collect: Cdiscount offers the option to pick up orders from 17,500 locations, including 2,200 stores operated by the Casino group as well as third-party pick-up points. Delivery costs again depend on the weight and value of orders, and delivery is free for orders of over EUR25 and weighing less than 30kg.

Table 19: Delivery costs - C Discount versus Amazon.fr

	C Discount	Amazon.fr
Home delivery		
Per kg		
Home delivery < 30kg	EUR3.99/EUR29.99	NA
Home delivery >30kg	EUR15/ EUR80	No product, only Market place
Per order value		
Home delivery < EUR25	EUR3.99/EUR9.99	EUR0.01/EUR2.79
Home delivery > EUR25	EUR9.99/EUR59.99	Free
Subscription		
Premium: Yearly cost	EUR19	EUR49
Premium: advantages	Free delivery for order <20kg and not large in size for minimum order of EUR25. One-day delivery possible with TNT	One-day delivery for free, no minimum order value. Premium photos: Secure unlimited photo storage in Amazon Cloud Drive, Kindle: one e-book can be borrowed for free from the library each month.
Click & collect		
Click & collect (=<30kg, > EUR25)	Free/EUR19.99	NA
Click & collect (>=30kg)	Free/EUR39.99	NA
Return policy		
Return policy	14 days. at your own costs.	30 days. at your own costs.

Source: Cdiscount, amazon

IT

In France, Cdiscount operates two data centres (no cloud backup) in Paris and Bordeaux, which are duplicates of each other.

Logistics (shared with Casino France)

Cdiscount operates 11 distribution centres (DCs) with a total space of 240,000m2. The DCs in France are automated and the company also shares warehouse space with the mother company Casino. The company plans to open two new DCs in St Mard, one at end-2014 and the second at end-2016. The DCs are leased.

Chart 12: Cdiscount - 11distribution centres in France

Source: Company data, Kepler Cheuvreux

Payment options: payment available in four installments

Customers can pay in four monthly installments using the Banque Casino card. This is not interest free as in Brazil however. In this case, Banque Casino pays Cdiscount the full price and assumes the credit risk. In 9M 2014, 42% of net sales were made using the installment option.

Who is Nova Pontocom in Brazil?

The e-commerce arm of the brick-and-mortar businesses

Nova Pontocom includes the three main e-commerce sites in Brazil: Pontofrio.com.br (created in 2008), as well as Extra.com.br and CasasaBahia.com.br (created in 2010). Contrary to the French business, the names of the Brazilian ecommerce sites are similar to those the brick-and-mortar businesses operated by the two mother companies GPA (Extra hypermarkets) and Viavarejo (PontoFrio and Casas Bahia consumer electronics stores). As a result, the three brands are well known in Brazil as customers associate them with the respective brick-and-mortar stores. For the 9months 2014, the ecommerce business generated sales of BRL4bn to be compared with BRL.

Competition: main online competitor is B2W

In Brazil, Nova Pontocom competes against the number one pure online players like B2W (Amazon only offer digital contents in Brazil) and brick-and-mortar players who have an online range (e.g. Magazine Luiza).

B2W is the main online competitor of Nova Pontocom, and is the result of the merger between Americanas.com and Submarino.com in 2006. Lojas Americanas (a non-food listed Brazilian retailer) is the controlling shareholder, with a 55.54% stake in the company, which has operations in Brazil, Argentina, Chile and Mexico. B2W has a portfolio with the brands Americanas.com, Submarino, Shoptime, B2W Viagens, Ingresso.com, Submarino Finance, Blockbuster Online and SouBarato, which offer more than 35 categories of products and services through the internet, telesales, catalogues, TV and kiosk distribution channels. The company carried out a BRL2.38bn (EUR789m) capital increase this summer to reduce its short-term financial pressure.

Table 20: Nova Pontocom - competitor overview

Competitor localisation	Name	Listed	Product category
Global competitors	Amazon.com	Yes	Global
	Rakuten	Yes	Global
Competitors in Brazil	B2W	Yes	cultural products + consumer electronics + home appliance
	Walmart stores	Yes	full range of products
	Magazine Luiza	Yes	Household + consumer electronics
	Fastshop	No	Consumer electronics
	Ricardo Eletro	No	Consumer electronics

Source: company data

Pricing and products: agreement with the brick-and-mortar businesses

Nova Pontocom sells more than 790,000 SKUs through direct sales or the market place, which has only been developed on the Extra website so far.

Table 21: Nova Pontocom - brand position

Banner	Brand Positioning	Current markets	Primary product offerings	Brand recognition
Extra	One-stop shop with low prices	Brazil	Computers	2014 eAwards Best Website of the Year (Brazil)
			Consumer electronics	Number four brand among Brazilian retailers
			Home appliances Mobile devices	
Casa Bahia	Popular brand for the mass market	Brazil	Consumer electronics	"Top of Mind" e-commerce brand (Brazil)
			Home appliances	Number one brand among Brazilian retailers
			Home furnishings Mobile devices	
Ponto Frio	Higher-end focus	Brazil	Computers	Number six brand among Brazilian retailers
			Consumer electronics	Number one "socially devoted" brand on Twitter in Brazil
			Home appliances Mobile devices	

Source: Cnova

Extra.com is the online business of Extra hypermarket, and there is little overlap in SKUs between Extra and the websites of Casas Bahia and Ponto Frio. According to the IPO prospectus, the five top-selling products in each of the three categories (consumer electronics, home appliances and computers products) were on average 14% cheaper at Extra than at competitors in Q3 2014.

The online sales of PontoFrio and Casas Bahia are relatively small compared to Extra. Note that the PontoFrio and Casas Bahia stores are relatively small versus the consumer electronics chains in Europe (Media Markt, Darty, etc.) with 986 stores and total square meters of 1.077bn as of 9M 2014, implying an average store size of c. 1,000m2. As a result, they carry fewer SKUs (c. 5,000). We believe there is an agreement between the stores and the online platforms regarding the 100 top-selling products (representing over 50% of sales) of Viavarejo (a listed company that represents the brick-and-mortar consumer electronics stores Ponto Frio and Casas Bahia) which the online business sells at the same price.

Cnova does not detail the product categories between France and Brazil, but rather for the company as a whole. As of September 2014, Cnova offered 12m products on its different sites through its direct sales and marketplace businesses. Cnova's two main product categories are consumer electronics and home appliances, accounting for more than half of its gross merchandise value (product sales + market place business volume + other revenues, after returns and including taxes).

Table 22: Cnova's product categories as a percentage of GMV

Category	Products	12 months 31 Dec. 2011	12 months 31 Dec. 2013	9 months 30 Sept. 2013	9 months 30 Sept. 2014
Consumer Electronics	Televisions, mobile phones, tablets, DVD/CD players, MP3 players, cameras and stereo systems	27.9%	30.8%	29.0%	32.2%
Home Appliances	Ovens, refrigerators, washer/dryers, dishwashers and small appliances	24.8%	24.5%	25.8%	25.9%
Home Furnishings	Furniture and accessories, home decor, gardening equipment and tools	7.5%	11.5%	13.6%	14.3%
Computers	Desktop computers, laptop computers, computer screens, printers, scanners, copiers and computer components	25.0%	16.7%	17.4%	13.8%
Personal Goods	Apparel, shoes, childcare products, sporting goods, bags and luggage, watches and jewellery	4.9%	6.1%	6.1%	5.6%
Leisure	Toys, games, video games, video game systems, books and DVDs	6.5%	6.9%	4.5%	4.3%
Other	Non-perishable grocery items, wines, automotive products and personal care products	3.5%	3.6%	3.6%	3.9%

Source: Cnova

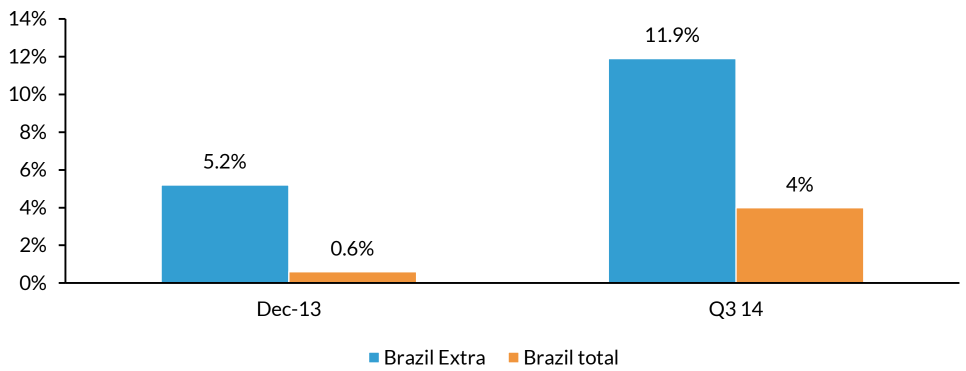
Market place in its infancy in Brazil

The market place enables third-party sellers to sell through the Extra.com.br online site.

The market place is in its infancy in Brazil and has only existed at Extra (the online store under the hypermarket banner) since 2013. The company plans to launch the market place in its CasasBahia and Ponto Frio online stores in H1 2015.

In December 2013, the market place accounted for 5.2% of Extra sales versus 12% for Q3 2014. As Extra represents c. 40% of Brazilian sales, as a whole, the market place represents c. 4% of the sales in Brazil. The development of the market place in Brazil is similar to the one in France at a similar stage of development.

Chart 13: Share of market place as a percentage of Extra and Brazil GMV



Source: Cnova

Home delivery free in Brazil, click and collect in its infancy

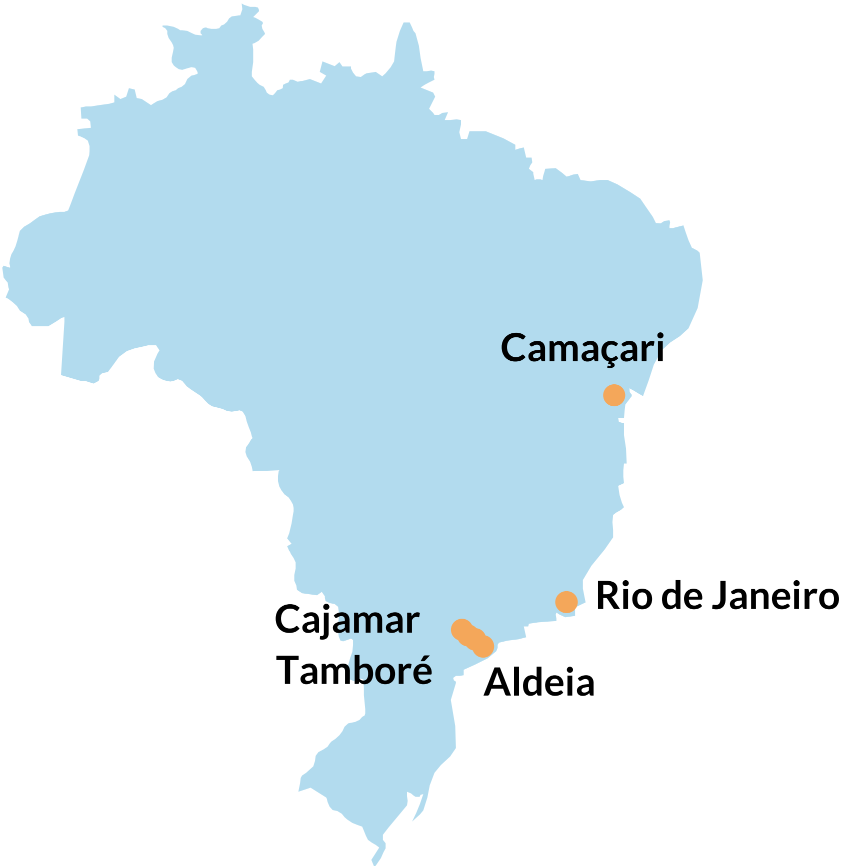
While historically online retailers have been delivering for free, the marker has been moving away from this. According to e-Bit Webshoppers, 50% of the products delivered through online shopping were free of charge at end-2013, versus 58% in December 2012. In the regions of Sao Paolo and Rio, delivery is slowly moving away from free of charge So far, Nova Pontocom has only offered home delivery as the main delivery option.

However, it plans to develop click and collect in order to use the GPA and Viavarejo store network (2,000 stores). The company plans to expand click and collect to c. 100 stores by year-end.

Logistics and fulfilment: six distribution centres, plans for extra three

Logistics in Brazil are rather complex given the size of the country and the state of the infrastructure. Nova Pontocom has six distribution centres (DCs) with a total space of 295,000m2. It is planning to add an additional three DCs: one in Minais Gerais by end-2015 and the other two in the south and midwest regions by the end of 2015 and 2016. While automation in these DCs is low in Brazil compared to France, this may change. The DCs are leased. It shares warehouse space with the mother companies GPA and Viavarjo.

Chart 14: Cnova - six distribution centres in Brazil



Source: Company data, Kepler Cheuvreux

IT and marketing

In Brazil, Nova Pontocom operates using a single data centre, which includes a cloud backup.

Customer payment terms: Brazilian customers pay over 8months for free

This is specific to the Brazilian retail market as a whole, where customers tend to pay using interest-free installments. They pay the full purchase price on average within 8-9 months. This is necessary in Brazil in order to attract customers and generate sales. 80% of Nova Pontocom's sales are paid in installments. As a result, this generates working capital needs and the company sells receivables (factoring) to banks and other entities to improve their working capital, which explains the rather high level of financial expenses in the P&L. The same applies to Viavarejo (the brick-and-mortar consumer business). However, Nova Pontocom come does not have a payment book, contrary to Viavarejo. The payment book represents credit given to customers who do not have credit cards or bank accounts. To obtain credit, customers need to apply in person in a store and undergo a financial check made by the sales force. This implies a face-to-face meeting, which does not exist in the online business.

Industry drivers

Internet penetration is set to continue to rise globally, driven by emerging markets and the development of mobile devices. Brazil is expected to post solid growth.

Internet penetration expected to increase further

In 2013, worldwide internet penetration was 39%, according to Internetworldstats. These penetration rates are expected to increase in the coming years due to improved infrastructures and the rising number of internet devices such as tablets and smartphones. Emerging markets are likely to drive this increase in internet penetration.

Table 23: Internet penetration rates in France and Brazil 2014

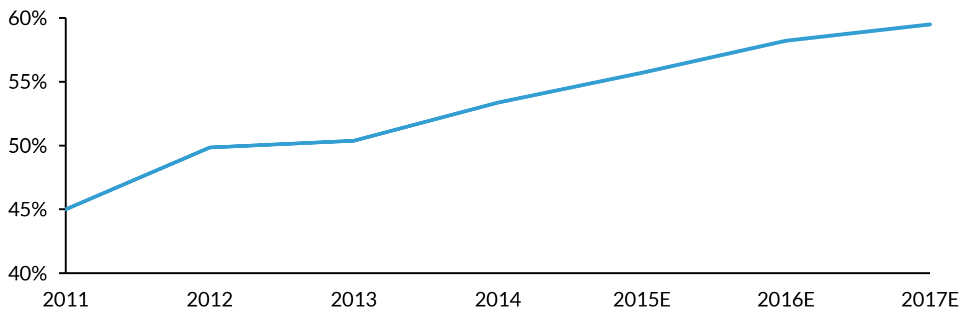
Country	Penetration rate	YOY
France	85.75%	3%
Brazil	53.37%	7%

Source: internetlivestats

Internet penetration to rise further in Brazil

The Brazilian market has over 107.8m internet users, making it the fifth-largest country worldwide in terms of internet users in 2014, according to Internetlivestats. With a penetration rate of only 53.37% in 2014, Brazil offers scope for further improvement, and is expected to reach 59.5% by 2017.

Chart 15: Internet user penetration in Brazil 2011-17E



Source: Statista 2014

Internet penetration already high in France

France is ranked tenth, with 55.5m internet users in 2014 (source: Internetlivestats), with an internet penetration rate of 86%. While it is more developed than Brazil, in comparison with Nordic countries that have internet penetration rates of 95% (Internetworldstats, December 2013), France still has room for improvement.

Online sales development to continue

Cushman & Wakefield Research analysed the online market potential in different countries based on market size and the level of infrastructure in each market. Market size is based on online market share and sales as well as market share growth. The level of infrastructure is determined by looking at the factors that can promote or constrain online growth such as the quality of logistics, energy infrastructure and technology, internet and mobile use, online security, and credit card use.

Accordingly, France ranks fourth, while Brazil ranks 21st. In Brazil, the infrastructure ranking is rather low given the logistics constraints (big country, poor quality of roads, etc.).

Table 24: Ranking of online retail: scale and potential

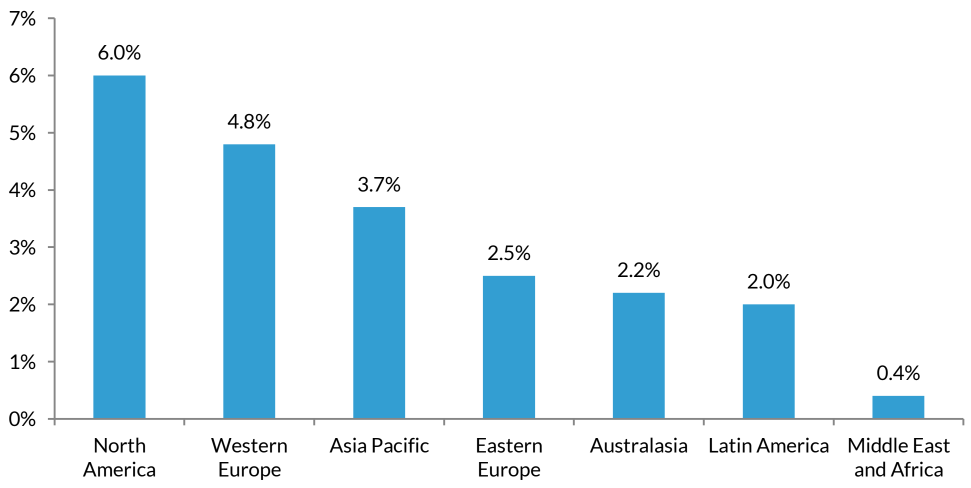
Overall	Country	Market size	Infrastructure
1	United Kingdom	2	9
2	USA	1	15
3	Germany	4	14
4	France	3	16
5	Netherlands	9	5
6	South Korea	7	12
7	Japan	5	17
8	Switzerland	14	4
9	Finland	20	3
10	Sweden	16	6
18	China	6	31
21	Brazil	11	27

Source: Cushman & Wakefield

Shifting from offline to online: UK leading the pack in Europe

By region, online sales penetration was the highest in North America, with 6% of sales in 2012. However, by country, online sale penetration was higher in the UK, at 9.7% versus 6.6% in the US. Based on 2014 numbers, we believe online penetration in the UK versus the US should be rather similar.

Chart 16: Online sales by region as a percentage of total retail sales 2012



Source: Euromonitor International, Cushman & Wakefield

By country, online sales penetration goes from 12.7% in South Korea at the top to 3.9% in Switzerland.

Table 25: Online sales as a percentage of total retail sales 2012

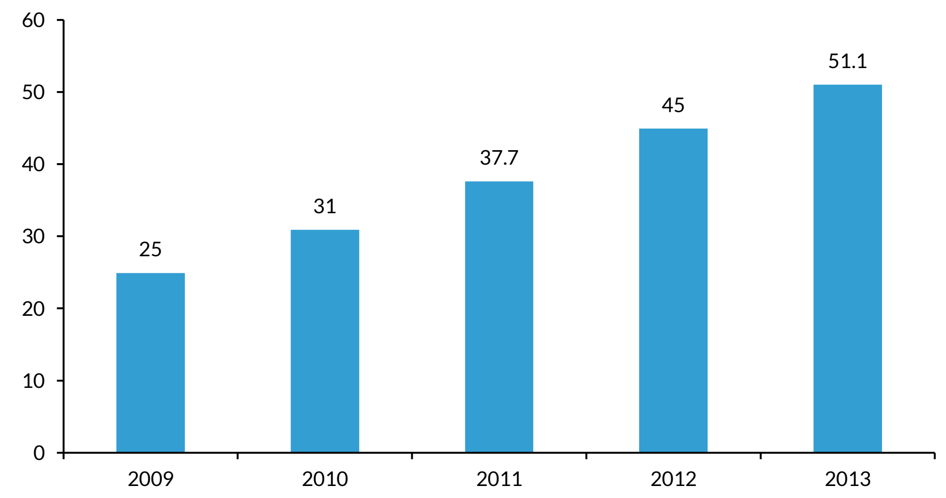
Rank	Country	%
1	South Korea	12.71%
2	United Kingdom	9.67%
3	Finland	8.58%
4	Suriname	7.75%
5	Ireland	6.70%
6	Denmark	6.60%
7	USA	6.53%
8	Norway	5.76%
9	Czech Republic	5.65%
10	Germany	5.14%
11	France	5.08%
12	Guam	4.76%
13	Malta	4.74%
14	Poland	4.60%
15	Sweden	4.59%
16	Netherlands	4.22%
17	China	4.11%
18	Slovakia	3.97%
19	Japan	3.88%
20	Switzerland	3.88%

Source: Euromonitor International, Cushman & Wakefield

Online retail in France

Internet sales represented 8% of total retail sales in France (excluding food) in 2013 according to Fedav (vs. 5% in 2012, according to Euromonitor), for the first time above the EUR50bn mark. This represents a 13.5% increase YOY. Online sales represent 12% of the clothing market share and 18% of home furnishing, but only 3% of the food market. The French market is the fourth-largest online retail market behind the UK, the US and Germany (Cushman & Wakefield, 2013). The size of the global online market has more than doubled between 2007 and 2012 to USD580bn (Cushman & Wakefield, 2013).

Chart 17: Online retail sales in France (EUR bn) 2009-13

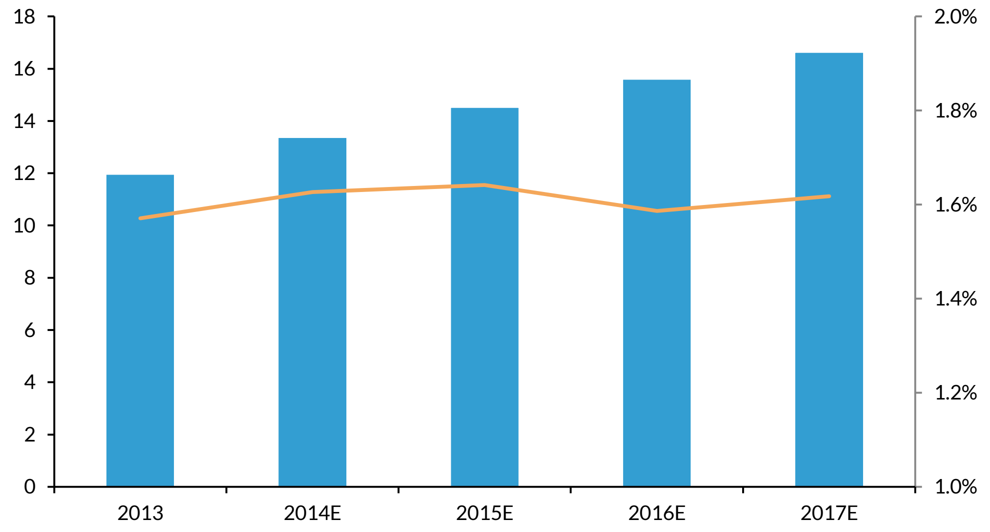


Source: Fedav

Online retail in Brazil in its infancy

Online retail sales are expected to grow further in Brazil but are likely to remain stable as a percentage of total retail sales, with a penetration rate of around 1.60% over 2013-17E, according to Emarketer. This sounds somewhat surprising and we believe online penetration could increase over time, as this is the usual pattern seen in mature countries when more product categories move online.

Chart 18: Online retail sales in Brazil and percentage of total retail sales (USDbn)

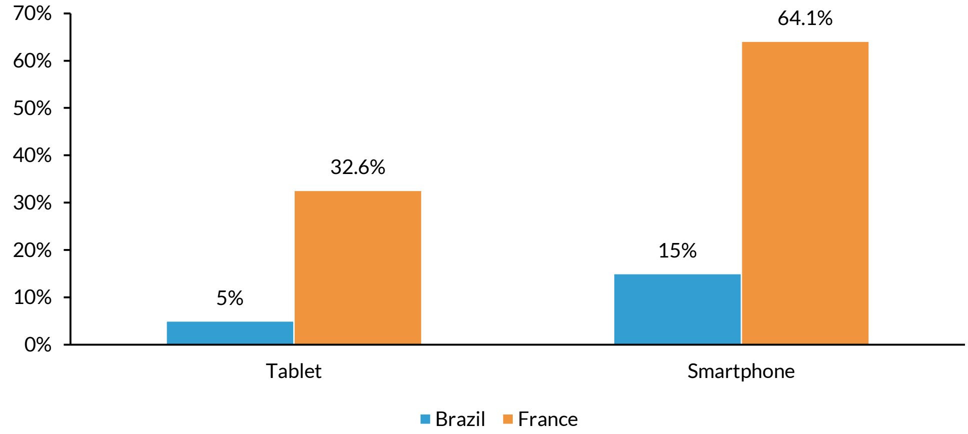


Source: eMarketer, statista

Both emerging markets China and Brazil have high expectations when it comes to the internet experience. Despite have lower internet penetration rates than in mature markets, the consumers that are online are tech-savvy and thus have high expectations. Around 79% of Brazil's consumers believe most online shopping websites need improvement, versus only 50% in the UK.

Around 15% of the Brazilian population owns a smartphone (Spring 2013 global attitudes survey). Age is also an important criterion: in Brazil, smartphone ownership is split as follows: 25% of 18-29 year-olds, 17% of 30-49 year-olds and 4% of those over 50 (Spring 2013 global attitudes survey). In 2013, 5.8m tablets were sold in Brazil (IDC, 2013), which is still low compared to the size of the population, but this is a fast-growing market (Chart 5).

Chart 19: Ownership of tablets and smartphones in Brazil and France 2013

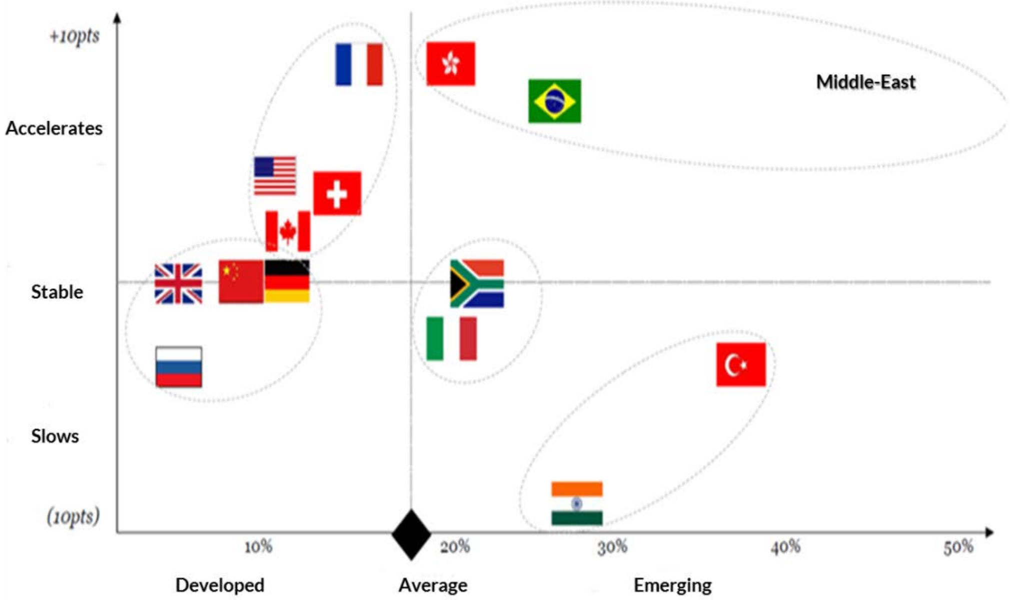


Source: Mediametrie IDC, Spring 2013 survey

Summary: France more mature, but with less growth than Brazil

While internet penetration is higher in France than in Brazil, the latter offers more upside. In both countries, online sales penetration is rather low, although France is above Brazil with 5% online sales in 2012 (according to Euromonitor) or 8% of retail sales ex food in 2013, according to Fevad. This compares with c. 3% in Brazil. In Brazil, the development of online sales is somewhat restrained by the lack of good infrastructure (quality of logistics). However, France saw a sharp increase in online buyers in 2014 (Chart 3), with close to 10% more online buyers YOY, ahead of Brazil.

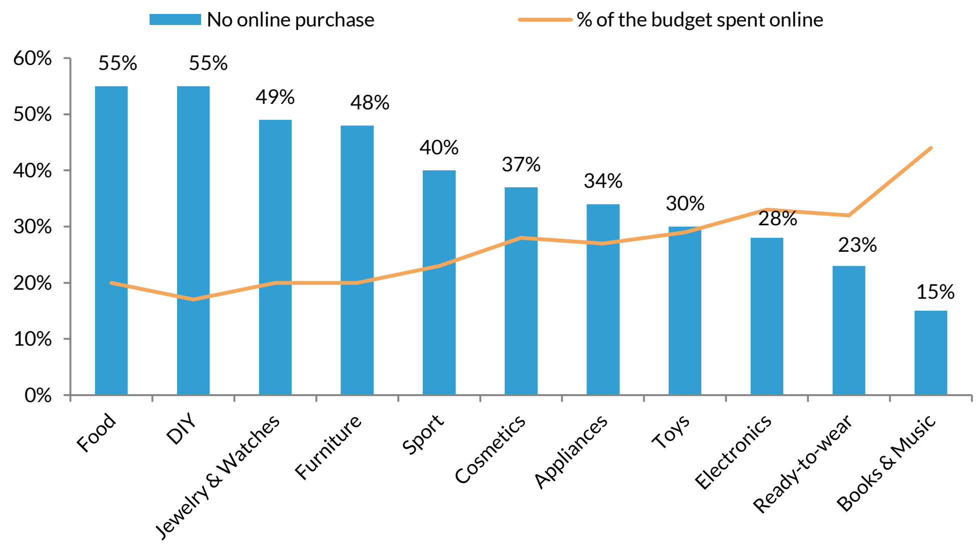
Chart 20: Percentage of new online buyers (less than a year) – 2014 versus 2013



Source: PwC

Not all products move online at the same speed - as highlighted below; only 20% of total food expenditure in France is spent online, and 55% of French consumers say they would not buy online. Books and music are at the other end of the spectrum.

Chart 21: Online purchases, different habits according to category(France)



Source: PW C

Identifying which categories are more inclined to move online

According to O Dauvers, there are five criteria that need to be examined to determine which product category can shift from brick-and-mortar stores to online shopping.

1. **Products that can be digitalised move online first**
   For products that can be digitalised, such as music, video and books, e-commerce streamlines the cost structure as it removes one step from the production process (e.g. printing books, burning CDs) and thus leads to more competitive prices.

2. **Balance between weight and price in favour of light, expensive articles**
   This is a key criterion in terms of logistics costs. Heavy products with a relatively low value cost more to move around, and therefore are harder to move from offline to online. For example, buying water online does not offer the right balance, as the logistics costs far exceed the price of the actual product. Conversely, high-tech products such as mobile phones and tablets offer the right balance of a high value and low logistics costs. Accordingly, Amazon stopped offering products weighing over 30kg in France, as the logistics costs did not make it worthwhile. This mainly affects white goods, although they can still be found in the company's marketplace.

3. **Stock valuation and obsolescence: high face-value products with short life cycle offer advantage for online retailers**
   For products with a high value and a short lifecycle, e-commerce can be the ideal solution. The cost of the stock is lower as it is centralised across a few distribution

centres versus often numerous stores for brick-and-mortar retailers. Here, online retailers have a cost advantage.

4. **Planned purchase fits e-commerce versus impulse buying**
   When a purchase is planned (when customers know what they want to buy), the internet offers a clear advantage: open 24 hours a day, fast purchasing process and delivery, better product availability, and an extensive product range. In the pre-Christmas period, there is a greater shift towards online buying, as it is very easy for customers to go through a gift list and buy all the items online, meaning that they can avoid the traditional Christmas rush in brisk-and-mortar stores. In addition, many websites try to promote impulse buying by showing customers what others are buying, and by offering recommendations for other products.

5. **Shopping experience**
   For some products, customers still want to be able to handle them before buying, and this is where the virtual experience of e-commerce cannot replace the experience of going to a brick-and-mortar store. However, customers increasingly tend to do use brick-and-mortar stores as a place to handle or try on products before buying the products online often at a significant discount. (the so called showrooming).

These five factors help identify the product categories that are likely to move online faster than others. We would add another general factor in favour of online that is often underestimated:

- **Neurological aspects of online purchases**

  While customers find it rewarding to be able to purchase what they want immediately, they also enjoy the anticipation of a product being delivered. According to Razorfish, 76% of online customers in the US and 73% in Brazil say they feel more excited when their online purchases are delivered than when they buy the same products in a brick-and-mortar store. Dr Weinschenk from the Weinschenk institute highlights that "*parts of the brain that act as a reward system are more active with anticipation than actually receiving the reward*".

However, some consumers (mainly the Millennial generation, which has grown up with the internet) see little difference between online and offline shopping; what matters to them is cross-channel convenience, according to a recent study by Razorfish.

Valuation

FY to 31/12 (USD)	2010	2011	2012	2013	2014E	2015E	2016E	2017E
Per share data								
EPS adjusted		0.09	1.37	0.12	0.03	0.22	0.36	0.52
% Change			1406.2%	-91.5%	-73.5%	625.0%	58.5%	46.7%
EPS adjusted and fully diluted			1.37	0.12	0.03	0.22	0.36	0.52
% Change				-91.5%	-73.5%	625.0%	58.5%	46.7%
EPS reported		0.09	1.37	0.12	0.03	0.22	0.36	0.52
% Change			1406.2%	-91.5%	-73.5%	625.0%	58.5%	46.7%
EPS Consensus								
Cash flow per share		0.19	7.43	0.45	0.62	0.83	1.03	1.25
Book value per share		0.35	24.62	1.52	1.54	1.54	1.62	1.81
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Number of shares, YE (m)		191.0	30.1	412.1	438.9	438.4	438.4	438.4
Number of shares, fully diluted, YE (m)								
Share price								
Latest price / year end					6.9	6.9	6.9	6.9
52 week high (Year high)					7.6			
52 week low (Year low)					6.9			
Average price (Year)					6.9			
Enterprise value (USDm)								
Market capitalisation					3,011.0	3,007.6	3,007.6	3,007.6
Net financial debt		-13.1	-130.1	-137.7	-389.5	-551.8	-753.1	-997.6
Pension provisions		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Market value of minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Market value of equity affiliates (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise value					2,621.5	2,455.8	2,254.5	2,010.0
Valuation								
P/E adjusted					na	30.6	19.3	13.1
P/E adjusted and fully diluted					na	30.6	19.3	13.1
P/E consensus								
P/BV					4.5	4.4	4.2	3.8
P/CF					11.1	8.3	6.7	5.5
Dividend yield (%)					0.0%	0.0%	0.0%	0.0%
FCF yield (%)					6.0%	8.7%	10.8%	13.1%
ROE (%)			9.8%	6.8%	2.0%	14.2%	22.0%	29.9%
ROIC (%)			22.0%	11.1%	-3.6%	na	na	na
EV/Sales					0.58	0.48	0.36	0.26
EV/EBITDA					29.9	17.3	7.9	8.8
EV/EBIT					na	25.7	15.5	9.3

Income statement

FY to 31/12 (USDm)	2010	2011	2012	2013	2014E	2015E	2016E	2017E
Sales	**na**	**1,543.5**	**2,557.3**	**3,968.6**	**4,540.0**	**5,149.6**	**6,317.1**	**7,810.8**
% Change	na	na	65.7%	55.2%	14.4%	13.4%	22.7%	23.6%
EBITDA reported	**na**	**7.6**	**54.1**	**58.8**	**38.1**	**141.8**	**202.3**	**286.0**
% Change	na	na	612.6%	8.8%	-35.3%	272.3%	42.6%	41.4%
Depreciation and amortisation	na	14.2	22.2	35.7	40.9	46.3	56.9	70.3
Goodwill impairment	na	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial result and associates	na	2.4	4.0	7.0	9.2	10.0	15.0	12.0
EBIT reported	**na**	**24.2**	**80.3**	**101.5**	**88.1**	**198.2**	**274.1**	**368.3**
% Change	na	na	232.4%	26.4%	-13.2%	124.9%	38.3%	34.4%
Net financial items	na	-4.5	-30.8	-73.9	-82.5	-91.5	-93.9	-90.2
Associates	na	0.0	-0.3	-0.5	-3.9	-4.1	-3.7	-3.3
Others	na	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before tax	**na**	**19.7**	**49.3**	**27.2**	**1.7**	**102.5**	**176.5**	**274.8**
% Change	na	na	150.7%	-44.8%	-93.6%	5773.4%	72.2%	55.7%
Tax	na	-2.3	-7.9	21.5	14.5	-1.3	-17.5	-42.6
Net profit from continuing operations	**na**	**17.3**	**41.3**	**48.7**	**16.2**	**101.2**	**159.0**	**232.1**
% Change	na	na	138.4%	17.8%	-66.7%	523.6%	57.1%	46.0%
Net profit from discontinuing activities	na	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	**na**	**17.3**	**41.3**	**48.7**	**16.2**	**101.2**	**159.0**	**232.1**
Minorities	na	0.0	-0.1	-0.7	-2.7	-2.8	-3.1	-3.4
Net profit reported	**na**	**17.3**	**41.2**	**48.0**	**13.6**	**98.4**	**155.9**	**228.7**
% Change	na	na	137.6%	16.5%	-71.7%	625.0%	58.5%	46.7%
Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit adjusted	**na**	**17.3**	**41.2**	**48.0**	**13.6**	**98.4**	**155.9**	**228.7**
% Change	na	na	137.6%	16.5%	-71.7%	625.0%	58.5%	46.7%
Gross profit	na	210.6	387.9	584.2	640.1	809.1	1,007.1	1,271.6
EBITDA adjusted	na	10.5	62.5	67.4	87.6	141.8	202.3	286.0
EBIT adjusted	na	-6.7	31.2	22.7	-2.8	95.4	145.4	215.6
Gross profit margin (%)	na	13.6%	15.2%	14.7%	14.1%	15.7%	15.9%	16.3%
EBITDA margin (%)	na	0.7%	2.4%	1.7%	1.9%	2.8%	3.2%	3.7%
EBIT margin (%)	na	-0.4%	1.2%	0.6%	-0.1%	1.9%	2.3%	2.8%
Net profit margin (%)	na	1.1%	1.6%	1.2%	0.3%	1.9%	2.5%	2.9%
Tax rate (%)	na	-28.8%	-43.7%	-42.1%	-17.0%	-34.0%	-34.0%	-34.0%
Payout ratio (%)	na	na	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EPS reported (USD)	na	0.09	1.37	0.12	0.03	0.22	0.36	0.52
% change	na	na	1406.2%	-91.5%	-73.5%	625.0%	58.5%	46.7%
EPS adjusted (USD)	na	0.09	1.37	0.12	0.03	0.22	0.36	0.52
% change	na	na	1406.2%	-91.5%	-73.5%	625.0%	58.5%	46.7%
EPS adj and fully diluted(USD)	na	na	1.37	0.12	0.03	0.22	0.36	0.52
% change	na	na	na	-91.5%	-73.5%	625.0%	58.5%	46.7%
DPS (USD)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
% change	na	na	na	na	na	na	na	na
DPS,preference shares (USD)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
% Change	na	na	na	na	na	na	na	na
Consensus Sales (USDm)					na	na	na	na
Consensus EBITDA (USDm)					na	na	na	na
Consensus EBIT (USDm)					na	na	na	na
Consensus EPS (USD)					na	na	na	na
Consensus DPS (USD)					na	na	na	na

Cash flow statement

FY to 31/12 (USDm)	2010	2011	2012	2013	2014E	2015E	2016E	2017E
Net profit before minorities	na	17.3	41.3	48.7	16.2	101.2	159.0	232.1
Depreciation and amortisation	0.0	14.2	22.2	35.7	40.9	46.3	56.9	70.3
Goodwill impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in working capital	na	14.3	189.2	161.5	213.7	216.3	235.1	247.6
Others	na	-26.0	-35.4	-96.5	-86.7	-98.6	-125.0	-149.3
Cash Flow from operating activities	**na**	**19.8**	**217.3**	**149.3**	**184.0**	**265.3**	**326.0**	**400.7**
% Change	na	na	995.2%	-31.3%	23.3%	44.1%	22.9%	22.9%
Capex	na	-33.3	-49.1	-68.3	-90.8	-103.0	-126.3	-156.2
Free cash flow	**na**	**-13.5**	**168.2**	**81.0**	**93.2**	**162.3**	**199.7**	**244.5**
% Change	na	na	na	-51.8%	15.0%	74.2%	23.0%	22.4%
Acquisitions	na	0.0	0.0	-6.4	0.0	0.0	0.0	0.0
Divestments	na	0.5	0.0	2.8	1.3	0.0	0.0	0.0
Dividend paid	na	-37.6	0.0	0.0	0.0	0.0	0.0	0.0
Share buy back	na	0.0	0.0	0.0	186.2	0.0	0.0	0.0
Capital increases	na	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	na	63.6	-51.2	-69.7	-27.3	0.0	3.8	0.0
Change in net financial debt	**na**	**13.1**	**117.0**	**7.7**	**253.4**	**162.3**	**203.5**	**244.5**
Change in cash and cash equivalents	na	na	192.1	129.2	232.6	162.3	203.5	244.5
Attributable FCF	na	-13.5	168.2	81.0	93.2	162.3	199.7	244.5
Cash flow per share (USD)	na	0.10	7.22	0.36	0.42	0.61	0.74	0.91
% Change	na	na	6843.9%	-95.0%	15.7%	44.1%	22.9%	22.9%
FCF per share (USD)	na	-0.07	5.58	0.20	0.21	0.37	0.46	0.56
% Change	na	na	na	-96.5%	8.0%	74.2%	23.0%	22.4%
Capex / Sales (%)	na	2.2%	1.9%	1.7%	2.0%	2.0%	2.0%	2.0%
Capex / D&A (%)	na	-234.9%	-221.3%	-191.5%	-222.3%	-222.2%	-222.2%	-222.2%
Cash flow / Sales (%)	na	1.3%	8.5%	3.8%	4.1%	5.2%	5.2%	5.1%
FCF / Sales (%)	na	-0.9%	6.6%	2.0%	2.1%	3.2%	3.2%	3.1%
FCF Yield (%)	na	na	na	na	3.1%	5.4%	6.7%	8.2%
Unlevered FCF Yield (%)	na	na	na	na	7.7%	12.3%	15.4%	19.5%

Balance sheet

FY to 31/12 (USDm)	2010	2011	2012	2013	2014E	2015E	2016E	2017E
Cash and cash equivalents	na	40.9	233.0	362.2	594.8	757.1	960.6	1,205.1
Inventories	na	155.0	365.7	504.3	531.0	620.1	780.9	976.0
Accounts receivable	na	154.3	159.0	151.7	161.5	198.1	243.0	312.4
Other current assets	na	127.6	198.0	231.8	210.2	210.2	210.2	210.2
Current assets	**na**	**477.8**	**955.8**	**1,250.0**	**1,497.5**	**1,785.4**	**2,194.6**	**2,703.7**
Tangible assets	na	9.2	41.2	45.3	84.4	141.0	204.9	290.8
Goodwill	na	72.5	730.5	674.1	611.5	611.5	611.5	611.5
Other Intangible assets	na	43.6	127.9	156.2	141.7	141.7	141.7	141.7
Financial assets	na	0.0	25.8	1.9	1.7	1.7	1.7	1.7
Other non-current assets	na	16.9	113.7	197.0	179.2	176.4	177.4	174.1
Non-current assets	**na**	**142.2**	**1,039.1**	**1,074.5**	**1,018.5**	**1,072.4**	**1,137.2**	**1,219.8**
Short term debt	na	26.1	101.0	110.2	99.9	99.9	99.9	99.9
Accounts payable	na	464.8	955.4	1,244.3	1,429.7	1,771.6	2,212.5	2,724.6
Other short term liabilities	na	43.0	142.3	181.8	164.9	164.9	164.9	164.9
Current liabilities	**na**	**533.9**	**1,198.7**	**1,536.3**	**1,694.5**	**2,036.5**	**2,477.4**	**2,989.5**
Long term debt	na	1.7	1.9	114.3	103.7	103.7	103.7	103.7
Pension provisions	na	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long term provisions	na	7.8	4.8	6.5	5.9	5.9	5.9	5.9
Other long term liabilities	na	9.0	19.0	17.1	15.6	15.6	15.6	15.6
Non-current liabilities	**na**	**18.6**	**25.6**	**137.9**	**125.1**	**125.1**	**125.1**	**125.1**
Shareholders' equity	na	67.1	741.6	625.4	676.3	678.9	715.2	798.0
Minority interests	na	0.4	28.9	24.8	20.0	17.2	14.2	10.8
Total equity	**na**	**67.4**	**770.5**	**650.3**	**696.3**	**696.2**	**729.3**	**808.8**
Balance sheet total	**na**	**619.9**	**1,994.8**	**2,324.5**	**2,516.0**	**2,857.8**	**3,331.8**	**3,923.5**
% Change	na	na	221.8%	16.5%	8.2%	13.6%	16.6%	17.8%
Book value per share (USD)	na	0.35	24.62	1.52	1.54	1.55	1.63	1.82
% Change	na	na	6911.6%	-93.8%	1.5%	0.4%	5.3%	11.6%
Net debt	na	-13.1	-200.1	-225.5	-470.7	-633.0	-836.5	-1,081.0
Net financial debt	na	-13.1	-130.1	-137.7	-391.2	-553.5	-757.0	-1,001.5
Trade working capital	na	-155.5	-430.7	-588.3	-737.2	-953.5	-1,188.7	-1,436.2
Working capital	na	-70.9	-374.9	-538.3	-691.9	-908.2	-1,143.3	-1,390.9
Inventories/sales	na	10.0%	14.3%	12.7%	11.7%	12.0%	12.4%	12.5%
Invested capital	na	10.7	396.7	181.1	4.0	-155.7	-327.0	-488.6
Net debt / EBITDA (x)	na	-1.2	-3.2	-3.3	-5.4	-4.5	-4.1	-3.8
Net debt / FCF (x)	na	1.0	-1.2	-2.8	-5.1	-3.9	-4.2	-4.4
Gearing (%)	na	-19.4%	-16.9%	-21.2%	-56.2%	-79.5%	-103.8%	-123.8%
Goodwill / Equity (%)	na	107.5%	94.8%	103.7%	87.8%	87.8%	83.8%	75.6%

Divisions and regions

FY to 31/12 (USD)	2010	2011	2012	2013	2014E	2015E	2016E	2017E
Key assumptions								
Sales growth					14.4	19.0	22.7	23.6
EBIT margin					1.0	1.9	2.3	2.8
Sales by division								
France			1,649.3	1,885.8	2,081.2	2,220.3	2,509.0	2,860.2
Brazil			908.0	1,962.9	2,461.2	2,929.3	3,808.1	4,950.5
EBIT by division								
France			4.2	-1.5	-5.4	22.2	31.1	42.3
Brazil			35.4	32.7	53.0	73.2	114.2	173.3
EBIT margin (%)								
Division 1 (%)			0.3%	-0.1%	-0.3%	1.0%	1.2%	1.5%
Division 2 (%)			3.9%	1.7%	2.2%	2.5%	3.0%	3.5%
Geographic breakdown of sales, adjusted (%)								
Eurozone			64.5%	49.0%	45.8%	43.1%	39.7%	36.6%
of which France			64.5%	49.0%	45.8%	43.1%	39.7%	36.6%
of which Brazil			35.5%	51.0%	54.2%	56.9%	60.3%	63.4%
Currency exposure of sales (%)								
EUR			64.5%	49.0%	45.8%	43.1%	39.7%	36.6%
Hedging policy	None							

Research ratings and important disclosures

Disclosure checklist - Potential conflict of interests

Stock	ISIN	Disclosure (See Below)	Currency	Price
Amazon.com	US0231351067	nothing to disclose	USD	295.0601
B2W Digital On NM	BRBTOWACNOR8	nothing to disclose	BRL	22.45
BIG C Supercenter	TH0280010008	nothing to disclose	THB	242
Carrefour	FR0000120172	nothing to disclose	EUR	23.22
Casino	FR0000125585	nothing to disclose	EUR	73.01
Cnova	NL0010949392	nothing to disclose	USD	6.96
Companhia Brasl.Distb. PN	BRPCARACNPR0	nothing to disclose	BRL	97.5
Darty	GB0033040113	nothing to disclose	GBP	66.25
Dixons Carphone	GB00B4Y7R145	nothing to disclose	GBP	426.7
Ebay	US2786421030	nothing to disclose	USD	55.94
Exito	COG31PA00010	nothing to disclose	COP	24960
Fnac	FR0011476928	15, 17, 19	EUR	38.78
Groupon	US3994731079	nothing to disclose	USD	6.83
LDLC.COM	FR0000075442	nothing to disclose	EUR	22
Lojas Americ PN	BRLAMEACNPR6	nothing to disclose	BRL	15.54
Magaz Luiza ON NM	BRMGLUACNOR2	nothing to disclose	BRL	7.28
Rakuten	JP3967200001	nothing to disclose	JPY	1535
TNT Express	NL0009739424	nothing to disclose	EUR	5.32
Wal Mart Stores	US9311421039	nothing to disclose	USD	82.96

Source: Factset closing prices of 16/12/2014
Stock prices**:** Prices are taken as of the previous day's close (to the date of this report) on the home market unless otherwise stated.

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Source: Kepler Cheuvreux
A: % of all research recommendations
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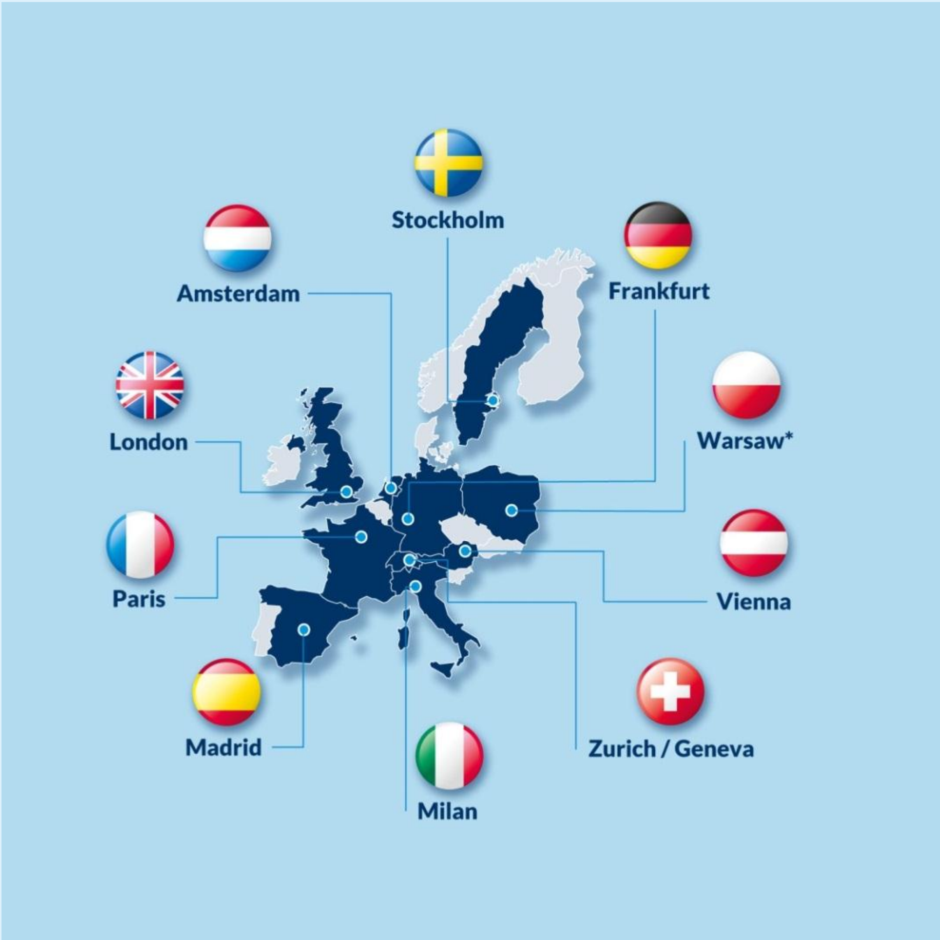

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PRI Principles for Responsible Investment

J.P.Morgan CAZENOVE

Europe Equity Research
30 December 2014

Cnova

Initiating coverage with an OW rating and a $9.60 PT

Initiation

Overweight

CNV.OQ, CNV US

Price: $7.11

Price Target: $9.60

We initiate coverage of Cnova with an Overweight rating and a Dec-15, DCF-based price target of $9.60. Cnova, a Casino Group subsidiary with a free float of only 6.1%, is the world's No 6 ecommerce player by sales. It is co-leader in France and No 2 in Brazil, countries which account for c50% of current sales each. Thanks to the scale and infrastructure of its parent companies, Cnova has a low cost/ low capex model which allows for aggressive price positioning. This model is a strong platform to develop an electronic marketplace (MP) for 3rd-party vendors, which we expect to be the key profit driver in the coming years.

- **Low cost/ low price leads to strong Direct Sales (DS) growth.** Cnova benefits from the purchasing, logistics and store infrastructure (pick-up points) of its parent companies. Thanks to its aggressive pricing and convenient offering in terms of delivery and payment options, its DS growth is accelerating, both in France (14% in 2015-17E) as well as Brazil (30%).
- **Marketplace.** We expect gross merchandise volume (GMV) growth to be even stronger as the MP grows faster than the DS. We forecast c34% CAGR GMV growth in the next three years (2015-17E), driven by c26% growth in France, c38% growth in Brazil and the development from scratch of the business in the International markets (Colombia, Thailand, Vietnam, Belgium, Ecuador and a few African countries). We forecast that the MP will account for 40% of French GMV at the end of 2016 from 21% in Sep-14, and that the MP will account for 28% of Brazilian GMV at the end of 2016 from 4% in 2014. Both are in line with company guidance. The MP has been launched so far in only one of the three main websites in Brazil (extra.com) and will be launched in the other two (pontofrio.com and casasbahia.com) in 1H15.
- **Adjusted EBITDA.** We forecast adjusted EBITDA (after factoring costs and SBC) to go from €7mn in 2014E to €263mn in 2017E, almost entirely driven by the growth in MP commissions.
- **Valuation.** Cnova trades at 0.58x 2015E sales and 0.41x GMV. This is a discount to B2W's 0.72x and Amazon's 1.20x. Although a discount may seem justified by Cnova's current lower EBITDA margins, we expect the margin gap to narrow in the coming years, hence our $9.60 TP with 38% potential upside.

European Retail

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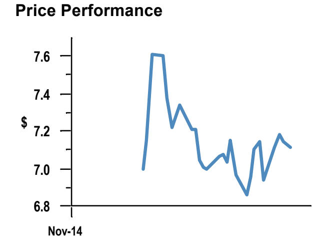
Price Performance



	YTD	1m	3m	12m
Abs	1.6%	-1.5%	1.6%	1.6%

Cnova (CNV.OQ;CNV US)

FYE Dec	2013A	2014E	2015E	2016E	2017E
Adj.EPS FY (€)	(0.05)	(0.08)	0.02	0.16	0.35
Net Profit FY (€ mn)	(20)	(33)	8	70	153
EBIT FY (€ mn)	24	36	104	221	371
EBIT Margin FY	0.8%	1.0%	2.4%	4.1%	5.6%
EBITDA FY (€ mn)	51	70	150	275	436
EBITDA Margin FY	1.8%	2.0%	3.5%	5.1%	6.6%
Revenue FY (€ mn)	2,899	3,473	4,297	5,419	6,655
Adj.P/E FY	NM	NM	335.5	36.8	16.7

Source: Company data, Bloomberg, J.P. Morgan estimates.

Company Data	
Price ($)	7.11
Date Of Price	26 Dec 14
Price Target ($)	9.60
Price Target End Date	1-Dec-15
52-week Range ($)	8.06-6.71
Market Cap ($ bn)	3.12
Shares O/S (mn)	439

See page 51 for analyst certification and important disclosures, including non-US analyst disclosures.

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Brief description of the business model

Cnova is the sixth largest non-travel pure eCommerce company worldwide in terms of sales and the eighth in terms of unique monthly visitors. Cnova is co-leader in France and is No2 in Brazil. The company also has start-up operations in other countries in Europe, Latin America, Asia and Africa. The net sales breakdown in 2014 is c52% Brazil and c48% France.

Cnova was created in June 2014 as a combination of:

- **Cdiscount**: (held by Casino), which has operations in France, Colombia, Thailand, Vietnam, Ecuador, Ivory Coast, Belgium and Senegal; and

- **Nova Pontocom**: (held by GPA and Via Varejo, in which Casino holds controlling stakes). Nova operates the Extra.com, Casasbahia.com and Pontofrio.com websites in Brazil.

The Cnova business model, and the way the company reports, is based on a combination of:

- **Direct sales**: traditional sales where a customer purchases a product sold by Cnova and pays to Cnova, which ships the product.

- **Marketplace** (third-party sales): a customer purchases a product at Cnova's website sold by a third-party vendor and pays to Cnova, which pays back to the vendor and takes a commission; the vendor typically ships the product and always keeps ownership of the stock. The growth of the marketplace is in our view likely to be by far the main driver of value creation and margin expansion in the coming years.

- **Other revenues**: in addition to direct sales and the marketplace businesses, Cnova also generates advertising sales, data monetization, ecommerce B2B services, as well as revenues from extended warranties. It has also started to offer fulfillment and shipping services to the marketplace vendors.

Categories sold: Cnova focuses on technical goods (consumer electronics, home appliances, computers etc) and home furnishing (highest growth category, also with the highest gross margin) as core product categories. Its main competitors are Amazon, Darty and Fnac in France and B2W, Walmart, Mercado Libre and Magazine Luiza in Brazil. It has also launched several specialty websites for specific categories such as apparel, baby and home decor and plans to launch several more.

GMV (gross merchandise volume) includes the direct sales, the third-party sales (100%) and the other revenue, all including VAT.

Net sales includes direct sales, the marketplace commissions and other revenues, all excluding VAT.

Adjusted EBITDA/ EBIT: we believe that the best way to define EBITDA and EBIT is reported EBITDA or EBIT after factoring costs and after share-based compensation.

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Executive Summary

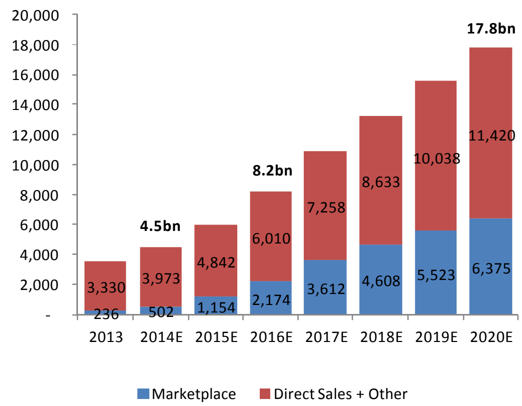
The main attributes of Cnova's equity story, in our view, are its high growth potential (GMV growth of c34% in 2015E-17E), its low capex, low cost and low price model thanks to the synergies from its parent companies. Within the top line growth, we see the expansion of the marketplace (MP) as by far the main driver of profit growth in the next several years.

High growth and margin expansion driven by the marketplace

34% CAGR GMV growth in 2015E-17E

We forecast c34% CAGR GMV growth in the next three years (2015-17) driven by c26% growth in France, 38% growth in Brazil and the development from scratch of the business in the International markets.

Figure 1: GMV (€mn)



Source: Company data, J.P. Morgan estimates

MP to reach 34% of French GMV and 22% of Brazilian GMV at y-e 2016E

We forecast that the MP will account for 34% of French GMV in 2016E from c20% in 2014 (and 40% at the end of 2016). We forecast that the MP will account for 22% of Brazilian GMV in 2016E (and 28% by year end) from 3% in 2014. Both are in line with company guidance. The MP has been launched so far in only one of the three main websites in Brazil (extra.com) and will be launched in the other two (pontofrio.com and casasbahia.com) in 1H15.

MP set to transform shape of the P&L

The growth of the MP should transform the shape of the P&L as the commissions earned on the MP (c11% of GMV on average) flow almost entirely to the bottom line. There is only a small payment processing cost incurred. In the case of Brazil, Cnova also incurs the cost of factoring the receivables (customers buying on installments free of cost and Cnova discounts the receivables at a bank at a cost), which can be c3.5% of sales.

EBITDA margin to increase 500bp by 2020E

We expect the adjusted EBITDA margin (after factoring costs and after share based compensation) to increase 500bp from 0.2% in 2014E to 5.6% in 2020E on net sales that we expect to increase from €3.5bn in 2014E to €10.6bn in 2020E. As a result, we expect adjusted EBITDA to increase from €7mn in 2014E to €593mn in 2020E. This growth will on our estimates be virtually all driven by the MP commissions, which we expect to grow from €45mn in 2014E to €622mn in 2020E.

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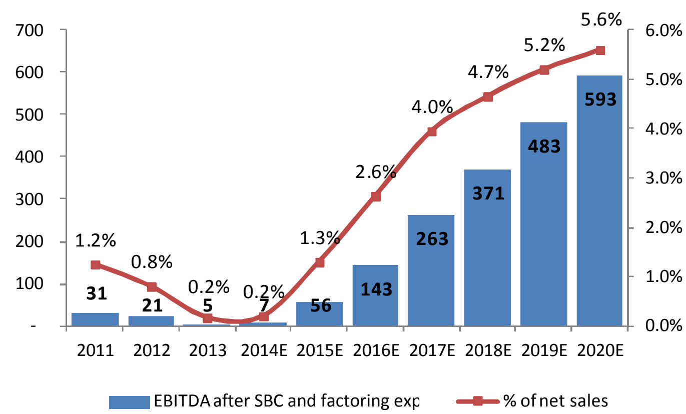
Figure 2: Adjusted EBITDA and as % of net sales

€m



Source: Company data, J.P. Morgan estimates

The direct sales (DS) business is also growing strongly, driven by lower prices and the growth of the MP

DS growth accelerating, driven by the lower prices, the MP and specialty sites

The growth of the DS is accelerating, driven by:

- lower prices,
- the development of the MP, which drives traffic into the websites helping the direct sales as well, and
- the development of the specialty sites, to a lesser extent.

Cnova changed its pricing policy in the last couple of years to a much more aggressive stance. These significant price investments were funded by:

- buying synergies, particularly in Brazil,
- the MP commissions, particularly in France, allowing Cnova to sell its direct sales at a loss
- and by reduced marketing costs across the group.

Major price investments in Brazil in 2013

In France the price investments were done more gradually in 2011-13 while in Brazil it was more sudden, towards the end of 2013, when prices were cut by 3-5% as the company passed on to its customers its purchasing synergies from its joint buying with Via Varejo. Across the group, it has cut marketing expenditure from 2.7% of sales in 2013 to 2.0% in 2014. Despite the better buying terms, the gross margin excluding the MP commissions (on net sales excluding the MP commissions) has fallen 220bp in 2012-14. Part of this (50bp) was funded by lower marketing costs.

MP also drives DS

The development of the MP also leads to an acceleration of the direct business, as Cnova grows its product offering exponentially, attracting more overall traffic to its websites. Finally, the launch of specialty websites will also contribute to the acceleration of the direct sales growth.

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Profit take-off point pushed back

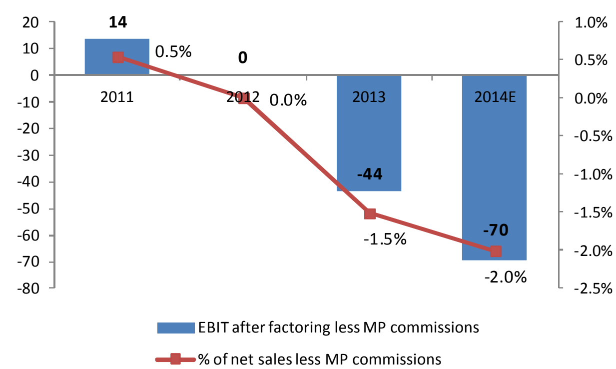
By being so price aggressive, the company therefore opted to postpone its profit 'take-off' point, but we believe this is a long-term winning strategy as few players in any given market (in France perhaps two, in Brazil perhaps four) will succeed long term.

Cnova makes a c2% loss on its DS

Cnova chooses to make a loss equivalent to c2% of its direct sales (including 'other' sales). This is not a stated policy and, as the market consolidates into fewer players, this negative margin could come down. This loss is offset by the MP commissions, and going forward the latter should more than offset the loss on direct sales. The company loses this margin despite being a lower cost operator than its competition, which shows it has lower prices.

Figure 3: EBIT after factoring less MP commission (proxy for direct sales loss and DS margin)

€m



Source: Company data, J.P. Morgan estimates

Low price driven by low cost and low capex model

Cnova is a low cost, low capex business, thanks to the benefit of being part of the Casino group, which affects three key areas: purchasing, logistics and shipping costs.

Purchasing advantage, particularly in Brazil

Purchasing is a major competitive advantage, particularly in Brazil, where Cnova with Via Varejo and CBD/Extra is 3.5x the size of the No2 player in the categories they sell, and management believes this translates into c500bp better buying. In France, purchasing is less of an advantage as the Casino group is not that big in non-food.

Cnova has its own warehouses but in Brazil it also rents space in several of the 24 Via Varejo warehouses, lowering its logistics costs.

Stores to be used as pick-up points in Brazil, like in France

Finally, Cnova leverages on the thousands of stores of the Casino group in both Brazil and France, which are used as pick-up points. 60% of the large items that cdiscount sells in France are collected at pick-up points, mainly stores of the Casino group, and this has proved a major competitive advantage versus Amazon, which abandoned the large appliances and furniture categories in its direct business. The store pick-up service will be launched in Brazil in 2015. The low price, the convenient pick-up solutions and the competitive payment methods allow Cnova to have a very attractive overall proposition.

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2% capex / sales well below peers

As part of its low cost, low price model, Cnova is also a low capex model. Its capex to sales ratio is consistently around 2%, well below the 8-10% seen at B2W or the 5% seen at Amazon. These numbers are not always comparable as the business mix may be different. Perhaps half of Amazon's capex is related to its web service division AWS. But the difference with B2W is remarkable.

Also the working capital management seems to be more efficient at Cnova. It has only 53 days of inventory compared to 84 at B2W. Working capital is negative and is therefore a source of funds as the company grows, excluding the cost of discounting trade receivables in Brazil.

Valuation

EV/ sales 0.58x is below peers due to lower margin, depressed by aggressive pricing, despite a better growth profile

Cnova trades at 0.58x 2015E net sales and 0.41x GMV. This is a discount to B2W's 0.72x and Amazon's 1.20x. We believe that a discount to Amazon is justified because of the margin gap and because AWS deserves a much higher valuation relative to sales than the retail business. In the case of B2W, we believe that Cnova's discount is unjustified as we see Cnova growing faster, is more diversified geographically and has stronger competitive advantages. B2W has higher margins but worse cash generation, driven by higher capex and working capital requirements.

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SWOT

Strengths

- Synergies from its relationship with its parent companies, mainly in buying, logistics and shipping. In Brazil, the group is 3.5x the size of the No2 in terms of business volumes, which gives Cnova a buying advantage of c500bp according to management. Regarding logistics, Cnova offers more than 17,500 click & collect locations in France, many of which are exclusive (c60% of orders and revenues are generated via click & collect in France). In Brazil, CBD and Via Varejo combined have c2,000 stores. Cnova also leverages on the warehouses of its parent companies to limit its logistics capex and costs.
- The low cost and capex model allows a strategy based on price leadership and low marketing costs, leading to a high and growing share of free traffic.
- Impressive track record of Cdiscount in France (co-leader head to head with Amazon), including the pace of development of its marketplace, which has gone from zero to 20% of total GMV in three years. Strong initial track record of the Extra marketplace in Brazil so far (from zero to 12% of GMV in 18 months).
- The development of the marketplace is a win-win: Cnova earns a commission which enables it to be very price competitive on its direct sales while increasing traffic into the website, which also drives its direct sales.

Weaknesses

- Lack of track record as a listed company.
- High concentration in two markets: Brazil and France.
- Complex corporate and shareholding structures.
- Stock liquidity and free float are limited.

Opportunities

- 100% exposure to the fast-growing online channel. Online retail penetration remains low at Cnova's two core markets (5.5% in France and 3.1% in Brazil in 2013) and even lower in the other new countries (Colombia, Thailand, Vietnam, Belgium, Ecuador, Africa).
- Successfully developing its MP businesses in France and Brazil. The MP is by far the main driver of value creation and margin expansion of the business. Management targets to grow MP penetration from 20% of GMV currently to 40% in France and from 4% currently to 28% in Brazil by the end of 2016. In Brazil, only Extra.com has launched the MP, with encouraging results so far. The launch of the Pontofrio.com and Casasbahia.com marketplaces will come in 1H15. Longer term management aims to reach 40% MP penetration also in Brazil.
- Cnova's other markets (Colombia, Thailand & Vietnam mainly) growing ahead of plan.
- Cnova will launch click & collect in Brazil in 2015, which will help lower shipping costs.
- Launch of specialty websites. These are niche operations but with higher gross margin.

Threats

- Highly competitive industry. Although Cnova is very price competitive, it may need to invest further in price and reduce its direct sales gross margin.
- MP commissions coming under pressure as competition intensifies.
- Macro and currency risks. High interest rates in Brazil may impact sales and financial expenses.
- Cannibalization risk between offline and online. Cnova is well positioned as it is purely online, but negative trends in the parent companies might be negatively perceived by the market.
- Measures to reduce import protectionism in Brazil.
- Carrefour launching an effective ecommerce offer with an extensive network of pick-up points. Amazon launching a click & collect service.

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Risks section

We review below the main risks inherent to the Cnova business model and other broader market and macro risks in this section.

Economic environment, particularly in Brazil

Brazil's retail industry is losing steam after a decade of rapid growth fueled by a benign economic environment, easy credit availability and government welfare programs. However, in 2015, higher inflation and tightening credit conditions are set to dampen consumer confidence further. Inflation, job security, foreign exchange rates and other fundamentals that influence spending will likely keep consumer confidence below its five-year average. We expect sales to decelerate most in discretionary sectors such as autos and durable goods, while food, beverages, pharmaceuticals and the like should be more resilient.

However, we believe demographic trends and rising incomes should help sustain retail sales growth, even as Brazil's economy slows. Brazilians aged 14 to 65 will outnumber those aged 65 or older for the next two decades, so the labor pool will expand for another 10-15 years. And despite the country's fiscal challenges, government social welfare programs should continue to support consumer spending into the foreseeable future.

Structural channel shift to outweigh cyclical macro slowdown

Regarding the impact in Cnova, we believe that the structural channel shift into online should more than outweigh the cyclical slowdown given the still very low ecommerce penetration in Brazil (3.1% in 2013). Proof of this is that despite the general consumption slowdown, Cnova grew GMV in Brazil by c40% in 3Q14 in local currency.

Lack of track record as a listed company

Limited track record but backed by long track record of Casino and CBD

Cnova has a limited track record in the market as a listed company. However, its parent companies (Casino, CBD etc) have long track records as listed entities. Operationally, Cdiscount has existed in France since 1998 and Nova Pontocom started its operations in Brazil with the launch of Pontofrio.com back in 2008. The Extra and Casas Bahia websites followed in Brazil in 2010. Two important milestones followed, with the launch of the Cdiscount marketplace in France in August 2011 and the Extra marketplace in Brazil in March 2013. Our confidence that the company will achieve its targets (40% and 28% MP/ GMV penetration in France and Brazil respectively at the end of 2016) is based on the impressive track record thus far in France and Extra and the aggressive pricing policy implemented in the last two years.

Lack of global exposure

Relative exposure to France set to decline

Current geographic exposure of Cnova is highly concentrated in France and Brazil (50/50 split, roughly). The company could be vulnerable to Amazon deciding to rebase profits and prices in France, which is only one of many markets for the US giant.

But Brazil and the other markets are growing faster and therefore France is set to lose weight within the group. Cnova has plans to expand beyond its two core markets and has launched operations in Thailand, Colombia, Vietnam, Ecuador, Africa and

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Belgium so far. In the most promising markets (Colombia, Thailand and Vietnam, where the Casino group is market leader), management targets €1.3bn sales for its international operations by 2020 (over 10% of group sales).

Complex corporate and shareholder structures

Cnova is incorporated in the Netherlands, conducts the majority of its operations in Brazil and France and is listed in New York.

Cdiscount and Nova Pontocom were two separate entities until June 2014 when Cnova was created. In order to pool the two under one single entity, a complex structure was put in place whereby the different companies of the Casino group own stakes in Cnova. Cnova is globally consolidated by CBD, which owns 26.3% but controls 50.2% including the stake in the hands of Via Varejo, a subsidiary controlled by CBD. Casino owns a 43.5% direct stake in Cnova but consolidates it because it consolidates CBD. The direct and indirect economic interest of Casino in Cnova is 58.4%.

Cnova has two co-CEOs, the CEO of France (Mr Emmanuel Grenier) and the CEO of Brazil (Mr Germán Quiroga). The chairman of the company is the chairman and controlling shareholder of Casino, Mr Jean-Charles Naouri. If there was a conflict between the two CEOs, the chairman would decide. There is a group CFO (Mr Vitor Faga) and respective CFOs in Brazil and France. The CEO of France is responsible for the International operations (ex-Brazil).

Structure looks complex but is agile and expertise is transferred

We believe that in practice Cnova operates a nimble structure. Brazil and France are two different and separate businesses but with a common strategy (low capex, low cost including marketing expenditure, low price) and expertise. The transfer of knowledge is evident, with France being ahead of Brazil in areas such as marketplace development, the use of the Casino group stores for click & collect, the launch of specialty websites or the opportunities to monetize data, while Brazil is ahead of France in areas such as B2B services.

Irrational competition / gross margin risk

Gross margin on DS business could fall further despite big price cuts

As mentioned earlier, the company has invested heavily in price in the last two years. Despite the better buying terms from the CBD/ Via Varejo group in Brazil, the gross margin on the direct sales has fallen 180bp in 2012-14. Part of this (50bp) has been saved in marketing costs, but we estimate that the gross margin on the direct sales after marketing costs and after factoring costs fell 93bp in 2013 and another 57bp in 2014E (despite the better buying). Hence, the need for further gross margin efforts may be seen as unnecessary and therefore unlikely.

However, this is a highly competitive market and all players want to secure a place among the few ultimate winners. Competition could intensify further in France or Brazil and Cnova could be forced to invest a bigger part of the MP commissions than we forecast into its direct sales price.

We look at the following metric in order to analyze underlying gross margin trends on the direct sales:

$$\frac{\text{Gross profit less MP commissions after marketing and factoring costs}}{\text{Net sales less MP commissions}}$$

We prefer to be prudent and assume no increase in the DS gross margin in 2015-17E

Management's internal business plan assumes an increase in the above gross margin measure from 9.5% in 2014 to 11.2% in 2020. We prefer to be more prudent and assume a relatively stable GM in the direct sales, although we acknowledge some factors that could impact positively the direct sales margin in the coming years:

- Positive product mix: home furnishings (high GM) is a growing category while computers (low GM) is losing weight. The GM of home furnishings is perhaps 25% compared to an average of c12% on direct sales overall.

- Specialty sites: these are niche websites that operate under a higher GM model.

- Lower shipping costs: as the company launches the click & collect service in Brazil in 2015, shipping costs can be reduced. For a given order, the shipping cost can be reduced by 35% in Brazil if the order is collected in the store, potentially saving 175bp of sales on any given order collected in a store vs home delivered. We believe click & collect will reach at least 20% of sales in Brazil, or more depending on the financial incentive to switch away from home delivery.

Separately, gross margins in Brazil are higher than in France, but this is to cover the cost of providing free credit to the customer. As our definition is 'after factoring costs', this country mix effect should be largely neutralized.

Risk of MP commissions coming under pressure

MP commissions vary by product category but amount on average to c11% of MP volumes at the group level. They are actually very similar in France and Brazil. However, in France, of the 11%, c10.5% flows to the bottom line while in Brazil, the cost of the payment processing and the cost of discounting the receivables can eat 5ppt, meaning that the average net commission is closer to c6%.

Might commissions come under pressure? We believe that the market in France is consolidating into two clear winners - Cdiscount and Amazon. The more concentrated the market becomes, the less likely it is that commissions come under pressure. We understand that what attracts third-party vendors is not so much whether the commission rate is 100bp higher or lower but rather the traffic of the website and the speed to sell stock.

Commission rates could come under pressure, but they are not high in Brazil, and the market is more vulnerable to an increase in competition

Brazil is more subject to an intensification of competition, but this is the market where net commissions are much lower and the market where Cnova's pricing competitive advantage is most pronounced. For other smaller players with more limited access to banks, the cost of discounting receivables and the cost of processing the payment could be 150bp higher, and therefore the 11% commission is a very good deal for the third-party vendors. In our view, this already effectively low level of take-up rates in Brazil limits the scope for downside pressure.

Risk of import duties in Brazil coming down

Import duties protect large established manufacturers and retailers

Import duties in Brazil are typically 30-35% in the categories Cnova sells, and can go up to 50% in some products (eg certain cars). High import duties protect the large incumbent manufacturers and retailers. Cnova + Via Varejo + CBD sell 3.5x more than the No2 player in the country of the categories Cnova sells. Management estimates this translates into c500bp better purchasing. High import duties protects this important competitive advantage vs smaller incumbents and vs potential new entrants such as Amazon or Alibaba.

Protecting the local manufacturing industry through high import duties protects Brazilian jobs while being a big source of tax income, making big changes to the current situation unlikely, in our view.

Factoring costs (discount of receivables)

This is a very significant cost in the P&L, accounting for about 3.5% of net sales in Brazil. The company not only incurs this cost in its direct sales but also in the marketplace sales.

This cost is a function of

- % of sales done on installments. This is c80% and relatively stable
- Number of free installments granted to the customer: this has fallen from a maximum of 12 months to a maximum of 10 (above that it charges) while the average has fallen from 10 to 8 and the long-term target is 6 months.
- Selic rate: this is now 11.75%, up from the low of 7.25% reached in early 2013. The factoring cost is referenced to 107% of Selic.

Factoring costs could go up if interest rates keep rising but the aim is to reduce the number of free installments

Some of these factors are not controlled by Cnova, certainly the Selic rate but also the market will dictate to what extent the company will be able to reduce the number of free installments.

Cannibalization risk

Cannibalisation from offline is good but could raise long-term concerns regarding Via Varejo

A frequent question around the Cnova shareholder structure relates to the risks of a major cannibalization between online and offline, particularly in Brazil where the offline market leader is Via Varejo, one of Cnova's parent companies. In principle, this is not a risk for Cnova but rather an opportunity, as the company is purely online. We are of the view that the bricks and mortar business still has several years of growth in Brazil given the low penetration of the products sold among Brazilian households. In addition, the SKU overlap (at below 50%) is not as material as we would have thought initially, although the real overlap can be considered higher if we take into account that there are many different SKUs satisfying the same need and are therefore product substitutes. There are other examples, like Darty in France, which have successfully combined an offline and an online offering for a number of years in more mature markets.

If one day, Via Varejo were to be seriously threatened by the growth of e-commerce, it would mean that Cnova would have grown to such a scale that its purchasing power would not be so much affected by store closures, in our view.

FX risk

Given that roughly half of its current sales come from Brazil, Cnova faces a pure translation effect when the BRL depreciates. As profitability is not high at this stage, the impact on short-term profits would be more muted than the impact on sales.

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Valuation

We look at two methodologies: DCF and standard peer multiple comparison.

DCF

We discount EBIT after factoring costs and after SBC. We use a WACC of 12.3%, which is the weighted average between an 8% WACC for the French business and a 15% WACC for the non-French business, which is mainly Brazil, but by 2020, we expect International to account for c10% of sales. We weigh the France 35% and the rest 65% and get to the weighted WACC of 12.3%.

We use a perpetuity growth rate (g) of 3% as our central case and get to an equity value per share of $9.60 using an exchange rate of €/$ 1.228 (spot).

Table 1: Cnova DCF

€m

DCF Valuation	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	Terminal V
EBIT after operating. fin. expenses	14	92	202	298	399	496	572	647	731	753
Tax (35%)	-5	-32	-71	-104	-140	-174	-200	-227	-256	-263
NOPAT	9	60	131	194	259	323	372	421	475	489
Depreciation	42	50	61	72	84	96	109	123	138	142
Capex	-86	-114	-120	-143	-158	-180	-204	-229	-257	-142
WC Change	38	105	168	175	179	175	186	206	200	76
FCF	**3**	**102**	**241**	**298**	**365**	**414**	**463**	**520**	**555**	**565**
										6086
WACC	12.3%									
g	3.0%									
Year	1	2	3	4	5	6	7	8	9	10
Present value	**3**	**81**	**170**	**188**	**204**	**207**	**206**	**206**	**196**	**1909**
Firm value	3,369									
Less ND / plus net cash	401									
Average ND over y-e ND	-344									
Equity value	3,426									
Number of shares (m)	439									
Value per share(€)	**7.8**									
Value per share($)	**9.6**									

Source: J.P. Morgan estimates

We provide below sensitivity to changes in the WACC and g rate assumptions.

Table 2: DCF - Sensitivities of the equity value per share in $ to changes in the WACC and g

	10.8%	11.3%	11.8%	**12.3%**	12.8%	13.3%	13.8%
1.5%	10.2	9.6	9.0	8.5	8.0	7.6	7.2
2.0%	10.7	10.0	9.4	8.8	8.3	7.8	7.4
2.5%	11.2	10.5	**9.8**	**9.2**	**8.6**	8.1	7.7
3.0%	11.8	11.0	**10.2**	**9.6**	**9.0**	8.4	8.0
3.5%	12.6	11.6	**10.8**	**10.0**	**9.4**	8.8	8.3
4.0%	13.4	12.3	11.4	10.5	9.8	9.2	8.6
4.5%	14.3	13.1	12.0	11.1	10.3	9.6	9.0

Source: J.P. Morgan estimates

At our TP of $9.60, Cnova would trade at the following multiples:

Table 3: Cnova multiples at our PT of $9.60/share

	2015E	2016E	2017E	2018E
EV/ GMV	56%	41%	31%	25%
EV/ sales	78%	62%	51%	42%
EV/ adj. EBITDA	60.3	23.6	12.8	9.1
P/E	NM	49.2	22.4	15.0

Source: J.P. Morgan estimates

Peer multiple comparison

We look mainly at EV/ sales, EV/EBITDA and P/E for 2015-18. Before going into the actual multiples, we clarify the way we treat the cost of discounting the receivables.

We prefer to adjust EBITDA for the cost of factoring rather than EV

Treatment of the cost of discounting the receivables

There are two options: to adjust EBITDA or adjust the EV. We use option 1.

1. **Adjust EBITDA**: Our preferred way is to consider the factoring cost as what it is, i.e. like any other cost of selling. At present, it is not possible to do business in Brazil without offering free payment on installments to customers. What all retailers do is offer this service and fund it by increasing the selling price. Hence, sales, gross profit, EBITDA and EBIT have to be analyzed taking the factoring cost into account. We therefore consider factoring an operating cost more than a financial cost and recommend analyzing EBITDA and EBIT after factoring costs. In this case, we would compare EV with our definition of adjusted EBITDA.

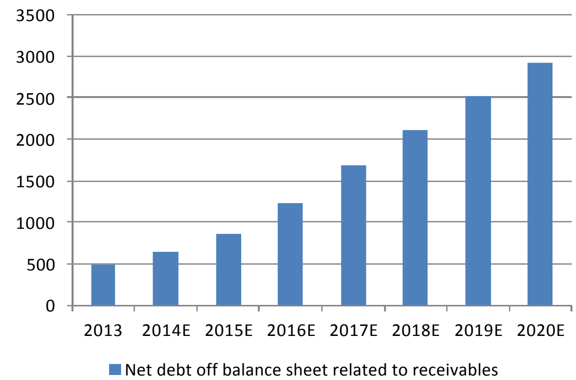
2. **Adjust EV:** Alternatively, some analysts opt to capitalize the factoring costs and add it to the EV to get to an adjusted EV, which they would then compare to the reported EBITDA. The way to calculate this adjustment is

Debt related to the receivables = GMV in Brazil x 80% x 8/12 / 2

- It is GMV and not just net sales as Cnova incurs this cost in the MP sales too;
- 80% is the proportion of sales done in installments;
- The average credit is for 8 months;
- Divided by two to calculate the average position left.

Cnova's GMV in Brazil amounted to BRL6.6bn in 2014E and we estimate BRL9.5bn in 2015E. Based on our projection for GMV in Brazil and using the above formula, the evolution of this off-balance sheet debt related to receivables would be as follows (in millions of euros).

Figure 4: Debt off-balance sheet related to receivables in Brazil (€mn)



Source: J.P. Morgan estimates

But, as mentioned, we prefer to adjust EBITDA (and not to adjust the EV), and this is the way we calculate the multiples below. We also include share-based compensation in EBITDA. This is not a big adjustment in Cnova or B2W, but is very significant at Amazon.

Cnova trades at a discount on EV/ sales

EV/ sales: as the table below shows, Cnova trades at a significantly lower multiple than both Amazon and B2W. A discount could be justified by the fact that Cnova has lower EBITDA margins today. However, we expect the margin gap to narrow in the coming years. The lower margin is the reflection of a very aggressive pricing policy and of a less developed marketplace than Amazon. Furthermore, Cnova grows GMV faster than both Amazon and B2W, which would be a reason for a premium. Of the closest comparables, AO is the stock trading at the highest EV/sales multiple.

Table 4: Cnova vs peers EV/Sales multiples

	2014E	2015E	2016E	2017E	2018E
CNOVA	**0.74**	**0.58**	**0.46**	**0.37**	**0.28**
B2W	0.81	0.72	0.63	0.53	0.45
Amazon	1.47	1.20	0.97	0.79	0.64
AO	2.59	1.73	1.27	1.01	0.81
Alibaba	19.2	13.6	10.0	7.7	6.1
Ebay	3.8	3.3	2.7	2.2	1.7
Mercadolibre	9.8	7.9	6.0	4.5	3.5
Rakuten	3.7	3.3	3.0	2.6	2.4
Asos	2.1	1.8	1.5	1.2	1.0
Boohoo	2.8	2.1	1.6	1.2	1.0
Zalando	2.4	1.9	1.5	1.3	1.0

Source: J.P. Morgan estimates for Cnova, B2W, Amazon, AO, Alibaba, Ebay, Mercadolibre, Asos and Zalando. Bloomberg for Rakuten and Boohoo. Based on prices at 29 December 2014

EV/ adjusted EBITDA: Cnova trades at a premium to B2W. This can be justified by the higher cash conversion rate of adjusted EBITDA at Cnova. The lower capex is reflected in lower depreciation in the P&L. Cnova also trades at a premium to Amazon in 2015E, but trades at a discount in 2017E and thereafter as it grows EBITDA faster.

Table 5: Cnova vs peers EV/adjusted EBITDA multiples

	2014E	2015E	2016E	2017E	2018E
CNOVA	**NM**	**44.5**	**17.6**	**9.2**	**6.0**
B2W	NM	13.0	8.5	5.8	4.4
Amazon	28.5	20.4	16.0	12.0	9.0
AO	103.3	40.9	22.5	17.9	14.4
Alibaba	46.6	29.9	21.1	16.1	12.7
Ebay	11.9	10.5	8.8	7.2	5.7
Mercadolibre	29.5	23.3	11.3	9.0	7.4
Rakuten	16.6	13.5	11.4	9.7	NA
Asos	32.8	29.8	27.4	20.8	16.6
Boohoo	23.1	16.1	12.3	9.3	7.2
Zalando	64.5	38.4	30.5	23.7	18.4

Source: J.P. Morgan estimates for Cnova, B2W, Amazon, AO, Alibaba, Ebay, Mercadolibre, Asos and Zalando. Bloomberg for Rakuten and Boohoo. Based on prices at 29 December 2014

P/E: Is not relevant in the early years as EPS is not meaningful. From 2016E, Cnova trades at a discount to B2W, Amazon and AO.

Table 6: Cnova vs peers P/E multiples

	2015E	2016E	2017E	2018E
CNOVA	**NM**	**36.5**	**16.6**	**11.1**
B2W	NM	71.5	21.8	12.9
Amazon	171.7	89.3	59.1	40.7
AO	86.4	43.9	NA	NA
Alibaba	42.3	29.9	23.6	19.0
Ebay	17.8	15.8	14.0	12.4
Mercadolibre	37.6	29.7	23.0	18.7
Rakuten	30.3	24.4	19.8	18.0
Asos	58.3	55.5	40.9	32.4
Boohoo	NM	NM	NM	NM
Zalando	63.4	48.8	38.4	32.1

Source: J.P. Morgan estimates for Cnova, B2W, Amazon, AO, Alibaba, Ebay, Mercadolibre, Asos and Zalando. Bloomberg for Rakuten and Boohoo. Based on prices at 29 December 2014

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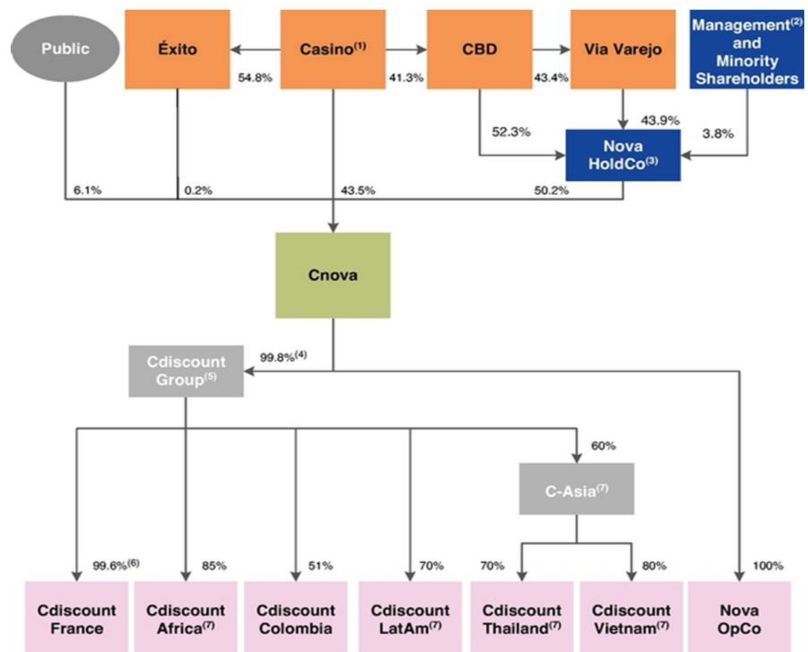
Corporate Structure

Controlled by Casino through CBD

Below is the shareholder structure after the IPO. The free float is 6.1%. Casino's direct and indirect economic stake is 58.4%. CBD consolidates Cnova (i.e. its accounts also include the French business Cdiscount). Casino consolidates Cnova through its controlling 41.3% stake in CBD.

Figure 5: Cnova shareholder structure



Source: Company reports. (1) Casino is ultimately controlled by Jean-Charles Naouri, via Euris S.A.S. and other intermediate entities. (2) The management shareholders of Nova HoldCo include Germán Quiroga and other minority shareholders (1.8% and 2.0%, respectively). (3) Nova HoldCo holds its interest in Cnova through two wholly-owned intermediate holding entities, Lux HoldCo and Dutch HoldCo. (4) The remaining 0.2% of the share capital consists of shares granted to managers and employees of Cdiscount under Cdiscount Group's performance shares program and are currently subject to lock-up obligations. The existing liquidity arrangements (consisting of put and call options) between Casino and minority shareholders have been transferred to Cnova. (5) Cdiscount Group holds its interests in Cdiscount LatAm and C-Asia, and part of its interest in Cdiscount Colombia S.A.S., or Cdiscount Colombia, through a wholly-owned intermediate entity, Cdiscount International B.V. Cdiscount Group holds its interest in Cdiscount Africa through a wholly-owned intermediate entity, Cdiscount Afrique S.A.S. (6) The remaining 0.4% of the share capital is indirectly held by Casino. (7) The 15% minority interest in Cdiscount Africa is held by Bolloré Africa Logistics. The 49% minority interest in Cdiscount Colombia is held by Éxito. The 30% minority interest in Cdiscount LatAm is held by Éxito. The 40% minority interest in C-Asia is held by Big C Supercenter. The 30% minority interest in Cdiscount Thailand is held by Big C Supercenter. The 20% minority interest in Cdiscount Vietnam is held by a subsidiary of Casino.

Table 7: Simplified shareholder structure

Casino Total	58.40%
Casino direct	43.50%
Casino indirect	14.9%
CBD	26.3%
Via Varejo	22.0%
Exito	0.2%
Management	1.9%
Free float	6.10%
Total	100%

Source: Company reports.

IPO

IPO price well below initial range

Cnova was listed on 20 November on the NASDAQ at $7.00 per share. This was well below the IPO range of $12.5-14.0 set two weeks before. The offer was 100% primary through the issue of 26.8mn new shares, giving rise to a small 6.1% free float. The gross proceeds of $188mn will be used to reduce the leverage related to the receivables in Brazil.

Out of the 26.8mn shares issued, 3.5mn were bought by insiders, including the chairman Mr Naouri and the co-CEO Mr Quiroga.

There is a 6-month lock-up. The IPO size was smaller than initially planned as the price was below the company's expectation. Although Casino has not stated its plans, we believe that its intention is to increase the free float over time, but always keeping a large stake to enjoy the long-term upside of this high growth business.

Governance

There are two classes of shares. Investors buying in the market will not receive special voting shares or special depository receipts. The founding shareholders hold 93.9% of the ordinary shares and 96.9% of the votes, and will continue to control the company even if their share of ordinary shares falls to 35%.

Cnova is a 'controlled' company under the NASDAQ rules. As a result, it will have fewer independent board members that if it was non-controlled. Some of the directors also hold positions in the parent companies. Mr Naouri is the chairman of Cnova, CBD and Casino. This could potentially give rise to conflicts of interest, in our view.

As mentioned in the risks section, Cnova has two co-CEOs, the CEO of France (Mr Emmanuel Grenier) and the CEO of Brazil (Mr Germán Quiroga). If there was a conflict between the two CEOs, the chairman would decide.

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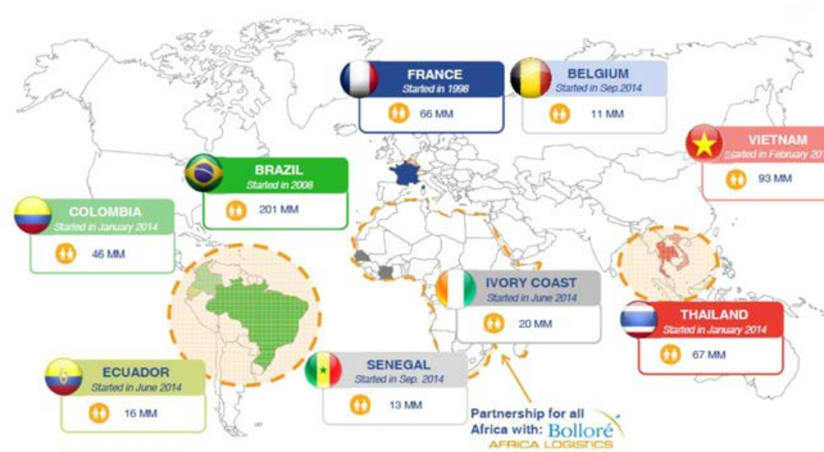
Competitive advantages

Supported by Casino group in countries with 473mn inhabitants

Cnova is a low cost, low capex business, thanks to the benefit of being part of the Casino group, which affects four areas: brand, purchasing, logistics and shipping costs. The Casino group is market leader in Brazil, Colombia and Thailand and has a large presence in France and Vietnam. These countries have a population of 473mn people out of the 530mn population in all the countries entered by Cnova.

Figure 6: Cnova operates across four continents, reaching over 530mn customers



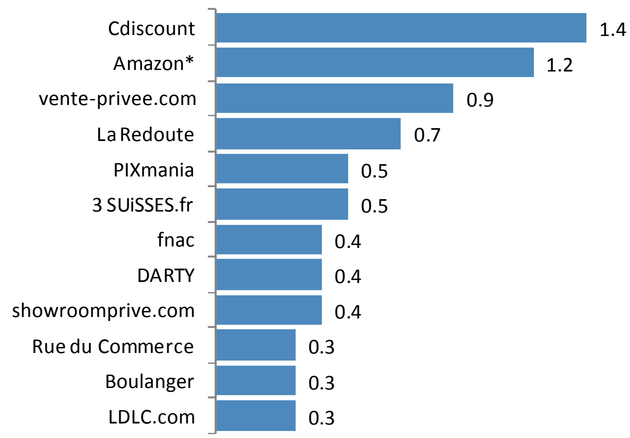
Source: Company data.

Strong scale

Cnova is top 2 in its two key markets and is growing faster than the market in both France and Brazil.

The company believes that Cdiscount is market leader in France, although Amazon does not provide sales by country. It is possible that Amazon is bigger in terms of GMV but smaller in sales terms. GMV is more relevant to us but Cdiscount may now be growing faster than Amazon as it is catching up in the development of its marketplace, a phase that Amazon went through in recent years.

Figure 7: 2013 net sales estimate of main non-food ecommerce players in France (€bn)

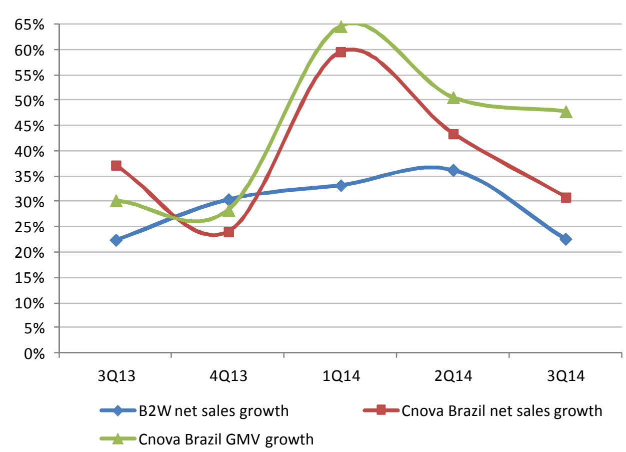


Source: Company estimates.

No2 but growing faster than the market leader

In Brazil, Cnova is No2 in the market behind B2W but is growing faster than the leader. Cnova's sales in Brazil amount to BRL 5.8bn in 2014E vs our estimate for B2W of BRL7.8bn. In 3Q, Cnova's sales growth was 33% vs B2W's 22%. Both have slowed down on very tough comps (Football World Cup in 2013). However, in terms of GMV growth, which is more relevant than net sales growth, Cnova Brazil grew 48% in 3Q, 50% in 2Q, 65% in 1Q. The slowdown is therefore less marked. The difference between GMV growth and net sales growth is widening as the MP develops.

Figure 8: Quarterly Cnova GMV and net sales growth in Brazil vs B2W net sales growth in Brazil, all in local currency



Source: Company data.

Brands

In Brazil, Cnova leverages on the strong brands of Via Varejo

Cnova leverages the very strong brand names of its parent companies in Brazil. When the parent companies advertise in the media, Cnova benefits. In July 2014

Cnova entered into several license agreements with CBD and Via Varejo under which the trademarks ‘‘Extra,’’ ‘‘Casas Bahia,’’ and ‘‘Ponto Frio’’ were licensed by CBD and Via Varejo to Cnova, which was granted a right of use of the domain names, ‘‘extra.com.br,’’ ‘‘casasbahia.com.br,’’ and ‘‘pontofrio.com.br’’. These license agreements have an initial term of 20 years, automatically renewable for a period of 10 years thereafter. Either party to the applicable license agreement will have the right to terminate immediately upon written notice to the other party in the event that the other party becomes insolvent.

In France, Cdiscount is an independent brand from the rest of the Casino group.

Purchasing advantage

Major purchasing advantage in Brazil

Purchasing is a major competitive advantage, particularly in Brazil, where Cnova with Via Varejo and CBD/Extra is 3.5x the size of the No2 player in the categories they sell. The effectiveness of this scale is underpinned by the high import duties in the country. Management estimates this translates into c500bp better buying terms than the competition.

This is largely explained by the fact that in Brazil, Via Varejo is the largest electronic and home appliances purchaser with c30% market share (it is larger in terms of sales than the next 3 players combined). Cnova adds c20% to Via Varejo’s existing purchasing power, reaching c35% of the market.

Cnova pays 1.3% to Via Varejo for the joint purchases

Cnova and Via Varejo have a long-term operational agreement (5-year contract to July 24, 2019) in terms of which Cnova pays a 1.3% fee to Via Varejo on the purchases negotiated jointly. Cnova already reached 50% of joint purchases with Via Varejo in April this year. Management targets to have 60% of purchases jointly negotiated with Via Varejo by the end of 2014.

In France, Cdiscount has been sharing purchasing synergies with the Casino group since 2008. However, its buying power advantage may not be that obvious in France as the Casino group is not that big in non-food. In fact, Cdiscount’s sales exceed the sales of non-food by the rest of the Casino group in France, which are concentrated mainly at its Géant hypermarkets.

Logistics & picking advantages

Cnova benefits from the extensive physical store network of its parent companies as it leverages on the thousands of stores of the Casino group, which are used as pick-up points.

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Figure 9: Cnova leverages on the stores of the Casino group, which are used as PUP

Source: Company data.

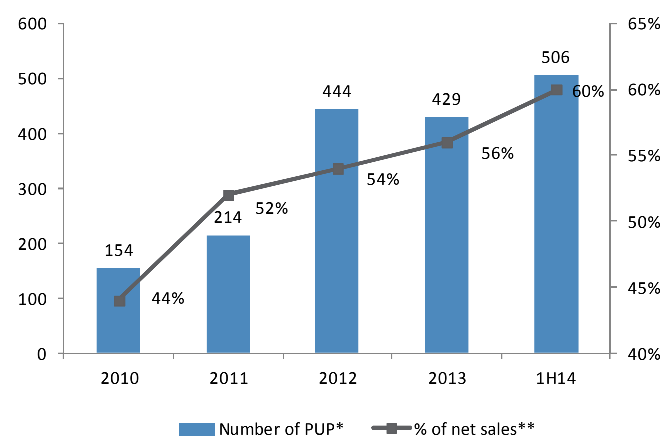
17,500 pick-up points in France

Cnova offers collection service in 17,500 pick-up points in France for small parcels. Of these, over 2,500 are Casino group owned or franchised stores. The rest are not exclusive but few competitors have the volume to offer such an extensive network. In addition, Cnova offers collection service in more than 500 pick-up points for large items, of which 80% are exclusive.

60% of sales are click & collect

Approximately 60% of large items' net sales were generated via click & collect in France in 1H14 vs 44% in 2010. This service is free for the customer and allows the company to save shipping costs by c45% in France for a given order, vs the cost of home delivery.

Figure 10: France: number of pick-up points for large items and contribution to net sales



Source: Company data. Notes: *Number of PUP for large items >30kg, at period end. **Net sales of large items only

An advantage vs Amazon

The convenient and exclusive pick-up solution has proved a major competitive advantage versus Amazon, which abandoned the large appliances and furniture categories in its direct business. Amazon does not offer a click & collect service in France at present, but this could change through agreements with third parties.

Click & collect to be launched in Brazil in 2015

Following the success of France, management has plans to launch the click & collect service in Brazil in 2015. A pilot program is being conducted currently and management plans to have 100 click & collect locations by the end of 2014. In Brazil, CBD and Via Varejo combined have almost 3x the number of stores of the No2 at c2,000 vs c800 for Lojas Americanas (B2W parent company). The plan is to offer the service across the 2,000 stores in two years' time.

Shipping costs to be reduced

As the company launches the click & collect service in Brazil in 2015, shipping costs will be reduced. According to management, for a given order, the shipping cost can be reduced by 35% in Brazil if the order is collected in the store compared to home delivery. As shipping costs (not separately disclosed, included within COGS) account for c5% of sales, the shift from home delivery to click & collect can potentially save c175bp of sales on any given order, which is a very substantial competitive advantage.

C&C can reach up to 50% in Brazil

How significant can click & collect become in Brazil? It depends on the financial incentives given by the company in order to deter customers from using home delivery. Cnova and other companies with offline presence started charging a year ago for the delivery service outside Sao Paulo and Rio de Janeiro. With no financial incentive, click & collect can potentially account for 20% of sales, but with incentives (ie. a charge for home delivery) we believe it could reach 50%.

Rents warehouse space from VV

Cnova has its own warehouses but in Brazil it also rents space in several of the 24 Via Varejo warehouses, lowering its logistics costs. This is part of the explanation for its low capex.

Inter-company relationships

The main relationships between Cnova and its parent off-line companies are summarized below:

- **Buying agreements**: Cnova pays 1.3% of the joint purchases in Brazil to Via Varejo. This agreement is valid until 2019 with an option to review the deal in 2017. We believe the benefit significantly outweighs the cost. In France, Cdiscount is bigger than the rest of the Casino group in non-food (€1.4bn vs c€1.2bn non-food sold at Géant and Monoprix). No fees are paid, although perhaps Géant should be paying Cdiscount.

- **Brand licensing agreement**: Cnova's websites use the same names as the names of the stores of the parent companies: Extra (CBD's hypermarkets), Ponto Frio and Casas Bahia (the respective upmarket and mass-market consumer electronic stores of Via Varejo). The agreement is for 20 years and will be automatically extended by another 10 years thereafter. Cnova paid a symbolic fee of BRL100k to each Via Varejo and CBD.

- **Logistics**: Casino's logistic subsidiaries, Easidys and CCV, operate the fulfillment centres for Cdiscount in an agreement valid until 2020. Cnova rents warehouse space from Via Varejo, CBD and Casino.

- **Stores**: Cnova pays the Casino Group for the use of the stores as pick-up points. The fees depend on the size of the product and are in line with fees paid to third-party locations for the same service (€9 for parcels above 30kg and €0.45 for parcels below 30kg). In Brazil, it does not yet pay a fee for this as the service is still in pilot phase, but it can be expected that a fee will be paid.

- **Management support fee**: Cnova pays management fees to the rest of the group, amounting to an estimated €5.2mn in 2014.

- **Customer financing**: Cdiscount has an agreement with Banque Casino (50/50 JV with Credit Mutuel) whereby customers can pay with the Banque Casino credit card. Banque Casino pays a 0.25% fee to Cdiscount.

- **Cash pooling**: there is a cash pooling agreement, whereby Cnova's excess cash is lent to the Casino group.

Low cost and low price business model

We compare P&L structures

Thanks to its better buying terms and logistics and picking advantages, Cnova is able to operate a lower cost, lower capex and lower price business model than its closest peers. These competitive advantages have visible implications in the P&L structure, WC and capex requirements of the company.

A few accounting differences

We compare the business model of Cnova versus B2W and Amazon in this section. Gross margins and cost structures are not directly comparable due to the different definitions used by the companies:

- Cnova and Amazon define gross margin after shipping costs while B2W (and Magazine Luiza) doesn't include shipping costs in COGS;

- Cnova and B2W incur factoring costs due to their exposure to Brazil where there is the market practice of giving free credit to customers. Amazon doesn't have this. This cost is accounted within the financial expense line by Cnova and B2W, but we consider it a cost of selling and therefore an operating cost. The top line and the gross margin (prices) are 'inflated' to cover this cost;

- Amazon and Cnova define EBITDA before share-based compensation or SBC. This is a material cost at Amazon ($1.5bn in 2015) but small at Cnova (€4mn).

We make the following adjustments in order to analyze strictly comparable gross margins and SG&A as % of sales:

- We adjust B2W reported gross margin for shipping costs (assumed at 5.5% of net sales, slightly higher than at Cnova and Amazon, estimated at 4.5%, given its higher exposure to Brazil);

- We consider SBC and factoring costs as expenses and we therefore include them as such in SG&A within our adjusted EBITDA calculation. We assume factoring costs at 3.5% of net sales for B2W.

Table 8: Summarized P&L of Cnova vs B2W and Amazon (2014E)

% of net sales	Cnova	B2W	Amazon
Net Sales	100%	100%	100%
Reported Gross Margin	14.1%	24.7%	28.9%
Adj. GM (after shipping costs)	14.1%	19.2%	28.9%
SG&A (Adj. GM adj. less Adj. EBITDA)	13.9%	15.3%	23.7%
EBITDA after SBC and factoring costs	0.2%	3.9%	5.2%
Depreciation	0.9%	1.8%	4.9%
EBIT after SBC and factoring costs	-0.7%	2.1%	0.3%

Source: J.P. Morgan estimates.

Table 9: WC and capex metrics of Cnova vs B2W and Amazon

2014E	Cnova	B2W	Amazon
WC as % of sales	7.3%*	-3.1%	0.8%
Inventory (days)	51	84	56
Trade debtors (days)	16	50	22
Trade payables (days)	141	140	103
Trade WC (days)	-74	-6	-25
Capex (% sales)	2.3%	12.3%	5.3%
Capex – Depreciation	1.4%	10.5%	0.4%
EBITDA adj. less capex	-2.1%	-8.4%	-0.1%

Source: J.P. Morgan estimates. * Note: c3% adjusted for seasonality

The main highlights of the Cnova business model are the following:

Cnova has the lowest gross margin despite its purchasing advantage, an indication of its aggressive pricing

1) Lower gross margin. Cnova operates with a lower gross margin (after shipping costs), at c14.2% vs B2W's estimated 19.2% and Amazon's c29% in 2014, despite its strong purchasing power in Brazil. The gross margin in Brazil is higher than in France to cover the cost of discounting the receivables. The exposure to France (50%) perhaps reduces Cnova's gross margin by 200bp vs a pure Brazilian company such as B2W. However, there would still be a difference of almost 300bp between the gross margin of Cnova and B2W.

We believe that the explanation for the Cnova lower gross margin is that the company passes on to its customers its purchasing advantage in Brazil from its joint buying with Via Varejo and is also very price aggressive in France. Amazon's higher gross margin is not comparable and is explained by its higher MP penetration and its AWS business.

Cnova has the lowest cost structure

2) Lean cost structure. Cnova operates with a low cost structure of c14% of net sales (calculated as gross margin after shipping costs less EBITDA after SBC and factoring costs). We estimate this is c130bp below B2W's 15.3% on a comparable basis and much leaner than Amazon's at 23.7%. As a result of its logistics advantage, Cnova should be able to dilute shipping costs and manage its fulfillment capabilities more efficiently as it grows. Once again, Amazon is not fully comparable due to its high technology and content expenditure (9% of sales vs 2.5% at Cnova), reflecting its different business mix. But even if we leave Tech and content costs aside, the lower cost structure is evident in the marketing costs (2% vs 4% at AMZ) and the fulfilment costs (7% vs 11% at AMZ).

Cnova has the lowest capex

3) Low capex model. As part of its low cost, low price model, Cnova is also a low capex model, which is the way a price-led ecommerce player should be. Its capex to sales ratio is consistently around 2%, well below the levels of B2W and Amazon (12% and 5% respectively in 2014). These numbers are not always fully comparable as the business mix may be different. Perhaps half of Amazon's capex is related to AWS. Capex at B2W has averaged c10% of net sales per annum in 2011-14, a remarkable difference with Cnova.

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Strong price competitiveness

Price leader

Operating with a lower gross margin and lower costs enables Cnova to sell for less. This becomes critical when operating in a 'commoditized' industry like online retail for standard products such as consumer electronics or appliances, where barriers to entry are low and price competitiveness is key.

Management believes they are price leaders in 95% of the products they sell in France, based on price comparisons of comparable SKUs vs its seven main competitors, including their marketplaces (Amazon, Darty, Fnac, Boulanger, MGD, LDLC, Rue du Commerce).

Cnova is also the cheapest operator in Brazil, where Extra.com is the lowest price in all categories in a majority of products. Ponto Frio and Casas Bahia will also seek to offer better value than their main competitors.

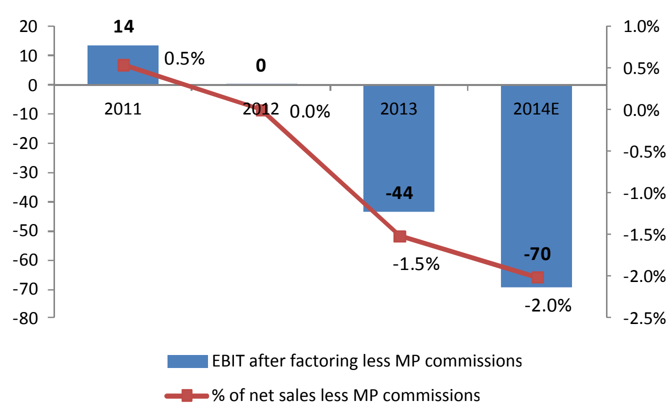
According to Cnova's internal average price index vs. competition on top-selling products in Cnova's top 3 categories, Cdiscount.com and Extra.com.br are respectively 13% and 14% cheaper than their top competitors.

MP development key to price leadership

MP development is allowing Cnova to cut prices further

The second key factor explaining Cnova's strong price position together with its buying power (which applies mainly to Brazil) is the development of the marketplace, which gives firepower to the company to be very price-oriented on its direct sales. This is evident when looking at EBIT after factoring less MP commission (a proxy for the underlying profit on the direct sales). As the chart below shows, Cnova has opted to be more price aggressive, increasing its losses on its direct sales.

Figure 11: EBIT after factoring less MP commission (€mn)



Source: J.P. Morgan estimates

Cnova loses c2% in its direct sales

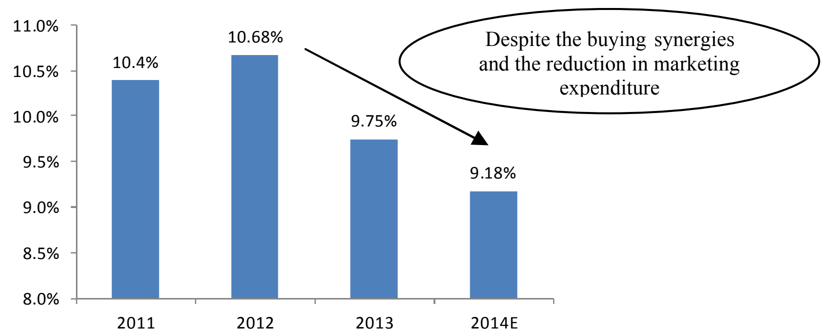
This interesting metric reveals that Cnova is choosing to makes a loss equivalent to c2% of its direct sales. This loss is offset by the MP commissions, and going forward, as the MP grows, the MP commissions should more than offset the loss on direct sales. The company loses this margin despite being a lower cost operator than its competition, which proves it has lower prices.

MP penetration has been growing rapidly both in France and Brazil. The high and growing amount of commission generated in the MP has allowed Cnova to invest heavily in price and spend less on marketing, relying on its competitive pricing and word of mouth in order to generate traffic in the website. Across the group, Cnova has cut marketing expenditure from 2.7% of sales in 2013 to 2.0% in 2014E and has passed on the saving into price.

Gross margin decline in 2013-14 a reflection of the more aggressive pricing

Despite the better buying terms, the gross margin excluding the MP commissions (on net sales excluding the MP commissions) has fallen 180bp in 2012-14E. Part of this (50bp) has been saved in marketing costs, but the gross margin after marketing costs and after factoring costs but excluding MP commissions fell 93bp in 2013 and another 57bp in 2014E (despite the better buying).

Figure 12: GM excluding the MP commissions after factoring and marketing costs (on net sales excluding the MP commissions)



Source: Company data and JP Morgan estimates

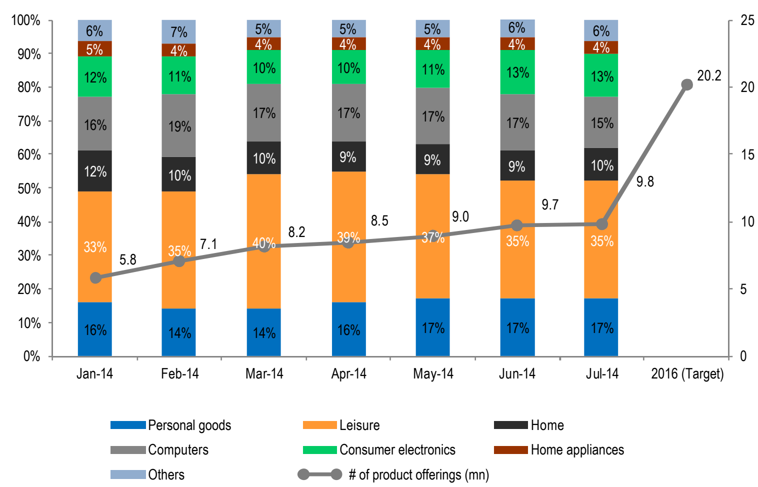
This policy has led to an acceleration of its direct sales growth. Also the development of the MP leads to an acceleration of the direct business, as Cnova is growing its product offering exponentially, attracting more overall traffic to its websites.

Assortment expansion

Assortment in France doubled in 2014 and will double again in 2015-16

Cnova's assortment doubled in the first 9 months of 2014 alone, from 5.7mn SKUs in Dec-13 to 11.1mn SKUs in 3Q14 (of which direct sales accounts for only 900,000 SKUs). Management targets a further doubling in the number of SKUs by the end of 2016, driven by the development of the marketplace.

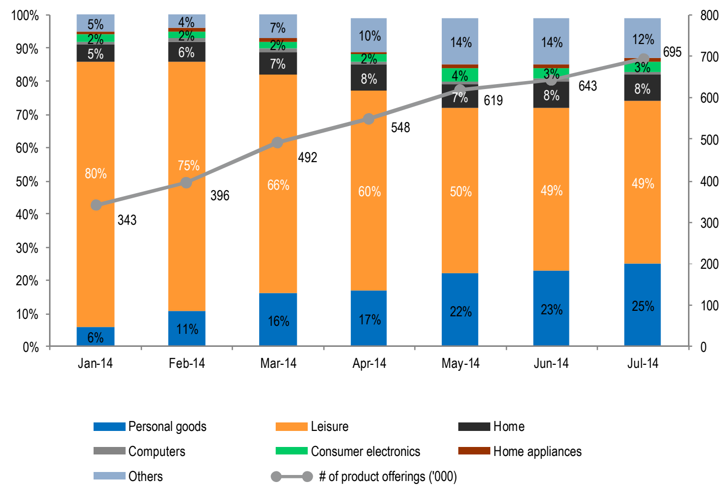
Figure 13: Cnova assortment evolution in France



Source: Company data

In Brazil, Extra has increased its assortment to 695k SKUs in July 2014 from 343k in January. We should see an acceleration in the pace of growth of the number of product offerings as Cnova continues to grow the Extra marketplace and launches the Ponto Frio and Casas Bahia marketplaces in early 2015.

Figure 14: Cnova assortment evolution in Brazil



Source: Company data

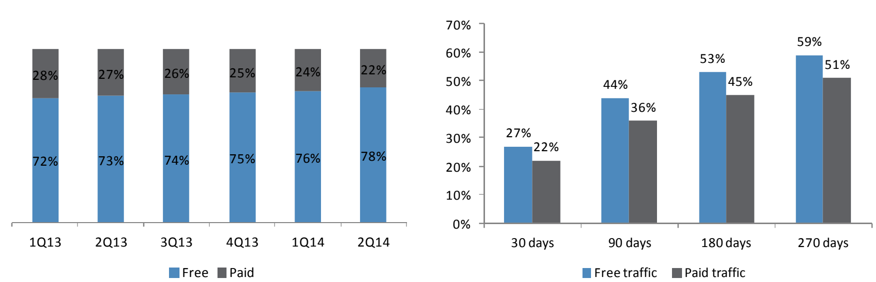
High and growing share of free traffic

Low price policy does not need to pay for traffic

Cnova's strategy based on price leadership and low marketing costs has translated into a high and growing share of free traffic. As a result, Cnova is able to expand its customer base with low acquisition costs.

Free traffic as % of total traffic continues to increase quarter after quarter. Free traffic currently constitutes around 78% of total traffic to the sites. Repurchase rates are also higher for free traffic. We believe repurchase rates will keep on increasing as traffic grows.

Figure 15: GMV breakdown by traffic origin (left) and % of repurchase (right)



Source: Company data

Payment and delivery solutions

Convenient delivery and payment solutions

As part of its differentiated value proposition, Cnova offers flexible payment solutions:

In France:

- Cnova is the only player to offer seamless payment in installments with just one click, offering 4 equal installments spread over 90 days. The customer pays a fee and Cdiscount incurs no credit risk and no working capital funding is needed as the receivables management is outsourced to Banque Casino, which charges a fee;
- Cnova offers free delivery for items above €25, yet to be matched by other players;
- Cnova offers 506 pick-up points for large items, 80% of which are exclusive.

Table 10: Cnova's payment & delivery options vs competition in France

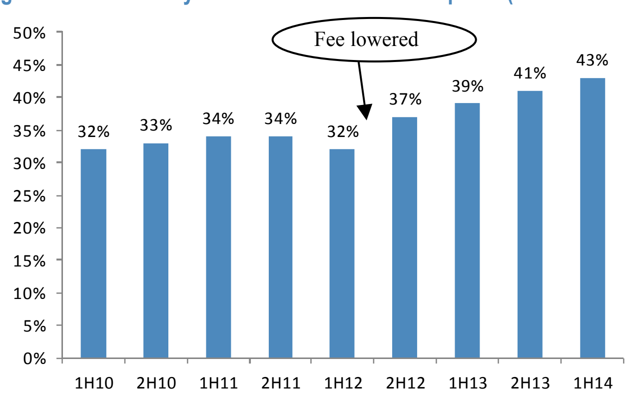
	Delivery options			Payment solutions		
	Click & collect large items		Home delivery	Fully payable credit cards	One-click payment in installments	PayPal
	# of delivery points	% net sales	% net sales		% net sales, inc marketplace	
Cnova	506	60%	40%	47%	43%	8%
Amazon	–	No	Yes	Yes	No	Yes
Fnac	–	No	Yes	Yes	No	Yes
Darty	120+	Yes	Yes	Yes	No	Yes
Conforama	205	Yes	Yes	Yes	No	Yes

Source: Company data

Payment in installments represents 43% of sales in France. No cost or credit risk incurred

Cdiscount lowered the fee charged for the payment in installment to the client in 2012 and the take-up rate has increased from 32% to 43%.

Figure 16: France: Payment in installments take-up rate (% of sales including the MP)



Source: Company data. Notes: There was a decrease in the fee charged to the client between 1H and 2H12.

'Cdiscount à Volonté' is the equivalent of Amazon Prime

Within delivery, apart from Cnova's click-and-collect delivery option (whereby customers can select a nearby location to pick up their purchased products), Cnova offers home delivery. Within home delivery, Cdiscount has recently launched 'Cdiscount à Volonté', a loyalty program which offers unlimited free next day delivery for products under 20 kg for an annual €19 membership fee. This compares with a €14-15 fee on average for every express delivery service.

Results of the 'CDAV' program are encouraging so far:

- 74% of 'CDAV' members have repurchased following subscription vs 42% for all Cnova customers;
- Up to 8% of daily GMV account for by 'CDAV' members in 3Q.

At a €19 annual fee, Cdiscount premium subscription service is cheaper than Amazon's Prime at €49. However, the free delivery is restricted to orders above €25 and for parcels that are neither large nor heavy. In addition, there is no guarantee of delivery in one day. Amazon charges more but guarantees one-day delivery with no limit on the order value, and offers additional services and digital content.

In Brazil:

- Customers can pay for their purchases in up to 12 installments. 80% of customers choose to pay in installments;
- Cnova aims to reduce delivery time from ~4 days to next-day delivery (pick-up can be done at any time);
- Results from the click & collect pilot test in Sao Paulo are encouraging so far, with a reduction in shipping costs from cBRL10 to cBRL5. Based on the pilot test, management believes that click & collect could enable savings of c30% compared to home delivery.

In Brazil, the payment in installments is free for the customer and therefore costly for the retailer

In Brazil, in contrast with France, the customer does not pay for the financing of the installments if less than 10 months (previously 12). Cnova then discounts these receivables at a bank, which charges for it. At this point, Cnova transfers the credit risk to the bank. However, if default rates go up, it can be expected that banks would charge more for the factoring.

Marketplace: key profit driver

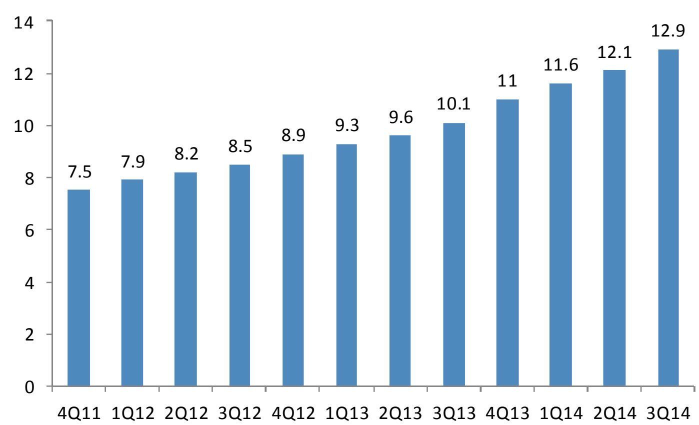
Key driver of profit growth

As we have mentioned upfront in this report, increasing GMV transacted on its marketplaces should in our view be by far the main driver of Cnova's margin expansion and value creation in the next several years.

In the previous section we explained how buyers are attracted to Cnova's websites by the breadth and depth of its product offerings, the attractive online shopping experience, the strength of its brands and the convenience of paying for products securely through its online payment infrastructure, including the ability to pay in installments, as well as the convenience from the extensive network of pick-up points provided.

Under Cnova's well implemented strategy of consistently low prices, extended assortment and differentiated delivery and payment solutions, the number of customers has been growing exponentially.

Figure 17: Cnova number of active customers* (mn)



Source: Company data. * Active customers over the last 12 months (end of period)

Vendors attracted by the website traffic

Third-party vendors are attracted to Cnova's marketplaces by its strong customer traffic, the strength of its brands, the convenience of payment solutions as well as the data and sales analysis services Cnova offers, which allow them to operate more efficiently. Cnova earns commissions from third-party sellers on its MPs. Expanding the MPs also allows Cnova to increase the number of SKUs.

The MPs have higher profitability than the direct sales business because there is no need to maintain inventory and there are only modest costs of sales, except for instances where Cnova handles the vendor's fulfillment needs for a fee.

c11% average fee

MP commissions vary by product category but amount on average to c11% of sales. The average rates are actually very similar in France and Brazil. However, in France, of the 11%, c10.5% flows to the bottom line of Cnova (the difference being the cost of processing the payment) while in Brazil, the cost of the processing the payment and the cost of discounting the receivables can eat c5ppt, meaning that the average net commission is closer to c6%.

As we mentioned in the risk section, commissions could come under pressure but we believe it is unlikely. In France, where commissions are *de facto* higher, the market is consolidating into two clear winners, Cdiscount and Amazon. The more concentrated the market becomes the less likely commissions should come under pressure. We understand that what attracts third-party vendors is not so much the commission rate being 100bp higher or lower but rather the traffic of the website and the speed to sell stock.

Net commission is lower in Brazil and therefore risk of it falling is low

Brazil is more subject to an intensification of competition, in our view, but this is the market where net commissions are much lower. Furthermore, for the smaller vendors with more limited access to banks, the cost of discounting receivables and the cost of processing the payment could be 150bp higher, and therefore the cost of the commission for them would be below 5%. In our view, this already low level of take-up rates in Brazil limits the scope for downside pressure.

The company expects to be able to utilize the know-how and experience from the success of its French MP in order to accelerate and drive the profitability and traffic of its MPs in Brazil, Colombia and other countries.

Transfer of competitive advantages from DS to MP

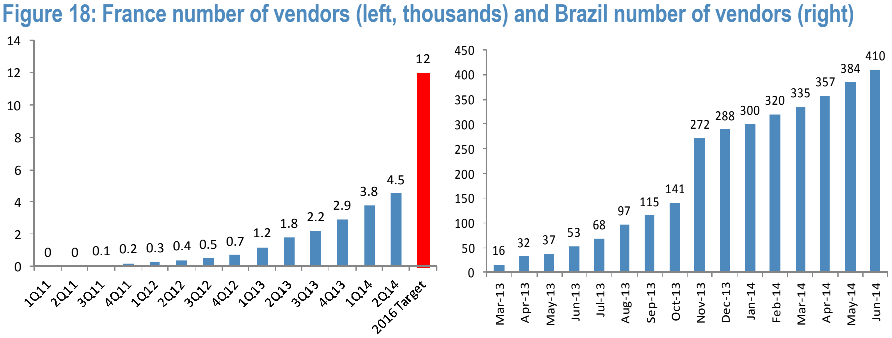
Cnova is effectively transferring the competitive advantages of its direct sales business into the MP. This includes, for example:

- the lower credit card fees or the lower cost of discounting receivables Cnova pays vs what a small vendor pays in Brazil because of its more limited access to banks.
- Cnova is starting to offer fulfillment services to the vendors for a fee. The principal idea of offering this service would not be to make a profit on it but mainly to use it to attract more vendors to the MP.
- Cnova could also explore the potential to give access to the third-party vendors to the network of stores as pick-up points.

Number of vendors growing fast

The number of third-party vendors is increasing exponentially in France and rapidly from a low base in Brazil.

Figure 18: France number of vendors (left, thousands) and Brazil number of vendors (right)

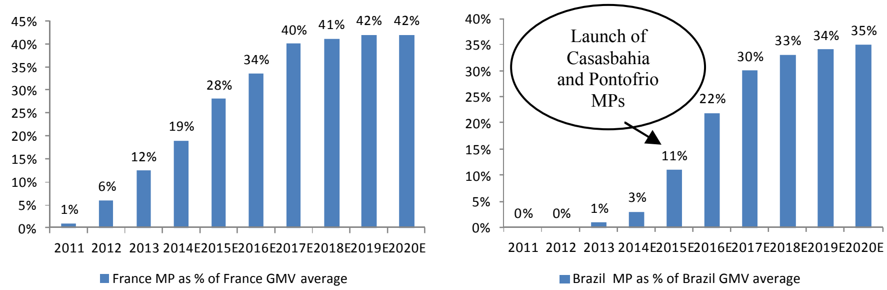


Source: Company data

MP penetration to reach 34% in France in 2016 and 22% in Brazil

We forecast that the MP will account for 34% of French GMV in 2016E from 20% in 2014 (and 40% at the end of 2016E). We forecast that the MP will account for 22% of Brazilian GMV in 2016E (and 28% by year-end) from c3% in 2014. Both are in line with company guidance. The MP has been launched so far in only one of the three main websites in Brazil (extra.com) and will be launched in the other two (pontofrio.com and casasbahia.com) in 1H15.

Figure 19: MP penetration as % of GMV in France (left) and Brazil (right)

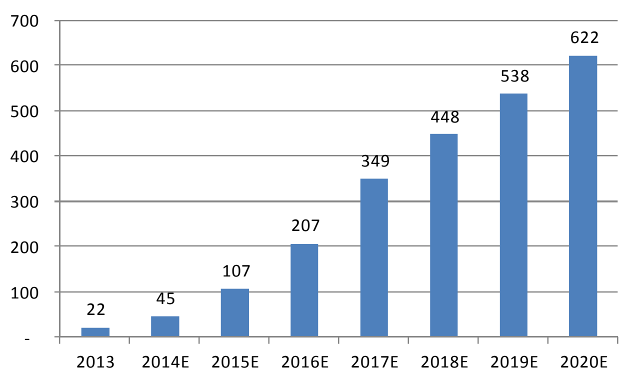


Source: J.P. Morgan estimates

Commission revenue to multiply by 13x by 2020E

We expect MP commissions to grow exponentially from €45mn in 2014E to €622mn in 2020…

Figure 20: MP commissions ex VAT (€mn)



Source: J.P. Morgan estimates

…becoming the driver of a similar progression in adjusted EBITDA (after SBC and factoring costs), as shown below.

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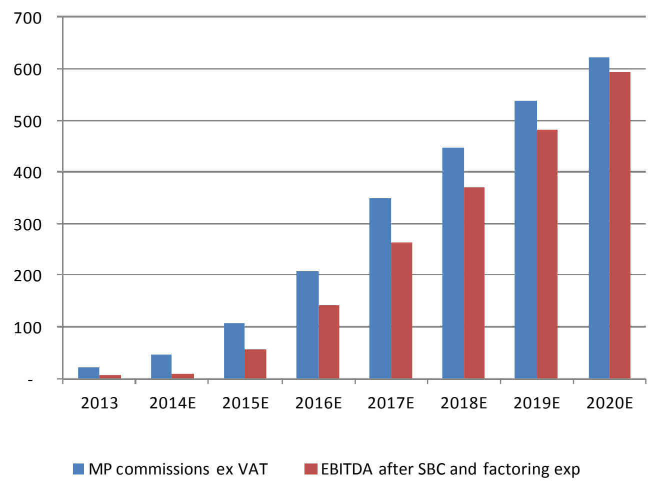
Figure 21: MP commissions ex VAT vs adj. EBITDA (after factoring and SBC) (€mn)



Source: J.P. Morgan estimates

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Financials

Description of the P&L

Net sales includes MP commissions ex-VAT

Net sales: sales of products and services from the direct sales sites and from commissions from the marketplaces. Net sales also include revenue generated from shipping, extended warranties, advertising sales, data monetization, fees collected from customers using their customer service call centers and eCommerce services provided to third parties through B2B sites. It excludes revenue from items that are returned and orders that are cancelled.

COGS includes shipping costs

Cost of sales (c85% of net sales): costs related to the direct sales business, including purchase price of consumer products sold to customers in the direct sales business, inbound shipping charges to their fulfillment centers and outbound shipping charges from their fulfillment centers to pick-up locations or directly to end customers, fees payable to pick-up locations, packaging supplies, gains related to discounts they obtain from their suppliers and costs for lost, stolen or damaged goods they receive. Shipping charges to receive products from their suppliers are included in inventory and recognized as cost of sales upon sale of products to their customers. Shipping costs are not disclosed but we estimate account for c5% of sales.

Fulfillment includes payment processing costs

Fulfillment costs (c7.2% of net sales): costs incurred in operating and staffing the fulfillment centers and customer service centers, payment processing, after sales costs and extended warranties. The costs related to operating the fulfillment centers include warehousing costs and preparation costs, which include picking, packaging and preparing customer order, and payroll and related expenses. Payment processing costs include credit card fees and fees paid to Banque Casino in relation to the payment-in-installments program in France. After sales costs consist primarily of preparing and resending products that are returned to suppliers or third parties to be repaired. Extended warranties costs include costs to third parties who repair or replace products for which they have sold an extended warranty. The company expects an increase in fulfillment costs corresponding to the growth of its home furnishings product category offering, where the sizes of products and preparation costs tend to be larger than other products. As the MPs grow, there will be an increase in fulfillment costs related to payment processing, credit card fees, related transaction costs and warehousing costs where the company provides fulfillment services for marketplace sellers for a fee. In the long-term, however, the company expects fulfillment costs to decrease as a percentage of net sales driven by higher operational efficiencies and automation in the fulfillment centers.

Low marketing costs driven by low price policy

Marketing costs (c2% of net sales): primarily online and offline advertising, such as display advertising and search engine marketing, fees paid for third-party marketing services, costs related to the launch of new business activities and payroll and related expenses for personnel engaged in marketing. Marketing costs are primarily driven by the level of traffic experienced on the company's sites and the determination made as to whether to attract traffic via paid marketing channels in order to grow and retain the customer base. As Cnova continues to attract customers through its attractive pricing strategy, the company expects to maintain marketing costs for existing sites at a similar level as a percentage of net sales and expect additional marketing costs in order to launch new sites, which it expects should decrease over time as a percentage of net sales. In the long-term, the company expects marketing costs to decrease as a percentage of net sales as it relies more on non-paid methods to attract traffic, including expanding the direct sales and MP product offerings and expanding the customer loyalty programs.

Technology and content (c2.5% of net sales): expenses consist primarily of technology infrastructure expenses and payroll and related expenses for employees involved in application, product, and platform development, category expansion, editorial content, purchasing (including expenses and payroll related to our overall purchasing activity), merchandising selection, systems support and digital initiatives. Cnova expenses technology and content costs as they are incurred and capitalizes and amortizes development costs over time, including software used to upgrade and enhance its websites and applications supporting our business. The company expects an increase in technology and content expenses as it continues the development of its platforms, expands the product categories and launches new sites.

General and administrative expenses (c1.6% of net sales): consist primarily of payroll and related expenses for management, including employees involved in general corporate functions, including accounting, finance, tax, legal, and human resources, including management equity incentive plans, as well as costs associated with use by these functions of facilities and equipment, such as depreciation expense and rent, and general labor costs. General and administrative costs also include management fees paid to the parent companies for shared services, such as accounting, finance, legal and human resources. They also include professional fees and litigation costs and other general corporate costs as general and administrative costs, including costs related to the status as a U.S. public company.

Financial line mainly driven by factoring costs, which will grow as % of sales as Brazil becomes a bigger part of group sales

Financial income and expenses: apart from the usual interest income on cash and interest expense on borrowings, this line includes mainly the costs incurred related to the sales of receivables in Brazil. The vast majority of sales in Brazil (c80%) are paid for in interest-free installments with credit cards. On average, customers in Brazil who choose to pay by installments pay off the full purchase price within 8-9 installment payments. Historically, the company has sold at a discount nearly all receivables generated in installment sales in Brazil to banks and other entities, which comprises an important component of the results of operations in Brazil (**c3.5% of net sales including MP sales**). The company incurs this cost also in the MP sales, which is growing rapidly from a low base. We expect net financial expenses to increase as a percentage of net sales as Brazil grows faster than France and as the MP in Brazil increases as percentage of GMV. The company, however, expects the average number of free installment payments offered to customers to decline, partly related to product mix, whereby it has been offering fewer high-priced products for which customers would have been more likely to require financing options, and partly related to a policy to reduce the maximum number of installment payments allowed, depending on the product, and to raise the minimum installment payment amount. The company believes that the recent trend of retail companies in the Brazilian market offering fewer installment payments will continue.

GM and EBIT margin higher in Brazil before factoring costs

France vs Brazil

The company does not provide the P&L breakdown by country other than sales. However, we know that the gross margin is higher in Brazil in order to cover the cost of providing free credit to customers (we believe at least a 200bp difference). The benefit from the parent companies is more significant in Brazil, where we believe that Nova enjoys better purchasing terms than Cdiscount and benefits from the brand

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recognition of the parent companies translating into lower marketing expenses. The EBIT margin before factoring costs is therefore higher in Brazil but after factoring costs we believe the difference with France is not so significant.

Key P&L drivers

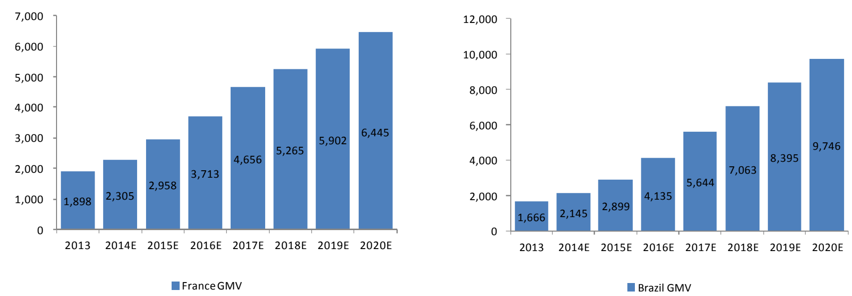
The key variables affecting the model are:

- GMV growth
- MP participation as a percentage of GMV
- MP commission rates
- Gross margin of the direct sales
- Cost of discounting the Brazilian receivables

GMV growth

In 2015-17, we expect GMV average growth of 34% for the group, driven by 26% growth in France and 38% growth in Brazil.

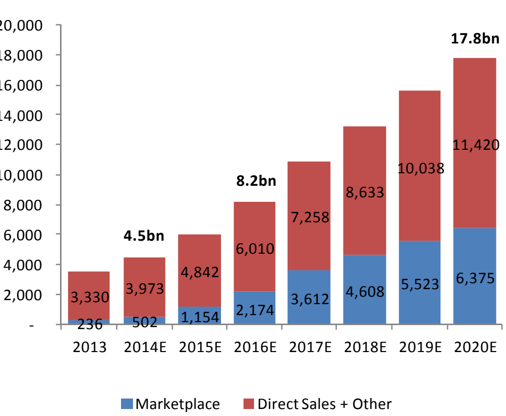
Figure 22: GMV breakdown by country (€mn)



Source: J.P. Morgan estimates

We expect MP business volumes to grow faster than direct sales.

Figure 23: GMV breakdown by 1P/3P sales (€mn)

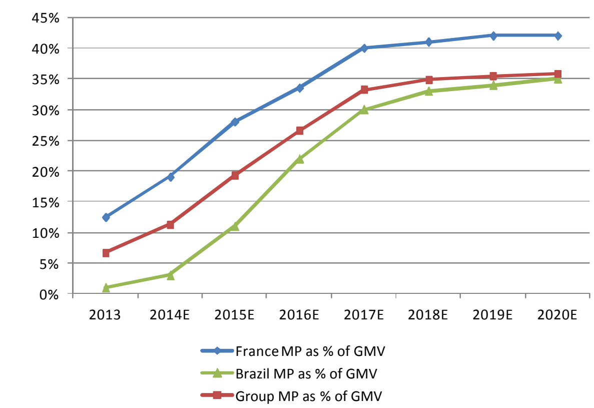


Source: J.P. Morgan estimates

MP participation as a percentage of GMV

As mentioned earlier, we expect the MP as percentage of GMV to grow from 12% in 2014E to 33% in 2017E, driven by 40% in France, 30% in Brazil and 10% in International.

Figure 24: MP penetration (we do not show International to simplify the chart)

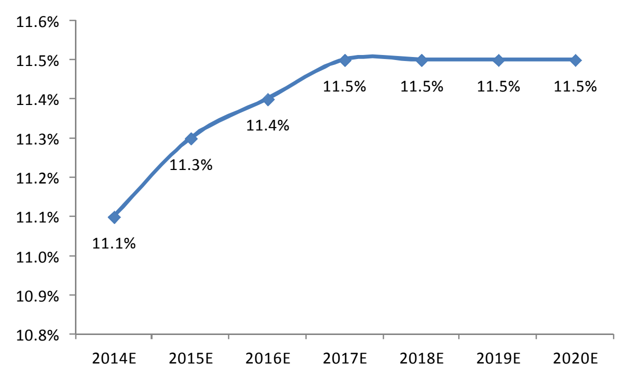


Source: J.P. Morgan estimates

MP commission rates

We assume that commission rates increase very slightly (from 11.1% in 2014E to 11.5% in 2017E, and flat thereafter) to reflect a favourable mix effect as high margin categories grow faster, such as home furnishings. We are not assuming non-mix driven increases.

Figure 25: MP commission rates (group)



Source: J.P. Morgan estimates

We assume a relatively flat gross margin in the direct sales

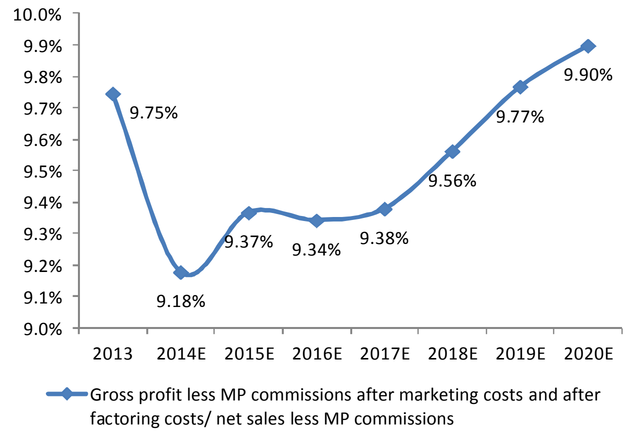
Gross margin of the direct sales (incl. other revenues)

We are assuming that the gross margin on direct sales defined as…

$$\frac{\text{Gross profit less MP commissions after marketing and factoring costs}}{\text{Net sales less MP commissions}}$$

…stays relatively stable. This measure neutralizes the country mix effect (GM in Brazil is higher to reflect the cost of the factoring). There are reasons why the DS gross margin should go up in the next few years (product mix, specialty websites, lower shipping costs driven by click & collect) but we prefer to be prudent given the falling trends in the last two years.

Figure 26: Gross margin on direct sales after marketing and factoring costs



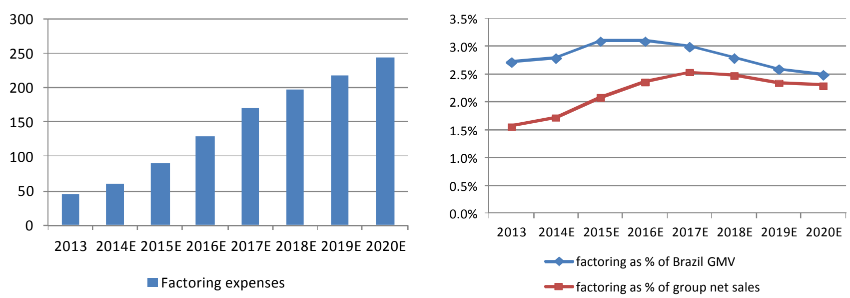
Source: J.P. Morgan estimates

Factoring costs to go up

Cost of discounting the Brazilian receivables

As Brazil becomes a bigger part of the group GMV and sales and as the Selic rate continues to go up, we expect factoring costs to go up from 1.7% of net sales in 2014E to 2.6% 2017E. From then on, we expect a decline as Cnova is working on reducing the number of free installments granted to the customer.

Figure 27: Factoring expenses (left, €mn) and factoring as % of Brazil's GMV vs factoring as % of group net sales (right)



Source: J.P. Morgan estimates

Cash flow and balance sheet

Year-end net cash boosted by seasonality of WC

The IPO raised €150mn before fees and other costs. We estimate net proceeds of €120mn. We estimate that Cnova will finish 2014 with a net cash position of c€400mn. This position, however, is not representative of the average during the year as it benefits from the Christmas strong sales seasonality, which leads to an above-average trade creditors position and below-average inventory position. We estimate that the net cash position during the year is c€275mn lower or about 8% of sales. We can therefore say that Cnova was running a neutral cash/ debt position until the IPO, and that its underlying net cash position at the end of 2014 excluding the year-end seasonality of WC is c€120mn. This excludes the off balance sheet net debt related to the receivables, which we estimate at c€644mn at the end of 2014, but is expected to rise sharply as GMV in Brazil grows rapidly in coming years.

WC is a source of funds excluding the discounting of receivables

Working capital is a positive contributor to cash flow excluding the discount of receivables. Based on the 31-December picture, we assume inventory days to be stable at around 51-53 days in the next few years, while trade payables should remain at around 130 days.

Please refer to the summary of financials section for the detail on CF and WC.

Quarterly performance in 2014

GMV growth is accelerating in France and has remained very strong in Brazil despite cycling a tough base. The gross margin has remained under pressure as the company continues to prioritise top line growth over profits at this stage.

Table 11: Selected financial metrics in 1Q-3Q14

	1Q	2Q	3Q
Group GMV growth in euros	22%	26%	30%
GMV growth in France	12%	24%	24%
GMV growth in Brazil in BRL	65%	51%	48%
MP commissions ex-VAT	€7.75mn	€9.2mn	€12.5mn
Reported gross margin on net sales	-189bp	-31bp	-103bp
Gross margin on net sales after factoring and marketing costs	-163bp	-41bp	-130bp

Source: Company reports and J.P. Morgan estimates.

Reported EBITDA and reported EBIT have improved, but once we adjust for factoring expenses, the loss is very slightly up. It is interesting to see that the growth in MP commissions (from €14mn to €30mn) is being used to be more price aggressive on the direct sales.

Table 12: Selected financial metrics in 9M14 vs 9M13

	9M13	9M14
Adjusted EBITDA	€-15mn	€-18mn
MP commissions	€14mn	€30mn
EBIT after factoring less MP commissions (proxy for DS loss)	€-47mn	€-70mn
% of net sales ex-MP commissions	-2.4%	-3.0%
Factoring expenses	€-31mn	€-41mn

Source: Company reports and J.P. Morgan estimates.

We expect the gross margin to change its trend in 4Q14 and show an increase of at least 30bp as the company sees no need to invest further in price given the very competitive price levels already achieved.

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Appendix

In this section we briefly describe 1) the online retail market size evolution in the main geographies where Cnova has presence and its growth and penetration prospects; 2) Cnova's product breakdown and respective market share on a category by category basis; 3) Cnova's specialty websites; 4) Examples of pricing at Cdiscount and Nova vs peers and 5) Mobile eCommerce.

General market description

High growth prospects for eCommerce in Cnova core markets

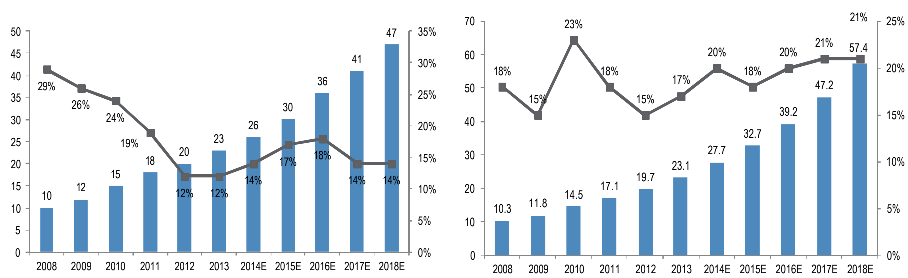
Retail eCommerce at Cnova's core markets of France and Brazil has grown exponentially in the last decade and is targeted to continue to grow at a fast pace in the foreseeable future, according to Euromonitor projections.

The online retail market in France grew at 19% CAGR in 2008-13 to €23bn and is expected to double its size in the 2013-18 period to €47bn (15% CAGR).

Ecommerce market in Brazil one third of the size of France

In Brazil, retail eCommerce is one third the size of France but has developed very rapidly at 19% CAGR in 2008-13 to BRL23bn. The market is expected to grow by a similar pace in 2013-18 to BRL57bn.

Figure 28: Online retail market size (bn) and growth rates in France (left, €) and Brazil (right, BRL)



Source: Euromonitor.

The other markets where Cnova has presence are also small in terms of eCommerce but also have high growth prospects. According to Euromonitor, Thailand's eCommerce market was €0.7bn in 2013 but is expected to double in the next five years (implied 16% CAGR). The eCommerce market in Vietnam and Colombia were €0.3bn and €0.5bn respectively in 2013 but both are expected to quadruple in the next five years (32% and 29% CAGR respectively).

Online penetration remains low compared to other countries

Ecommerce penetration in France half of the UK

Cnova operates across four continents (Europe, Latin America, Asia & Africa), reaching over 530mn customers. However, retail online penetration remains low across the board in Cnova core markets. Online retail penetration in France and Brazil reached 5.5% and 3.1% of the total retail market respectively in 2013. As a benchmark, it reached c13% and above 10% in South Korea and the UK respectively. In Thailand, Colombia and Vietnam, online retail penetration remains as low as c1%. Online retail penetration should nearly double by 2018 in most of the markets where Cnova has presence, according to Euromonitor.

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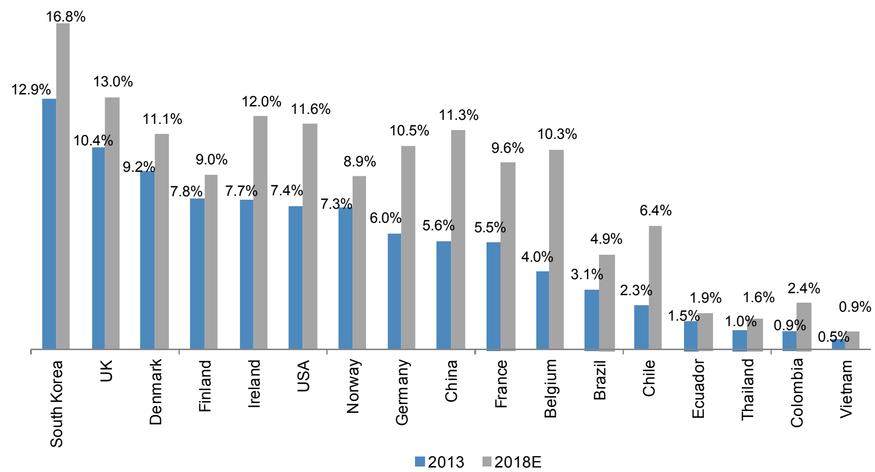
Figure 29: eCommerce market as % of total retail market in 2013 vs 2018E

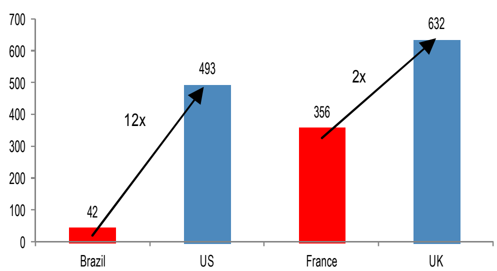


Source: Euromonitor.

Online revenue per capita set to increase

eCommerce revenue per capita remains very low in France and Brazil compared to other developed eCommerce markets like the UK or the US. In 2013, revenue per capita amounted to €356 and €42 in France and Brazil compared to €632 and €493 in the UK and the US respectively, according to Euromonitor. We expect this gap to narrow as the penetration of online increases in these markets.

Figure 30: eCommerce revenue per capita (€)



Source: Euromonitor

Cnova product breakdown and market share

Home furnishings increasing weighting while computers fall

Cnova focuses on technical goods (consumer electronics, home appliances, computers, etc) and home furnishing as core product categories. Below we show its GMV breakdown by product category in 2011 and 2013.

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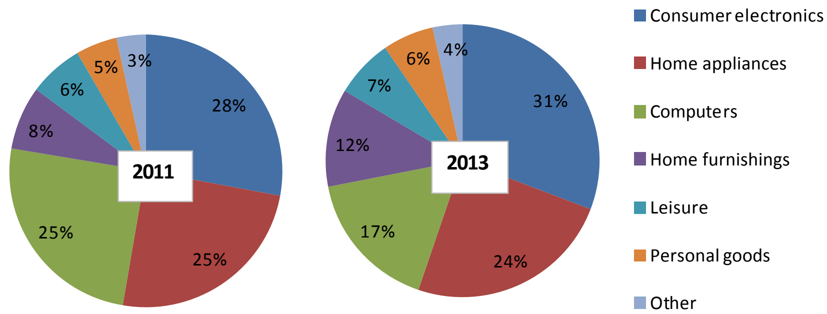
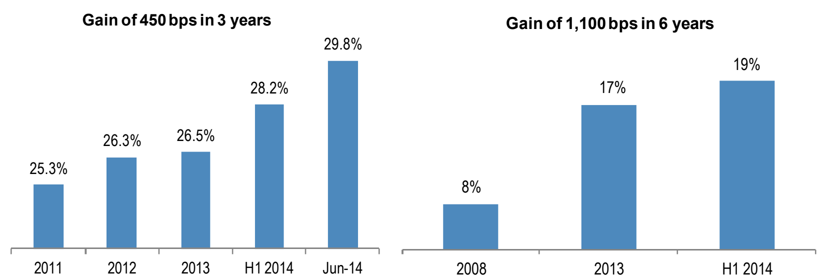
Figure 31: Cnova GMV breakdown by product category, 2011 vs 2013



Source: Company data.

The evolution of Cnova's market share in technical goods has been impressive, particularly in Brazil.

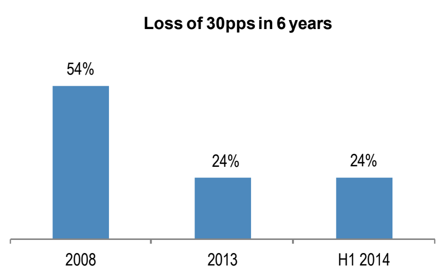
Figure 32: Cnova market share in technical goods in France (left) and Brazil (right)



Source: GFK

Cnova's market share evolution in Brazil contrasts sharply with that of B2W.

Figure 33: B2W market share in technical goods in Brazil

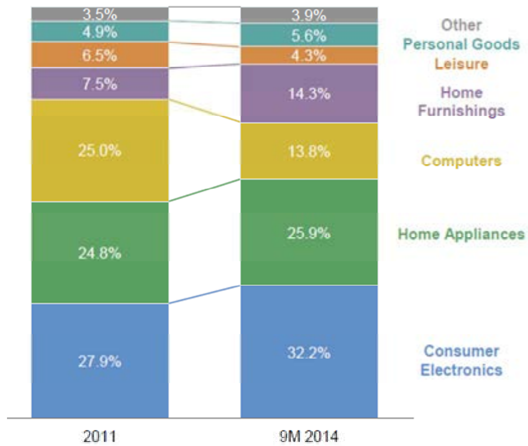


Source: Company, E-bit

Positive margin mix effect

The development of Cnova's home furnishing category is even more promising. It has doubled GMV to €365mn in two years and currently represents 14.3% of total GMV. It is set to become one of the largest categories by 2016. It is the fastest growing and higher margin category with c25% gross margin vs the main others at c10%. The evolution of this product category is at the core of Cnova's strategy to shift the product mix towards higher margin categories on main websites and on specialty websites.

Figure 34: Home furnishing is the fastest growing and higher margin category



Source: Company data

Specialty websites

Niche, better margin

These sites target premium, less price-sensitive customers by offering premium brands and cater to vendors who may not want to sell on Cdiscount.com because of its price positioning. These should allow Cnova to expand its potential pool of customers. In addition, specialty sites generally offer higher margin products.

So far five specialty websites have been launched in France:

- Mon Showroom (apparel);
- Mon Corner Déco (home deco);
- Mon Corner Baby (baby products);
- Mon Corner Brico (DIY);
- Comptoir Santé (health & beauty).

Table 13: Specialty websites launched in France so far

	Launch	Brand Positioning	Primary Product Offerings
Comptoir Santé	2011	Attractively priced health and beauty products	Health & Beauty
Mon Corner Déco	2012	Higher end home decor with editorial content	Home furnishing
Mon Showroom	2013	Premium site with the latest fashion trends	Clothing, shoes, bags
Mon Corner Baby	2014	Premium one-stop shop site for maternity products with delivery subscription service	Maternity
Mon Corner Brico	2014	Site with extensive DIY product range and tutorials/ advice	Home improvement

Source: Company data

Cnova has plans to launch eight more specialty websites by 2016 (4 launches in 2015 and another 4 in 2016).

Management expects specialty websites to contribute c20% of the growth they expect to see in the direct sales business in France in 2014-16.

Price comparison

We compare the pricing of Cdiscount vs Amazon and Darty in France and that of Nova vs B2W in Brazil in the two tables below. Cnova banners are cheaper in the majority of the products.

Table 14: Cdiscount vs Amazon vs Darty pricing sample

in eur		Cdiscount	Amazon	Darty	*Difference*
Mobiles	Samsung Galaxy S4 mini Noir Black Edition	234	235	230	0%
	Nokia Lumia 635 Noir	158	158	169	0%
	Motorola Moto G 8GB 4G Noir	179	179	200	0%
TV's	TV LED SONY BRAVIA 32" KDL32R430	284	339	299	-16%
	SAMSUNG 32F4000 LED TV	208	250		-17%
	PHILIPS 40PFH4309 TV Full HD 102 cm	315	363		-13%
Cameras	CANON EOS 1200D + objectif EF-S 18-55mm DC	424	458		-7%
	Olympus E-P3	661	650		2%
	NIKON D5200 + 18-55mm VR + SIGMA 70-300mm	696	842		-17%
iPhone	APPLE iPhone 4S 8 Go Blanc	325	335	349	-3%
	Apple iPhone 5S 16 GB gold	599	599		0%
	Apple IPHONE 5S 16GO GRIS	598	612	700	-2%
Refrigerators	SAMSUNG RR35H6500WW Réfrigérateur	521	663	571	-21%
	HAIER - HRFZ 250 DAAS Réfrigérateur	249	291		-15%
iPods	Apple iPod touch - 5ème génération -	229	229		0%
	iPod touch 64Go - Gris sidéral	319		400	
	New IPOD NANO 16 Go BLUE Génération 7	149	133	160	12%
Barbecue	Barbecue gaz 4 brûleurs TEXAS	345	356		-3%
Coffee Maker	PHILIPS Cafetière Senseo HD7810/61	53	53	53	0%
Sports Shoes	NIKE Chaussures sportswear Steady IX Femme	38	62		-39%
Smart watch	Sony Smartwatch 2 - bracelet plastique	104	104	12.23	0%
Cycling	BMX Freestyle 20" Dynamixxx noir et rouge	154	154		0%
Electric Guitar	VINTAGE Guitare Electrique V100 Wine Red	290	299		-3%
Tablet	Samsung Galaxy Tab 3 10,1" 16Go	229.9	229	249	0%
PC	Dell Inspiron 3521 Tactile	539	606		-11%
	Acer Aspire E1-510P-29204G50Mnkk	360	406		-11%
Alcohol	Jack Daniel's N°7 70cl	19	41		-53%
	Smirnoff rouge 21 70cl	12	32		-61%
XBOX	Console XBOX One	399	399	499	0%
Scanner	Epson Perfection V600 Photo	226	265	240	-15%
Printer	HP LaserJet Pro 200 Color M251n Printer	173	226		-24%

Source: Company websites (November 2014).

Table 15: Nova vs B2W pricing sample

in BRL		Casas Bahia (Nova Pontocom)	Americanas (B2W)	Difference
	TV LED 32” HD Samsung 32FH4205	850	999	-18%
TV's	TV LED 39” Full HD LG 39LB5600	1349	1499	-11%
	Smart TV 3D LED 50” Full HD Sony KDL-50W805B	2904	3999	-38%
	Nokia Lumia 520	339	499	-47%
Phones	Moto G™ Single Preto com Tela de 4.5", Android 4.3	552	649	-18%
	iPhone 5S Apple 16GB com Tela 4”, iOS 7	1869	2199	-18%
	Tablet Samsung Galaxy Tab 3 com Tela 7” SM-T2100 com 8GB	478	489	-2%
Tablets	Tablet LG G Pad V500 com Tela de 8.3", 16 GB, Câmera 5 MP, Wi Fi, Bluetooth	699	799	-14%
Computers	Mac Mini Apple MD387BZ/A com Intel® Core™ i5 Dual Core, 4GB, 500GB	2499	2789	-12%
	Notebook Acer Aspire E1-510-2455 com Intel® Dual Core™ N2820, 4GB, 500GB	1139	1699	-49%
Gaming	Xbox 360	629	900	-43%
DVD,s Blu-Ray	Blu-Ray 3D - Toy Story 3	25	34	-35%
Camera	Nikon D5300	3499	3239	7%
	Canon SX510	686	739	-8%
Refrigerator	Electrolux Refrigerator DF42 382L	1720	1662	3%
	Freezer Vertical Electrolux FE18 - 145L	1195	1116	7%
Air Conditioners	Ar Condicionado Split Samsung Smart Inverter 9000 BTUSs	1450	1439	1%
	Ar Condicionado Split Consul Bem Estar Inverter 18.000 BTUs	2500	2519	-1%
Microwave	Forno de Micro-ondas LG MS3042R 30 Litros	348	297	15%

Source: Company websites (November 2014).

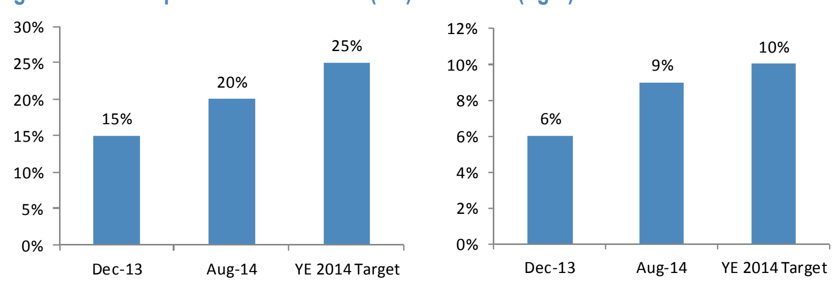
Mobile eCommerce

Cnova’s mobile penetration is high and growing fast. In September 2014, approximately 14.1% of Cnova’s placed orders value came from mobile devices.

mCommerce is an increasingly popular form of eCommerce, as evidenced by the mCommerce penetration rate in France having increased from 7.6% in 2012 to 9.0% in 2013, and is expected to increase to 12.2% by 2016 (Euromonitor). Similarly, the mCommerce penetration rate in Brazil is expected to increase from 4.0% in 2012 to 9.1% by 2016 (Euromonitor).

While mobile phone penetration in the markets where Cnova operates is over 100%, the penetration rate of devices with Internet access in those markets is relatively low. Management expects this to increase in the coming years in part due to the new digital generation that engages in mCommerce. For example, in Brazil, the smartphone penetration rate increased from 14% in 2012 to 26% in 2013 and is expected to reach 67.6% by 2016 (Euromonitor). Similarly, smartphone penetration rates in Colombia and Thailand are expected to increase from 18.0% and 25.9% in 2013 to 42.2% and 45.6% in 2016, respectively (Euromonitor).

Figure 35: Mobile penetration in France (left) and Brazil (right)



Source: Company data

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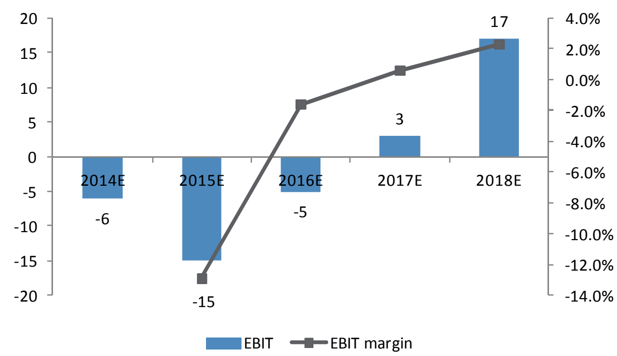
International has untapped potential

Management expects International to account for 8% of GMV by 2020

Cnova's plans to expand beyond France and Brazil target expansion in Thailand, Vietnam, Colombia, the Ivory Coast, Senegal, Ecuador and Belgium. Online retail penetration remains low in all of them. Cnova international markets currently contribute less than 1% to group GMV and sales. Management expects its international operations to contribute c8% to group's GMV and sales by 2018.

Accordingly, management expects start-up losses to peak in 2015 (at c€15mn) and International to generate positive EBIT by 2017. They expect to generate c€17mn EBIT by 2018 (or c2.3% EBIT margin).

Figure 36: International EBIT (€mn) and EBIT margin projections



Source: Company data

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Summary of Financials

Table 16: Cnova P&L (€mn)

	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E
GMV	**3566**	**4475**	**5996**	**8184**	**10870**	**13241**	**15560**	**17795**
Marketplace commissions	22	56	130	248	415	530	635	733
Net sales	2899	3473	4297	5419	6655	7961	9285	10585
Gross Profit	**427**	**490**	**680**	**930**	**1236**	**1507**	**1768**	**2021**
Gross margin on net sales	14.7%	14.1%	15.8%	17.2%	18.6%	18.9%	19.0%	19.1%
Fulfillment costs	-203	-247	-314	-385	-486	-581	-678	-773
% of net sales	7.0%	7.1%	7.3%	7.1%	7.3%	7.3%	7.3%	7.3%
Marketing costs	-79	-70	-90	-108	-126	-143	-158	-169
% of net sales	2.7%	2.0%	2.1%	2.0%	1.9%	1.8%	1.7%	1.6%
Technology and content costs	-77	-85	-107	-146	-173	-199	-223	-243
% of net sales	2.6%	2.5%	2.5%	2.7%	2.6%	2.5%	2.4%	2.3%
General and admin	-45	-52	-64	-70	-80	-88	-93	-95
% of net sales	1.5%	1.5%	1.5%	1.3%	1.2%	1.1%	1.0%	0.9%
EBIT recurring	**24**	**36**	**104**	**220**	**371**	**496**	**617**	**740**
% of net sales	0.8%	1.0%	2.4%	4.1%	5.6%	6.2%	6.6%	7.0%
EBITDA	**51**	**70**	**150**	**275**	**436**	**572**	**704**	**839**
% of net sales	1.8%	2.0%	3.5%	5.1%	6.6%	7.2%	7.6%	7.9%
Net financial costs	-53	-63	-89	-128	-167	-192	-207	-226
Underlying PBT	-29	-27	15	93	204	304	410	514
Net profit	**-20**	**-34**	**8**	**70**	**153**	**228**	**287**	**349**
EBITDA after SBC and factoring exp	**5**	**7**	**56**	**143**	**263**	**371**	**483**	**593**
EBIT after factoring exp	**-22**	**-24**	**14**	**92**	**202**	**298**	**399**	**496**
EPS euros		**-0.08**	**0.02**	**0.16**	**0.35**	**0.52**	**0.65**	**0.80**
FX		1.33	1.23	1.23	1.23	1.23	1.23	1.23
EPS dollars		**0.00**	**0.02**	**0.19**	**0.43**	**0.64**	**0.80**	**0.98**

Source: Company data and J.P. Morgan estimates

Table 17: Cnova Working Capital (€mn)

	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Inventories	367	423	533	655	783	923	1065	1201
days on COGS	53	51	53	53	52	52	51	51
Accounts receivables	164	154	179	211	240	265	284	294
days on Net Sales	20	16	15	14	13	12	11	10
Accounts payable	-905	-1168	-1387	-1646	-1972	-2313	-2652	-2974
days on COGS	132	141	138	132	131	129	127	125
Working Capital non-goods	18	-25	20	20	20	20	20	20
WC Total	**-357**	**-617**	**-655**	**-760**	**-929**	**-1104**	**-1283**	**-1458**
days on Net Sales	-44	-64	-55	-51	-50	-50	-50	-50
% of net sales	-12.3%	-17.8%	-15.2%	-14.0%	-14.0%	-13.9%	-13.8%	-13.8%

Source: Company data and J.P. Morgan estimates

Table 18: Cnova FCF (€mn)

	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E
EBITDA	51	70	150	275	436	572	704	839
Factoring	-45	-60	-90	-128	-169	-198	-218	-244
Capex	-54	-80	-86	-114	-120	-143	-158	-180
WC inflow	129	260	38	105	168	175	179	175
Operating CF	80	190	12	138	315	406	508	591
Other financial and tax, share pmt	5	2	-10	-27	-53	-73	-115	-150
Capital increase		120	0	0	0	0	0	0
Dividends		0	0	0	0	0	0	0
Other	-9	-13	0	0	0	0	0	0
Change in net cash	**76**	**299**	**2**	**112**	**263**	**333**	**393**	**441**

Source: Company data and J.P. Morgan estimates

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Table 19: Cnova Financials (€mn)

	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Capex / sales	**1.9%**	**2.3%**	**2.0%**	**2.1%**	**1.8%**	**1.8%**	**1.7%**	**1.7%**
Net cash / equity	21%	71%	70%	80%	98%	108%	115%	117%
Net debt off balance sheet related to receivables			870	1241	1693	2119	2518	2924
Net cash		**399**	**401**	**513**	**776**	**1108**	**1501**	**1941**
Seasonality effect (8% of sales assumed)		278	344	433	532	637	743	847
Average net cash during the year		**-28**	**56**	**23**	**112**	**305**	**561**	**874**

Source: Company data and J.P. Morgan estimates

Table 20: Cnova Balance Sheet (€mn)

	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Assets								
Cash & cash equivalents	264	562	564	676	939	1271	1664	2105
Trade receivables	101	154	179	211	240	265	284	294
Inventories	367	423	533	655	783	923	1065	1201
Income taxes	1	1	1	1	1	1	1	1
Other current assets	139	41	86	86	86	86	86	86
Total Current Assets	872	1182	1364	1629	2049	2547	3100	3688
Other non current assets	159	159	159	159	159	159	159	159
Deferred tax assets	36	36	36	36	36	36	36	36
Investment in associates	0	0	0	0	0	0	0	0
Property and Equipment	33	82	126	189	248	319	392	476
Intangible assets	114	114	114	114	114	114	114	114
Goodwill	488	488	488	488	488	488	488	488
Total Non Current Assets	829	878	922	985	1044	1115	1188	1272
Total Assets	**1701**	**2060**	**2286**	**2614**	**3093**	**3662**	**4288**	**4959**
Equities and Liabilities								
Current provisions	1	1	1	1	1	1	1	1
Trade payables	896	1168	1387	1646	1972	2313	2652	2974
Current financial debt	85	85	85	85	85	85	85	85
Current taxes	41	41	41	41	41	41	41	41
Other current liabilities	106	106	106	106	106	106	106	106
Total current liabilities	1128	1400	1619	1878	2204	2545	2884	3206
Non Current provisions	3	3	3	3	3	3	3	3
Non Current financial debt	79	79	79	79	79	79	79	79
Other non current liabilities	4	4	4	4	4	4	4	4
Deferred tax liabilities	9	9	9	9	9	9	9	9
Total non current liabilities	95	95	95	95	95	95	95	95
Share capital	185	185	185	185	185	185	185	185
Reserves and retained earnings	275	361	369	438	591	820	1107	1456
Non controlling interests	18	18	18	18	18	18	18	18
Total Equity	478	564	572	641	794	1023	1310	1659
Total Equities and Liabilities	**1701**	**2059**	**2285**	**2614**	**3093**	**3662**	**4288**	**4959**

Source: Company data and J.P. Morgan estimates

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Investment Thesis, Valuation and Risks

Cnova *(Overweight; Price Target: $9.60)*

Investment Thesis

Cnova is the ecommerce subsidiary of the Casino Group. It is co-leader in France and No2 in Brazil, countries which account for c50% of current sales each. Thanks to the scale and infrastructure of its parent companies, Cnova has a low cost/ low capex model which allows an aggressive price positioning. This model leads to high traffic and direct sales growth, which is a strong platform to develop a marketplace (MP). The development of the MP is the key profit driver in the coming years. We initiate with an OW rating and a DCF-based $9.60 TP.

Valuation

Our Dec-15 TP of $9.60 is derived from a DCF on projections until 2023, a perpetuity growth rate of 3%, discounted at a WACC of 12.3%. This value equates to an EV/ net sales of 0.8x 2015E and EV/ GMV of 0.56x. As far as EV/EBITDA is concerned, our TP would imply an EV/ adjusted EBITDA for 2016E of 24x.

Risks to Rating and Price Target

The main downside risks to our TP are: FX and macro risks in Brazil, intensification of price competition in the main markets leading to lower gross margin in the direct sales, risk of marketplace commissions coming under pressure, risk that the company does not achieve its MP penetration targets, risk of import duties coming down in Brazil leading to a dilution of the company's relative scale advantage.

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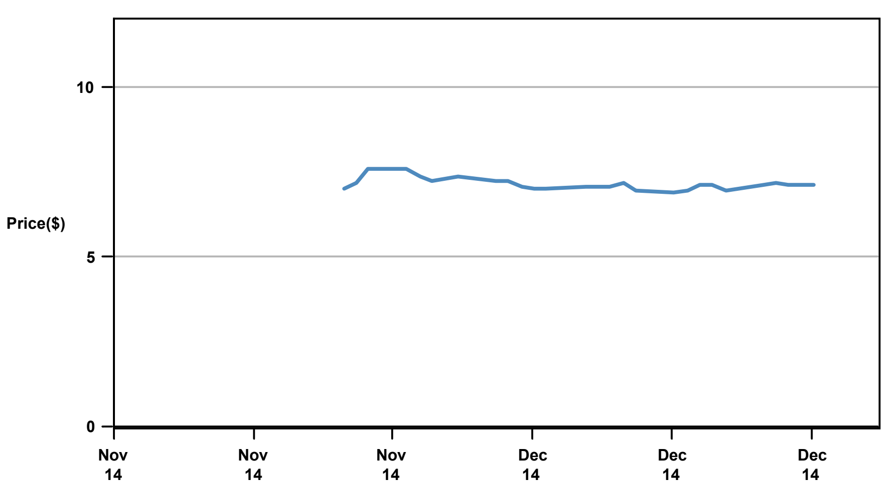
Cnova (CNV.OQ, CNV US) Price Chart



Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.

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Cnova

Initial Opinion BUY

Equity | Netherlands | Internet/e-Commerce
30 December 2014

Underappreciated Scale and Share – Initiate at Buy, $11 PO

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Initiating coverage on Cnova with a Buy

We are constructive on Cnova (CNV), a multi-brand eCommerce company with a strong presence in France (~7% share), Brazil (~17% share), and several emerging markets. Cnova has growing market share, accelerating metrics and revenue growth, and an expanding third party marketplace which should drive gross merchandise volume (GMV) and gross margin expansion, which we view as the most interesting investment positive. We also think Cnova's relationship with its parent and its affiliates creates competitive advantages in purchasing and click and collect fulfillment vs. other companies targeting France and Brazil.

Buy - $11 price objective based on EV/Sales and DCF

Based on a positive view on Cnova's market position in France and Brazil, we are initiating coverage with a Buy rating and $11 price objective. Our PO is based on 0.9x 2015 EV/Sales and our DCF analysis (which factors in long-term earnings potential), a discount to a global eCommerce comp group (excluding BABA and MELI) at 1.6x EV/Sales. Lack of significant near-term earnings, a complicated ownership structure, and a complex mix of businesses across geographies may result in an ongoing price-to-sales discount vs peers, but we think the discount is overdone. We think the discount could narrow as Cnova executes against its business plan for accelerating growth and margin expansion, and becomes more investable (only ~6% of shares outstanding currently trade, more likely coming).

Risks include competition and dependence on parent

The greatest risk may be financial estimates that assume accelerating revenue growth in 2015 with marketplace driven gross margin expansion. Other risks are: 1) highly competitive global eCommerce market; 2) dependence on parent company and its affiliates; 3) numerous related party transactions; 4) FX risk; 5) execution risk in multiple countries; 6) Brazil revenues are aided by installment plan financing that lowers effective margins; 7) limited near term profitability; and 8) Cnova would be controlled by Casino Group post-IPO with limited public float.

Stock Data

Price	US$7.28
Price Objective	US$11.00
Date Established	30-Dec-2014
Investment Opinion	C-1-9
Volatility Risk	HIGH
52-Week Range	US$6.71-8.06
Mrkt Val / Shares Out (mn)	US$3,034 / 416.8
BofAML Ticker / Exchange	CNV / NAS
Bloomberg / Reuters	CNV US / CNV.OQ
ROE (2014E)	-6.0%
Total Dbt to Cap (Sep-2014A)	0%
Est. 5-Yr EPS / DPS Growth	0% / NA

Estimates (Dec)

(EUR)	2012	2013A	2014E	2015E	2016E
EPS	NA	(0.05)	(0.08)	0.01	0.11
GAAP EPS	NA	(0.05)	(0.08)	0.01	0.11
EPS Change (YoY)	NA	NA	-60.0%	NM	NM
Consensus EPS (Bloomberg)			0.02	0.18	0.29
DPS	NA	0	0	0	0

Valuation (Dec)

	2012	2013A	2014E	2015E	2016E
P/E	NA	NM	NM	597.7x	54.3x
GAAP P/E	NA	NM	NM	597.7x	54.3x
Dividend Yield	NA	0%	0%	0%	0%
EV / EBITDA*	NA	399.1x	457.1x	31.8x	15.8x
Free Cash Flow Yield*	NA	3.3%	4.2%	2.4%	2.9%

* For full definitions of *iQmethod* SM measures, see page 34.

iQprofile SM Cnova

iQmethod SM – Bus Performance*

(EUR Millions)	2012	2013A	2014E	2015E	2016E
Return on Capital Employed	NA	NA	5.7%	6.5%	12.2%
Return on Equity	NA	-9.5%	-6.0%	0.4%	5.4%
Operating Margin	NA	0.8%	1.3%	2.5%	3.7%
Free Cash Flow	NA	76	105	60	73

iQmethod SM – Quality of Earnings*

(EUR Millions)	2012	2013A	2014E	2015E	2016E
Cash Realization Ratio	NA	NM	NM	NM	6.2x
Asset Replacement Ratio	NA	3.7x	4.7x	4.3x	4.7x
Tax Rate	NA	40.7%	21.0%	81.2%	38.9%
Net Debt-to-Equity Ratio	NA	-21.2%	-82.8%	-85.7%	-84.6%
Interest Cover	NA	0.4x	0.6x	1.1x	1.6x

Income Statement Data (Dec)

(EUR Millions)	2012	2013A	2014E	2015E	2016E
Sales	NA	2,899	3,462	4,376	5,406
% Change	NA	NA	19.4%	26.4%	23.5%
Gross Profit	NA	427	499	690	907
% Change	NA	NA	16.8%	38.5%	31.3%
EBITDA	NA	5	4	62	125
% Change	NA	NA	-12.7%	NM	101.2%
Net Interest & Other Income	NA	(56)	(68)	(95)	(119)
Net Income (Adjusted)	NA	(23)	(33)	3	49
% Change	NA	NA	-48.1%	NM	NM

Free Cash Flow Data (Dec)

(EUR Millions)	2012	2013A	2014E	2015E	2016E
Net Income from Cont Operations (GAAP)	NA	(23)	(28)	3	48
Depreciation & Amortization	NA	27	31	42	50
Change in Working Capital	NA	256	600	197	157
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	NA	(84)	(350)	(3)	52
Capital Expenditure	NA	(99)	(147)	(178)	(235)
Free Cash Flow	NA	76	105	60	73
% Change	NA	NA	37.5%	-42.6%	21.4%

Balance Sheet Data (Dec)

(EUR Millions)	2012	2013A	2014E	2015E	2016E
Cash & Equivalents	NA	264	634	786	986
Trade Receivables	NA	110	190	247	306
Other Current Assets	NA	537	376	491	602
Property, Plant & Equipment	NA	33	65	151	259
Other Non-Current Assets	NA	747	732	748	765
Total Assets	NA	1,691	1,997	2,424	2,918
Short-Term Debt	NA	80	101	101	101
Other Current Liabilities	NA	1,039	1,239	1,509	1,757
Long-Term Debt	NA	83	7	7	7
Other Non-Current Liabilities	NA	16	15	15	15
Total Liabilities	NA	1,218	1,362	1,632	1,880
Total Equity	NA	473	635	791	1,038
Total Equity & Liabilities	NA	1,691	1,997	2,424	2,918

* For full definitions of *iQmethod* SM measures, see page 34.

Company Description

Cnova is a multi-brand eCommerce company with primary operations in France and Brazil. Cnova operates Cdiscount, Extra.com.br, Pontofrio.com.br, and Casabahia.com.br and several other sites. Cnova has more than12.5mn active customers, offers more than 12mn products across its sites and will likely exceed €6.0bn in gross merchandise volume in 2015. Cnova's controlling shareholder is the Casino Group, a large French retailer.

Investment Thesis

Cnova has accelerating revenue growth, expanding margins, a large market opportunity, and an expanding third party marketplace. We also think Cnova's relationship with its parent creates a competitive advantage in purchasing, click and collect fulfillment and geographic expansion vs. other pure play eCommerce companies. With operations in France, Brazil and several emerging countries, we think Cnova is well positioned to capitalize on the growth of global eCommerce and mCommerce.

Stock Data

Average Daily Volume	NA

Quarterly Earnings Estimates

	2013	2014
Q1	NA	-0.05A
Q2	NA	-0.05A
Q3	NA	-0.04A
Q4	NA	0.06E

In July 2014, Casino Group, Companhia Brasileira de Distribuicao (or GPA), Via Varejo S.A., Nova Pontocom and Nova OpCo entered into an agreement regarding the control and ownership of Cnova. The agreement re-organized the eCommerce businesses of Casino Group and its affiliated entities in France, Latin America and Asia into a new entity, Cnova.

Executive summary

Cnova - an emerging global eCommerce company

While investor exposure has been limited so far, Cnova is one of the largest eCommerce companies in the world (€4.5bn or $5.5bn in GMV expected in 2014) with significant market share in France and Brazil. Cnova has attractive revenue growth that has accelerated in 2014 to ~20% y/y, and potential for expanding margins driven by a growing third party marketplace, category expansion and launch of new vertical sites. High organic traffic mix, strong customer repeat purchasing behavior and price leadership across geographies are also key Cnova attributes.

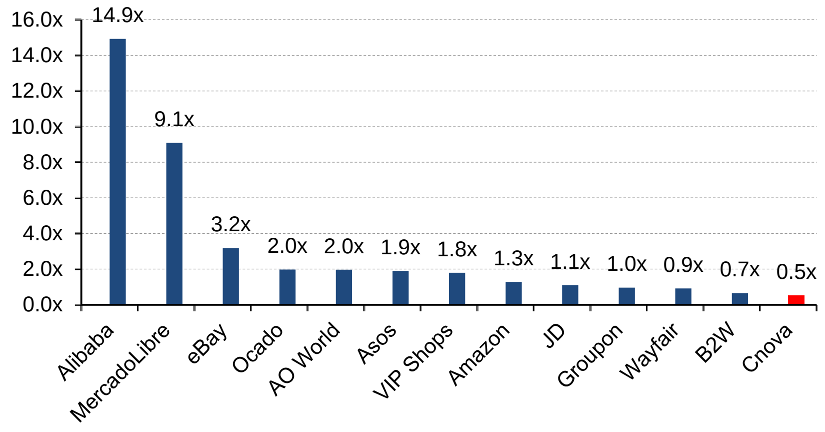
Cnova's parent company is the Casino Group (holds 94% of Cnova), a global retailer with 2013 revenue of €48.6bn. Cnova benefits from the Casino Group's purchasing power, brand recognition of its local brands and affiliated companies, physical store footprint, logistics infrastructure and local market expertise. For example, roughly 60% of Cnova's Online sales in France are picked up in store, a distribution structure that Amazon cannot match. Per Euromonitor data and our estimates, Cnova had 5.0% eCommerce share in France in 2012, and Cnova's market share will increase to 6.5% in 2015. We note that The Casino Group's lock-up agreement expires 5/19/2015, and we think the stock could become more investable with more float.

With more than 12 million products available on Cnova's portfolio of sites across four continents and an expanding marketplace model in France and Brazil, we think Cnova is well positioned to capitalize on the growth of global eCommerce. We estimate a €15bn+ long-term revenue opportunity for Cnova, assuming the company is successful with its marketplace and category expansion strategy, an opportunity that should enable many years of growth vs. our €3.5bn revenue estimate in 2014. In 2015 and 2016, we estimate Cnova will generate €6.1bn and €7.9bn in gross merchandise value (GMV), representing a 30% y/y CAGR in 2014-2016 and €4.4bn and €5.4bn in revenue, representing a 23% CAGR in 2014-2016. Our 2016 revenue estimates assume:

- **French direct revenue** (excluding taxes) of €1.9bn vs. €1.3bn in 2013;
- **Brazil direct revenue** (excluding taxes) of €2.7bn vs. €1.3bn in 2013;
- **Other international direct revenue** (excluding taxes) of €256mn vs. zero in 2013;
- **Marketplace commission revenue** (excluding taxes) of €197mn vs. €22mn in 2013; and
- **Other revenue** (excluding taxes) of €423n vs. €310mn in 2013.

Based on a positive view on Cnova's market position in France and Brazil, we are initiating coverage with a Buy rating and $11 price objective. Our price objective is based on 0.9x 2015E EV/Sales and our DCF analysis (which factors in long-term earnings potential), a discount to a global eCommerce comp group (excluding BABA and MELI) at 1.6x EV/Sales. Lack of significant near-term earnings, a complicated ownership structure, macro-economic uncertainties in France and Brazil, and a complex mix of businesses across geographies may result in an ongoing price-to-sales discount vs peers, but we think the discount is overdone. We think the P/S valuation discount could narrow as Cnova executes against its business plan for accelerating growth and margin expansion, and becomes more investable (just ~6% of shares outstanding currently trade, more likely coming).

Chart 1: Market cap to sales for global eCommerce companies



Source: BofA Merrill Lynch Global Research estimates, Bloomberg

The greatest risk may be financial estimates that assume strong execution with accelerating revenue growth and marketplace driven gross margin expansion. Other risks are: 1) highly competitive global eCommerce market; 2) dependence on parent company; 3) numerous related party transactions; 4) FX and macro-economic risk; 5) execution risk in multiple countries; 6) Brazil revenues are aided by installment plan financing that lowers effective margins; 7) limited near term profitability given scale; and 8) Cnova would be controlled by Casino Group post-IPO with limited public float.

Company overview

On November 20, 2014, Cnova began trading its common stock on the Nasdaq under the ticker "CNV". The IPO was priced at $7 per share, below its original filing range of $12.50-$14.00. The IPO consisted of 26.8mn primary shares. We estimate net proceeds from the sale of 26.8mn total primary shares raised was approximately $150mn, or €120mn.

The Casino Group is French retailer with more than 14,000 stores worldwide and €48.6bn in 2013 revenue. In 2012, the Casino Group gained control of Companhia Brasileira de Distribuicao (GPA), a leading retailer in Brazil and the country's largest private employer. In July 2014, Casino Group, GPA, Via Varejo S.A. (partially owned by GPA), Nova Pontocom and Nova OpCo entered into an agreement regarding the control and ownership of Cnova. The agreement re-organized the eCommerce businesses of Casino Group and its affiliated entities in France, Latin America and Asia into a new entity, Cnova.

Cnova is a global eCommerce company with operations in France, Brazil, Belgium, Columbia, Ecuador, Senegal, Ivory Coast, Cameroon, Vietnam and Thailand. France and Brazil are the most important countries for Cnova, and we estimate that Cnova will have approximately 7% eCommerce market share in France and 17% in Brazil in 2015. In 2014, the Casino Group decided to spin-off Cnova into a separately traded publicly entity to raise its global profile and to provide it with currency and capital to compete more effectively against global competitors.

Table 1: Cnova Timeline

Year	Event
1998	Cdiscount founded
2000	Casino acquired a 60% share in Cdiscount
2001	Cdiscount expanded into consumer electronics category
2004	Cdiscount expanded into wine category
2008	Launched Brazil operations with Pontofrio.com and eHub business
2009	Cdiscount expanded into beauty products category
2009	Launched first private label brand in France (Continental Edison)
2010	Cdiscount expanded into furniture category
2010	Launched Extra site in Brazil
2010	Launched Casa Bahia site in Brazil
2010	Launched Ponto Frio Atacado in Brazil (wholesale business)
2011	Launched Marketplace on Cdiscount in France
2011	Launched beauty focused site in France - Comptoir Sante
2012	Launched home décor focused site in France - MonCornerDeco.com
2012	Launched Marketplace on Extra in Brazil
2014	Expanded to Colombia, Thailand, Vietnam, Ivory Coast, Ecuador, Belgium and Senegal
2014	Launched Cdiscount in Brazil
2014	Launched Finlandek private label in France
2014	Gained control of apparel focused site in France - MonShowroom.com

Source: BofA Merrill Lynch Global Research estimates, Cnova

Exhibit 1: Cdiscount.fr Screenshot

Source: Cdiscount.fr

Exhibit 2: Extra.com.br Screenshot

Source: Extra.com.br

Exhibit 3: Pontofrio.com.br Screenshot

Source: pontofrio.com.br

Exhibit 4: Casasbahia.com.br Screenshot

Source: Casasbahia.com.br

Price leadership is a strategic focus for Cnova, and Cnova's prices are usually lower than competitors across most of its products.

Cnova has 12.9mn active customers, offers more than 12mn products across its sites and will likely exceed €6.0bn in GMV in 2015. Price leadership is a strategic focus for Cnova, and Cnova's prices are usually lower than competitors' across most of its products. Historically, Cnova has focused on the home appliance, consumer electronics, and computer categories. More recently, the home category has become a major focus for Cnova as it generates significantly higher margins than its core categories.

Cnova operates multiple eCommerce brands globally including:

- **Cdiscount (France)** – Founded in 1998, Cdiscount is Cnova's flagship site in France that focuses on price leadership in computer, consumer electronics, home appliances and home furnishing category categories. Cdiscount leverages the physical presence of Casino stores in France.

- **Extra.com.br (Brazil)** – Extra is a one of Cnova's main sites in Brazil that focuses on the computer, consumer electronics, home appliance and mobile device categories. Extra is focused on low prices for the family and benefits from the strong brand of GPA's Extra physical stores.
- **Pontofrio.com (Brazil)** – Founded in 2008, Pontofrio is one of Cnova's main sites in Brazil that focuses on the computer, consumer electronics, home appliance and mobile device categories. Ponotfio has a higher-end brand positioning.
- **Casabahia.com.br (Brazil)** – Casabahia is a one of Cnova's main sites in Brazil that focuses on the computer, consumer electronics, home appliance and mobile device categories. Casabahia is a mass market brand and benefits from the strong brand of Via Varejo's physical stores.
- **Cdiscount.com.br (Brazil)** – Launched in 2014, Cdiscount Brazil focuses on price leadership in computer, consumer electronics, home appliances and home furnishing category categories.
- **Cdiscount.co (Columbia)** – Launched in 2014, Cdiscount Columbia focuses on price leadership in computer, consumer electronics, home appliances and home furnishing categories. Cdiscount Columbia leverages the physical presence Exito in Columbia for 200 click and collect pick-up points.
- **Cdiscount.co.th (Thailand)** – Founded in 2014, Cdiscount Columbia focuses on price leadership in computer, consumer electronics, home appliances, baby, sports, fashion, and home categories. Cdiscount Thailand leverages the physical presence of BigC Supercenter in Thailand.
- **Cdiscount.vn (Vietnam)** – Founded in 2014, Cdiscount Vietnam focuses on price leadership in consumer electronics, home, toys, health and beauty and fashion categories. Cdiscount Vietnam leverages the physical presence of BigC Supercenter in Vietnam.
- **Cdiscount.com.ec (Ecuador), Cdiscount.ci (Ivory Coast), Cdiscount.sn (Senegal)** – All Founded in 2014. Cdiscount Ivory coast & Senegal are joint ventures with Bollore Africa Logistics.
- **Moncornerdeco.com** (France) – Founded in 2012, Moncornerdeco is a vertically focused eCommerce site in France that specializes in higher end home décor.
- **Comptroiresante.com (France)** – Founded in 2011, Comptoiresante is a vertically focused eCommerce site in France that specializes in health and beauty.
- **Monshowroom.com (France)** – Monshowroom is a vertically focused eCommerce site in France that specializes in the apparel and fashion.
- **Moncornerbaby (France)** – Moncornerbaby is a vertically focused eCommerce site in France that specializes in maternity category.
- **Moncornerbrico (France)** – Moncornerbrico is a vertically focused eCommerce site in France that specializes in home improvement.

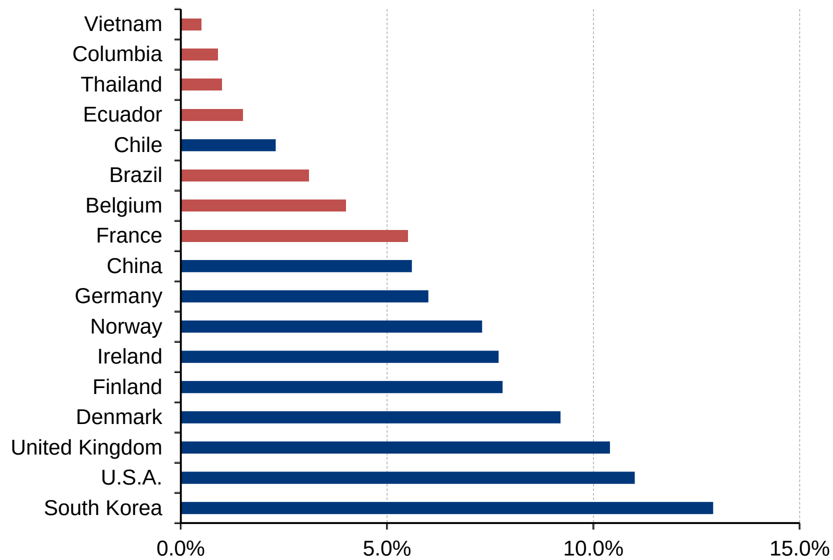
Investment highlights

Large addressable eCommerce market opportunity

Cnova's eCommerce opportunity. Including potential additional European countries exceeds $330bn, and the company operates in several areas with low eCommerce penetration rates, which should drive growth.

Cnova targets a large eCommerce opportunity. According to Euromonitor, the French and Brazilian eCommerce markets will reach $41.6bn and $15.0bn in 2016. If we include the full $270bn European eCommerce market (ex France), Cnova's eCommerce opportunity exceeds $330bn. Importantly, eCommece remains early in its penetration lifecycle in France and Brazil at 6% in France and 3% in Brazil, significantly behind the U.S. at 11%. In addition, Cnova also has the opportunity to target the European eCommerce market by servicing select European countries with its infrastructure in France.

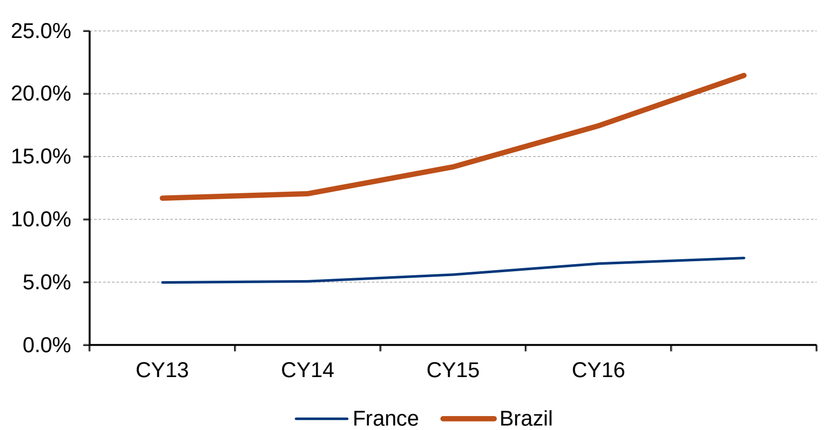
Chart 2: Cnova operates in countries with low eCommerce penetration rates



Source: Euromonitor, BofA Merrill Lynch Global Research estimates

In its biggest markets, Cnova is large and has increased its market share. Per Euromonitor data and our estimates, Cnova had 5.0% and 11.7% market share in France and Brazil in 2012, and Cnova's France and Brazil market share increased to 5.6% and 14.2% in 2014. Recent share gains provide us greater confidence that Cnova will participate in end market growth.

Chart 3: Cnova eCommerce Market Share



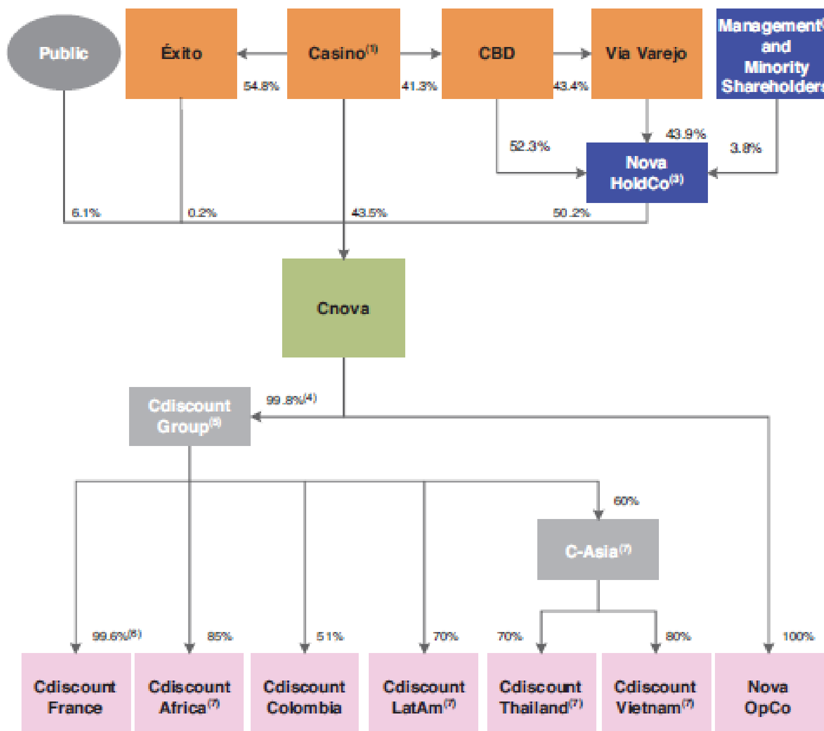
Source: Euromonitor, Cnova, BofA Merrill Lynch Global Research estimates

Cnova benefits from the Casino Group's purchasing power, brand recognition of its local brands and affiliated companies, physical store footprint, logistics infrastructure and local market expertise.

Relationship with parent creates competitive advantage

Cnova's parent company is the Casino Group, a global retailer with 2013 revenue of €48.6bn. Cnova benefits from the Casino Group's purchasing power, brand recognition of its local brands and affiliated companies, physical store footprint, logistics infrastructure and local market expertise. For example, roughly 60% of Cnova's Online sales in France are picked up in store, a distribution structure that Amazon cannot match. While several related party agreements that govern the financial relationship between Cnova and Casino Group and its affiliates could change over time (see risk section), and the relationship adds complexity (see chart below), we think the relationship will continue to be symbiotic, as the two entities have aligned interests given the post-IPO ownership structure.

Exhibit 5: Cnova Ownership Structure



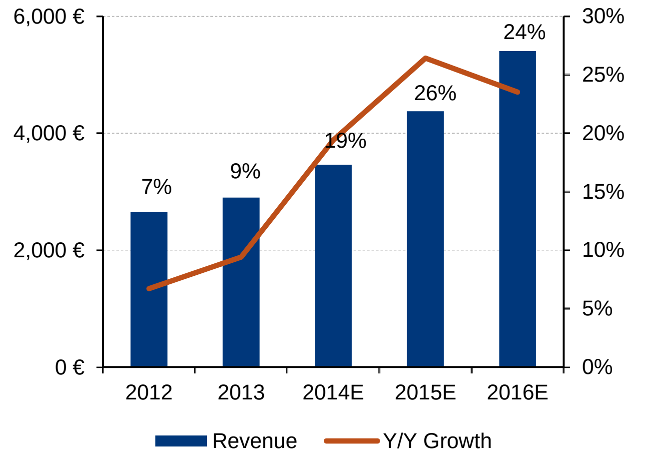
Source: Cnova F-1
Notes:
Casino - Casino, Guichard-Perrachon S.A. and its subsidiaries are ultimately controlled by Chairman Jean-Charles Naouri
CBD - Companhia Brasileira de Distribuicao and its subsidiaries (commonly known as Grupo Pao de Acucar, or GPA)
Via Varejo - Via Varejo S.A. and its subsidiaries
Exito - Almacenes Exito S.A. and its subsidiaries

We expect Cnova 2015 GMV to accelerate 900bp to 35% y/y growth, and we expect Cnova 2015 revenue to accelerate 700bp to 26% y/y growth.

Attractive growth profile with multiple growth levers

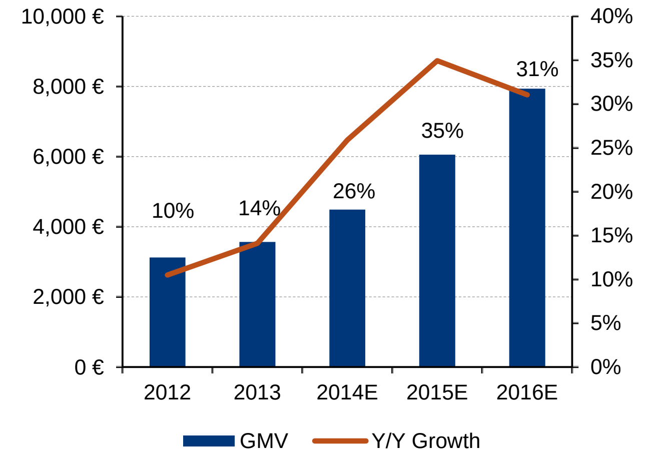
As selection improves from the integration of 3rd party items, we expect Cnova's revenue and GMV growth to continue to accelerate in 2015. We expect Cnova's GMV to grow 35% y/y in 2015, and we expect revenue growth to accelerate to 26% (revenue growth will trail GMV growth due to relatively faster marketplace sales growth, which is accounted for on a net basis).

Chart 4: Expect accelerating revenue growth in 2015 (€mn)



Source: BofA Merrill Lynch Global Research estimates, Cnova

Chart 5: Expect accelerating GMV growth in 2015 (€mn)

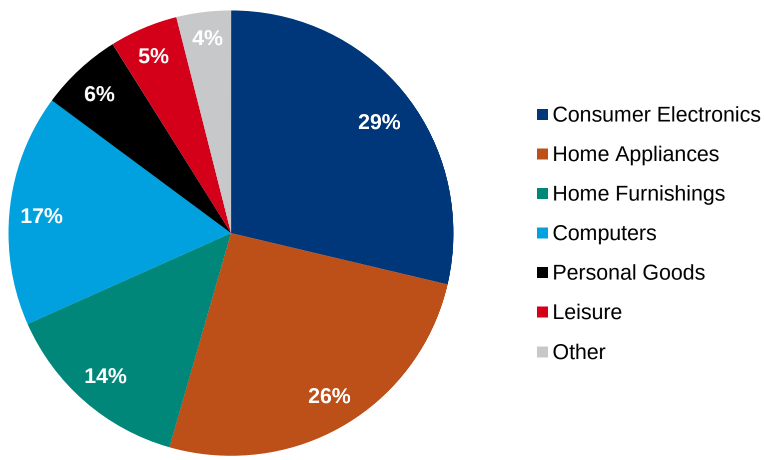


Source: BofA Merrill Lynch Global Research estimates, Cnova

There are several factors contributing to Cnova's growth including:

- **eCommerce market growth –** We estimate 10% and 12% eCommerce market growth in France and Brazil in 2015
- **Investments in price –** Cnova's investments in price that started in 2013 have increased revenue growth rates in Brazil, and we expect the positive effects of lower prices to continue (see price leader section).
- **Increasing 3P marketplace sales in France –** We expect Cdiscount's 3rd party marketplace percentage to reach 29% in 2015, up from 19% in 2014. Increasing marketplace selection should result in better user experience, higher conversion rates and increased purchase frequency, which contributes to higher overall growth.
- **Ramp up of Brazil marketplace –** We expect Brazil marketplace mix to reach 10% in 2015, up from 3% in 2014.
- **New vertical sites in France –** Cnova operates Monshowroom.com, Moncornerdeco.com, moncornerbaby.com, moncornerbrico.com, and comptroisante.com. Cnova plans to launch two additional specialty sites in 2014 and four additional sites in 2015 and in 2016. The specialty sites generally attract a less price sensitive customer base and generate higher gross margins than Cdiscount.com
- **Category expansion –** Cnova continues to expand category selection, which results in a better user experience and increased purchase frequency. The home category is a big focus for Cnova as gross margins in the home category are significantly higher than in the consumer electronics and home appliances categories.

Chart 6: Cnova category mix for the 9 months ended 9/30/14



Source: BofA Merrill Lynch Global Research, Cnova

- **Launch of new countries –** Recently launched countries like Belgium, Vietnam, Thailand, Brazil, Columbia, Ecuador, Senegal, Cameroon and Ivory Coast should contribute an estimated €110mn to 2015 growth. Cnova may launch additional European countries and would service these countries from infrastructure in France. While new country launches contribute modestly to growth near term, they represent attractive long-term opportunities.

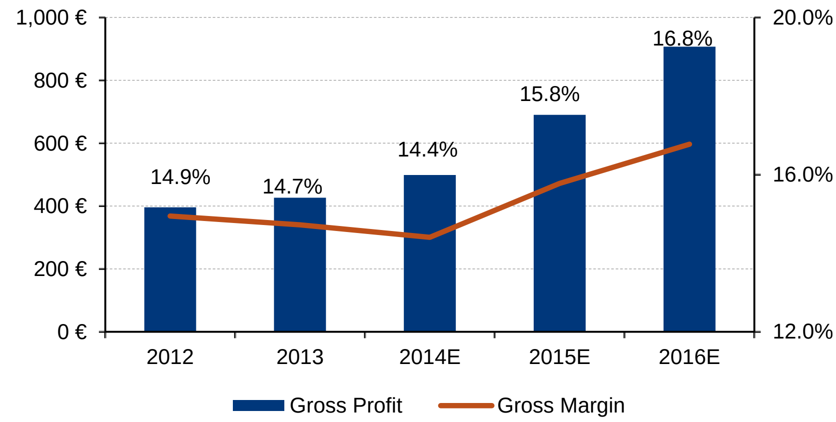
- **mCommerce –** mCommerce is relatively underpenetrated in France at 13% in 2013 vs. in the U.S. at 21% and 28% in 2013 and 2014. Greater mobile activity likely will be a growth catalyst for eCommerce in the coming years in France and Brazil, similar to the in U.S. in 2012-2014.

Margin Expansion Potential

We expect Cnova gross margins to expand 140bps to 15.8% in 2015 and 100bp to 16.8% in 2016

As Cnova's grows its 3rd party marketplace and generate more 1st party sales in higher margin categories, we expect Cnova gross margins to expand. We estimate that gross margins will grow 140bps to 15.8% in 2015, and 100bp to 16.8% in 2016, which leaves room for expansion relative to Amazon at ~29.0% gross margins in 2014 (Amazon had 19% International gross margins when last disclosed in 2010).

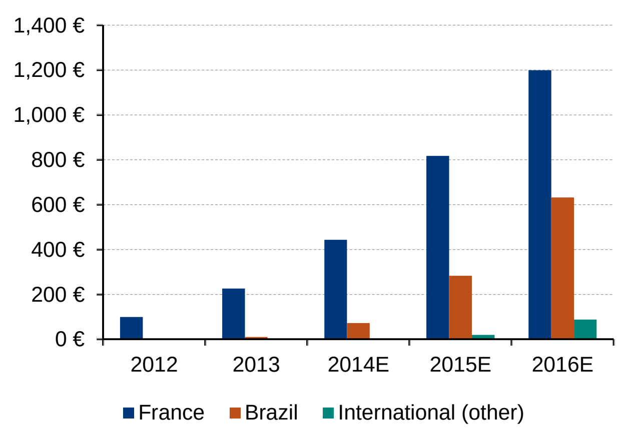
Chart 7: Expect gross margin expansion driven by higher marketplace mix (in mn)



Source: Source: BofA Merrill Lynch Global Research estimates, Cnova

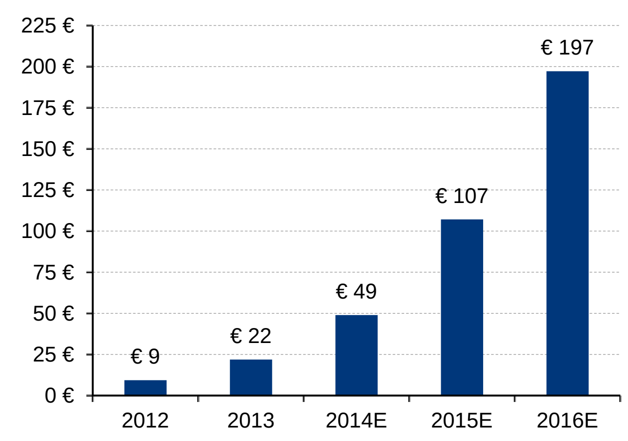
Our model assumes that France exits 2015 with 28% of GMV from the 3P marketplace, and Brazil exits 2015 at 10% of GMV, resulting in an 18% company average. Assuming an 11% marketplace commission and deducing sales tax on marketplace commissions, we estimate Cnova will generate more than €100mn in marketplace commissions in 2015, up from €49mn in 2014. Marketplace commissions are virtually 100% gross margin, and we estimate that each €10mn in marketplace commissions drives 30bp of gross margin expansion. Therefore, the increasing 3P marketplace revenues will drive the 2015 gross margin expansion in our model.

Chart 8: Expect marketplace volume to exceed €1bn in 2015 (€mn)



Source: Source: BofA Merrill Lynch Global Research estimates, Cnova

Chart 9: Expect Marketplace commissions to exceed €100mn in 2015 (€mn)



Source: Source: BofA Merrill Lynch Global Research estimates, Cnova

Attractive marketplace commission rates vs. Amazon

Cdiscount's commission rates are slightly lower than Amazon's commission rates across many categories in France

Cdiscount's average marketplace commission rate is approximately 11%, and has remained relatively flat over the last two years. Importantly, Cdiscount's commission rates are slightly lower than Amazon's commission rates across many categories in France, and Amazon is unlikely to permanently lower its commission rates due to International losses, in our view. In 2013, Amazon actually raised commission rates for certain European categories including tires (in Germany), electronics accessories (U.K.), media such as DVDs, music and video games (France), and automotive goods (U.K.).

Table 2: Cdiscount's has attractive Marketplace fees vs. Amazon

	Amazon	Cdiscount	Difference	Seller savings on €100 sale
Fee	€39/month	€35/month	€ 4.00	NA
High Tech	7.0%	6.5%	0.5%	€ 0.50
Computers	7.0%	6.5%	0.5%	€ 0.50
Large appliances	7.0%	6.5%	0.5%	€ 0.50
Game consoles	8.0%	4.0%	4.0%	€ 4.00
Media	15.0%	12.5%	2.5%	€ 2.50
Music instruments	12.0%	10.0%	2.0%	€ 2.00
DIY	12.0%	8.0%	4.0%	€ 4.00
Tires	10.0%	4.0%	6.0%	€ 6.00

Source: BofA Merrill Lynch Global Research, Cnova, Amazon

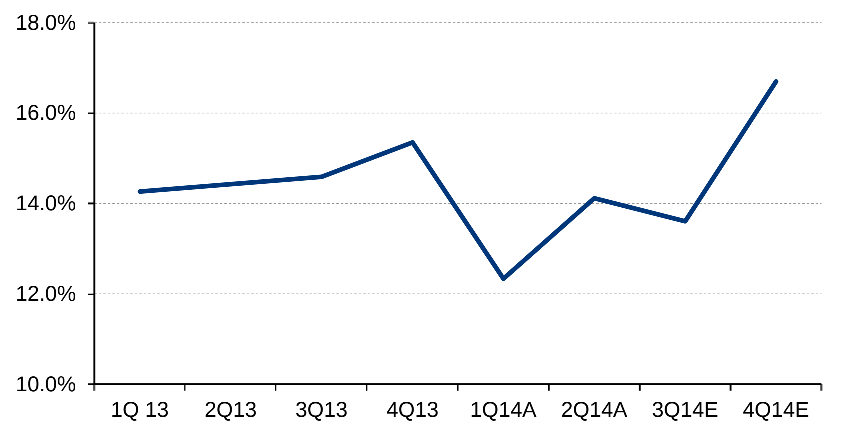
Cnova differentiates through price leadership

In France, Cdiscount prices for the top five selling products in the consumer electronics, home appliances and computer categories were on average 13% lower than its competitors in 3Q. According to Cnova, it has the lowest prices in France for 95% of its product assortment.

We think the vast majority of prices on Cdiscount in France and Extra in Brazil are lower than competitors' due to buying power synergies with the parent companies and Cnova's price leadership brand positioning. Cnova leverages the purchasing power of its parent companies to source products for its sites at attractive economics, which enables it aggressively price vs. competitors. In France, Cdiscount prices for the top five selling products in the consumer electronics, home appliances and computer categories were on average 13% lower than its competitors in 3Q, per Cnova's F-1 filing.

According to Cnova, it has the lowest prices in France for 95% of its product assortment. In addition, Cnova has invested in price recently, especially in Brazil, which has resulted in gross margin contraction. However, the recent investment in price leadership has also contributed to an acceleration in growth.

Chart 10: 1H2014 gross margins negatively impacted by more aggressive pricing in 1Q'14



Source: BofA Merrill Lynch Global Research estimates, Cnova

Table 3: Revenue growth rates for Extra, Pontofrio and Casa Bahia Sites in Brazil

	31-Mar-13	30-Jun-13	30-Sep-13	30-Dec-13	31-Mar-14	30-Jun-14	30-Sep-14
Extra	-1%	43%	63%	62%	69%	63%	35%
Ponto Frio	-3%	7%	27%	12%	42%	27%	17%
Casa Bahia	22%	27%	37%	40%	51%	37%	46%

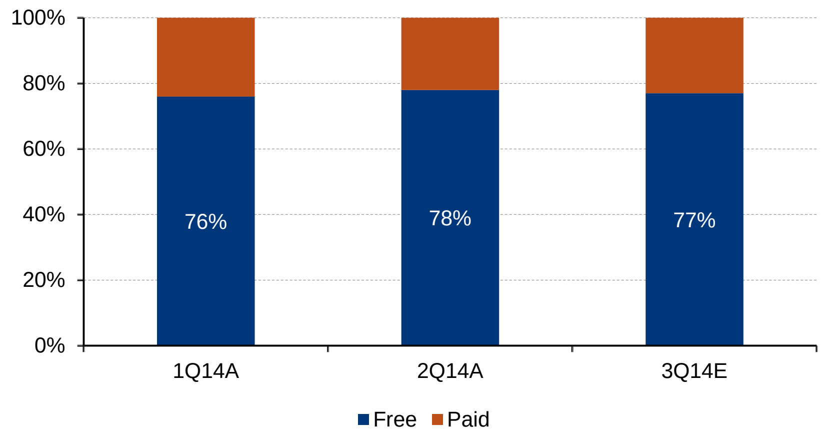
Source: BofA Merrill Lynch Global Research, Cnova

Organic traffic comprises 75% of site traffic mix, and Cnova spends very little on marketing vs. other eCommerce companies.

Strong organic traffic with low marketing spend

The value proposition of low prices and selection appear to resonate with Cnova customers, as Cnova has a high mix of organic traffic partially due to Cdiscount, Extra, Ponto Frio and Casabahia's strong brands and partially due to price leadership. Organic traffic comprises 75% of site traffic mix per Cnova disclosures, and Cnova spends very little on marketing vs. other eCommerce companies (Cnova has the lowest marketing as percent of sales vs. other public eCommerce companies, see Chart 12).

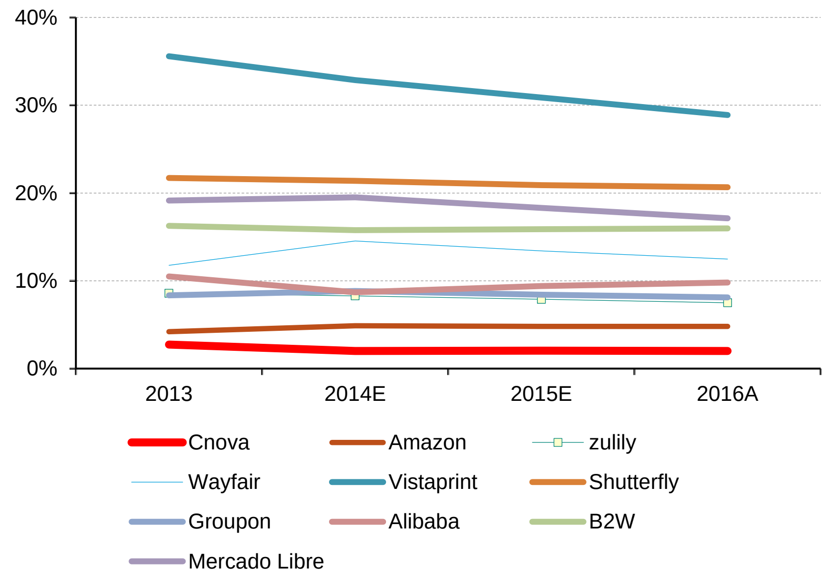
Chart 11: Cnova free vs paid traffic



Source: BofA Merrill Lynch Global Research, Cnova

We expect marketing to represent 2.1% of sales in 2015 and 2.0% in 2016 for Cnova, vs. an average of 14.4% and 13.9% for a basket of public eCommerce companies.

Chart 12: Marketing as a % of Total Revenue for eCommerce Companies



Source: BofA Merrill Lynch Global Research estimates, Cnova, Wayfair, Groupon, Mercado Libre, Amazon, Vistaprint, Alibaba, zulily, Shutterlfy and B2W

Repeat purchasing behavior

68% of customers purchased a product within 365 days of the initial purchase in France, and 46% of customers purchased a product within 365 days of the initial purchase in Brazil.

Per Cnova, 68% of customers purchased a product within 365 days of their initial purchase in France, and 46% of customers purchased a product within 365 days of the initial purchase in Brazil. Data also suggests repeat purchase behavior is increasing over time and organic customers have higher repeat purchase behavior than paid customers, which bodes well long term given Cnova's high mix of organic traffic.

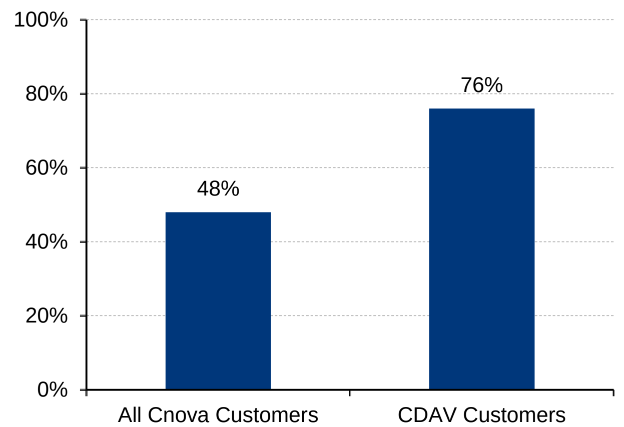
Table 4: Cnova has strong repeat purchasing behavior in France and Brazil

	Within 30 days	Within 90 days	Within 180 days	Within 365 days
Repurchase Rate By Traffic Type				
Organic	27.1%	44.2%	55.3%	59.0%
Paid	21.8%	36.1%	48.0%	51.0%
France Repurchase Rates				
2012	22.8%	46.5%	57.7%	68.2%
2013	26.1%	50.5%	61.3%	
Brazil Repurchase Rates				
2012	21.4%	30.2%	36.8%	46.4%
2013	24.4%	34.2%	41.7%	
Cnova Total Repurchase Rates				
2012	22.1%	38.6%	47.5%	57.6%
2013	25.2%	42.0%	51.1%	

Source: BofA Merrill Lynch Global Research, Cnova

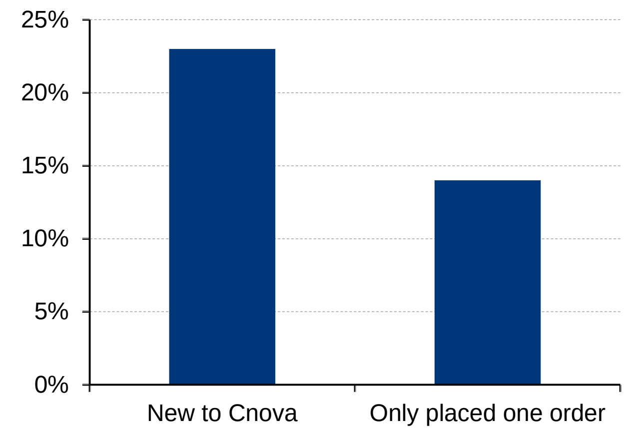
To drive repeat purchase behavior and customer loyalty, Cnova also offers an Amazon Prime like service in France called Cdiscount a Volonte (CDAV) where customers get free shipping for products that weigh less than 20kg for a €19 annual fee. As of September, the three-month repurchase rate for CDAV members was 76% vs. 48% for all Cnova customers, and many CDAV members were new to Cnova. We expect Cnova to roll out loyalty programs to other regions over time.

Chart 13: Repeat purchasing behavior in 3Q14



Source: BofA Merrill Lynch Global Research, Cnova

Chart 14: Many CDAV customers are new to Cnova



Source: BofA Merrill Lynch Global Research, Cnova

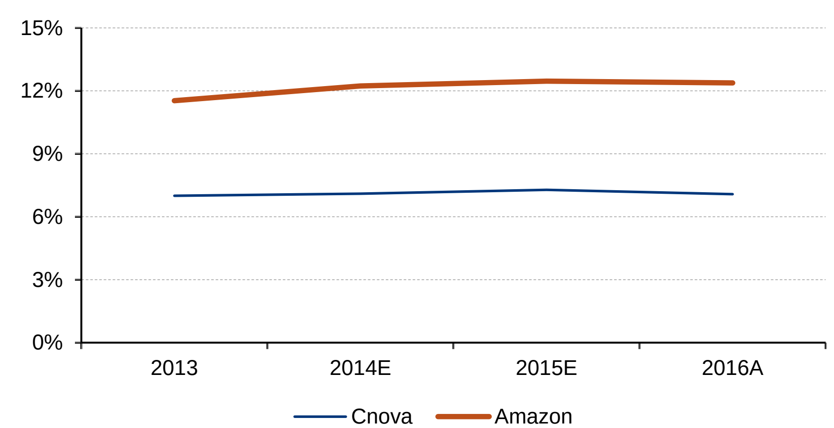
Well positioned for click and collect fulfillment

We think click and collect enables Cnova to have favorable fulfillment costs vs. some competitors like Amazon.

In France, the click and collect model (order online and pick-up at store) appears to resonate with consumers as click and collect accounted for more than 60% of France revenue in the first three quarters of 2014. Cnova has a network of 17,500 pick-up locations in France, including more than 2,200 Casino Group locations, where customers can pick up orders. In France, most customers live within 2km of a click and collect location for small and light packages and within 11km for large and heavy items.

The network of click and collect pickup locations provides Cnova with a distinct advantage vs. competitors, especially for heavy items. When a customer order is picked up at a Casino Group store, Cdiscount pays Casino Group €9 for products that weigh more than 30kg and €.0.45 for items that weigh less than 30kg. We think click and collect enables Cnova to have favorable fulfillment costs vs. some competitors like Amazon. According to Cnova, click and collect enabled Cnova to realize 45% savings on delivery costs in France vs. home delivery. Cnova started a pilot program in early 2014 to test click and collect in Brazil.

Chart 15: Cnova fulfillment costs vs. Amazon



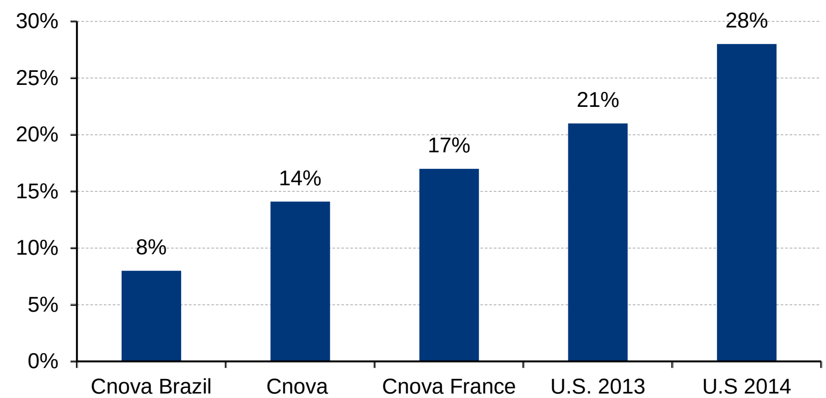
Source: BofA Merrill Lynch Global Research estimates, Cnova, Amazon

For Cnova, 14% of total orders placed in September, 2014 were on mobile, which compares to U.S. mCommerce penetration of 21% and 28% in 2013 and 2014.

mCommerce will likely be a growth catalyst

In the U.S., mCommerce is a growth catalyst for eCommerce, and we think mCommerce is a relatively underpenetrated in France and Brazil vs. the U.S. For Cnova, 14% of total orders placed in September 2014 were on mobile, which compares to U.S. mCommerce penetration of 21% and 28% in 2013 and 2014. We expect mCommerce to be a growth catalyst for eCommerce over the coming years in France and Brazil, similar to in the U.S. in 2012-2014.

Chart 16: Mobile commerce penetration rate comparison



Source: BofA Merrill Lynch Global Research estimates, Cnova

Notes:

For Cnova Brazil, 8% of orders paces in 9 months ending September 30th were on mobile.

For Cnova France, 17% of orders paces in 9 months ending September 30th were on mobile.

For Cnova, 14.1% of total orders placed were on mobile in September, 2014.

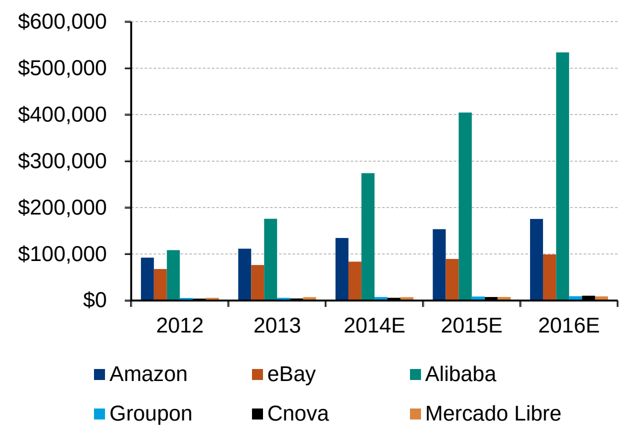
Investment risks and concerns

Highly competitive global eCommerce market

Cnova operates in a very competitive global market. We estimate that Cnova's market share in France and Brazil will reach approximately 7% in France and 17% in 2015. Key competitors include Amazon and eBay in France and B2W and Mercardo Libre in Brazil, and also include the following:

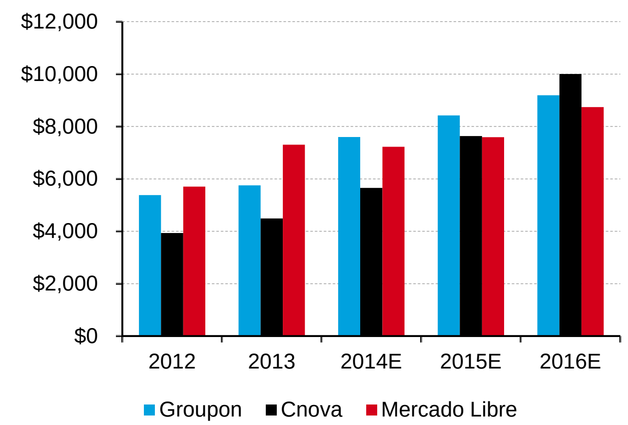
- **Global Internet competitors** include Rakuten and, Alibaba
- **Local competitors in France** include FNAC, LDLC.com, Rue du Commerce, Mister Gooddeal. Darty, Boulanger, La Redoute, and Conforama
- **Local competitors in Brazil** include Walmart, Magazine Luiza, Fastshop, RN Comercio Varejista and Ricardo Eletro

Chart 17: GMV of leading public eCommerce companies ($mn)



Source: BofA Merrill Lynch Global Research estimates, Amazon, eBay, Alibaba, Groupon, Cnova, Mercado Libre

Chart 18: Groupon, Cnova and Mercado Libre GMV



Source: BofA Merrill Lynch Global Research estimates, Groupon, Cnova, Mercado Libre

See eCommerce update: Layering in Alibaba to global outlook for an overview of the Brazil eCommerce market.

Also, Mercado Libre reported strong 3Q results that highlight the intense competition and sales incentives in the Brazilian eCommerce market. In Brazil, Mercardo Libre's 3Q revenue growth accelerated to +49% in BRL, from +34% in 2Q, on the rollout of interest-free installment listings, and contribution margins expanded 286bp. See Raising to Buy; room to build on Brazil strides.

Dependence on parent companies

Cnova relies on its parent companies to procure products from vendors at favorable prices, to fulfill orders through click and collect at physical stores and to expand into new geographies where Casino Group and its affiliates have a physical retail presence.

Cnova relies on its parent companies to procure products from vendors at favorable prices, to fulfill orders through click and collect at physical stores (purchase online and pick-up in store) and to expand into new areas where Casino Group and its affiliates have a physical retail presence. In addition, Extra, Casasbahia and Ponto Frio have strong brands in Brazil that will continue to be used by Cnova's parent companies (CBD and Via Varejo). Finally, there are several financial and related party agreements between Cnova and its parent that could change over time, we detail some of the most important related party agreements below:

- **Pick-up point agreements** – Cdiscount entered into a pick-up point agreement with Distribution Casino France (DCF). Pursuant to the agreement, Cdiscount pays DCF €9 per package for packages above 30kg and €0.45 for packages below 30kg that are picked-up at a Click and Collect location. Cdiscount also entered into a pick-up point agreement with Franprix Leader Prie Holdings (FP-LP), a Casino affiliate. Pursuant to the agreement, Cdiscount pays FP-LP €9 per package for packages above 30kg and €0.45 for packages below 30kg that are picked-up at a Click and Collect location. The agreement terminates in 2024 but automatically renews unless terminated by either party with 2 years notice.

- **Nova Pontocom accommodation agreements** – Companhia Brasileira de Distribuicao (CBD or GPA) has several agreements with Nova Pontocom, which allows Nova Pontocom's customer to pick up their products at CBD and Via Varejo stores. Currently, nova Pontocom does not pay a fee for this arrangement.

- **Cdiscount Easydis agreement** – Cdiscount entered into a logistics service agreement with Easydis, an affiliate of Casino, to operate a fulfillment center in France. The agreement terminates in 2020 but automatically renews unless terminated by either party with two years' notice.

- **Cdiscount CCV agreement** – Cdiscount entered into a logistics agreement with CCV, a Casino affiliate, to provide delivery services in France and Click and Collect at CCV stores. Pursuant to the agreement, Cdiscount pays CCV €8 per package for packages heavy packages picked up at a Click and Collect location. The agreement terminates in 2023 but automatically renews unless terminated by either party with two years' notice.

- **Management and strategic advisory agreement –** Cnova entered into a strategic advisory agreement with Casino Group for support services including general management, financial and treasury planning, human resources, legal and tax. In 2014, Cnova will pay Casino approximately €5.1mn for strategic advisory services. The fees will be revised annually on a cost plus basis.

- **Cdiscount commercial partnership agreement –** Cdiscount entered into an agreement with EMC Distribution (EMC), the central purchasing entity for Casino Group, to implement buying synergies with vendors. The agreement terminates in 2023 but automatically renews unless terminated with 18-month notice. Cdiscount does not pay a fee to EMC under the agreement.

- **DCF commercial partnership agreement** – Cdiscount and DCF entered an agreement whereby Cdiscount sells Casino Group's private label products. The agreement terminates in 2023 but automatically renews unless terminated by either party with two years' notice.
- **Cdiscount Banque Casino cooperation agreement** – Cdiscount entered into an agreement with Banque Casino, a financial institution that is 50% owned by Casino Group. According to the agreement, Banque Casino manages the payment installment option offered by Cdiscount on its sites in France.
- **Cdiscount Finlandek trademark license agreement –** Casino Group has granted Cdiscount a license to use its Finlandek trademark to manufacture and sell private label products in France. The license is free through March 1, 2016, when both parties must negotiate in good faith the amount of royalties to be paid by Cdiscount to Casino Group.
- **EMC distribution supply agreement –** Cdiscount entered an agreement with EMC whereby EMC sells to Cdiscount imported Casino Group private label products.

Controlled company

Post IPO, Cnova would be a controlled company with the Casino Group and Cnova's Chairman Jean-Charles Naouri effectively owning 94% of Cnova's shares outstanding and 97% of voting power.

Post-IPO, Cnova would be a controlled company with the Casino Group and Cnova's Chairman Jean-Charles Naouri effectively owning ~94% of Cnova's shares outstanding and ~97% of voting power. Mr. Naouri can exercise significant influence over strategic decisions concerning Cnova. Lack of float or external shareholder voting control could impact the multiple on the stock.

International & FX risk

Each country in which Cnova operates has its own execution, political, economic, payment, regulatory, operational and legal risks that can negatively impact Cnova's financial performance.

Cnova is a global company with operations in France, Brazil, Columbia, Thailand, Vietnam, Ivory Coast, Cameroon, Ecuador, Belgium and Senegal. In 2013, Brazil and France each contributed approximately 51% and 49% of revenue. Each country in which Cnova operates has its own execution, political, economic, payment, regulatory, operational and legal risks that can negatively impact Cnova's financial performance.

Cnova reports its financial results in euros, so depreciation in currencies such as the Brazilian real may be negative for Cnova's financial results.

Cnova reports its financial results in Euros, so depreciation in currencies such as the Brazilian real may be negative for Cnova's financial results. For the nine months ended September 30, 2014, the real depreciated 3.6% against the U.S. dollar and 5.7% against the Euro. As Cnova expands its International operations, we except FX risk to increase.

E-mail dependence

E-mail drove approximately 8% of traffic to Cnova sites for the nine months ending September 31, 2014

E-mail drove approximately 8% of traffic to Cnova sites for the nine months ending September 31, 2014, and third parties may introduce product changes to their e-mail applications that reduce e-mail open rates. For example, Google introduced a new feature in Gmail in 2013 that organizes e-mail into categories (primary, social, promotion, etc.). While the Gmail change did not have a material effect on Cnova, the modest reliance on e-mail for traffic is a risk.

Brazil sales depend on installment plans, which carry a cost

Customers in Brazil have the option to pay for their purchases with an installment plan, and installment plans account for approximately 60% of Brazil revenue. Historically, Cnova sells at a discount its installment plan receivables to financial institutions, which creates a below the line financial expense on Cnova's income statement.

Customers in Brazil have the option to pay for their purchases with an installment plan, and installment plans account for approximately 60% of Brazil revenue. Historically, Cnova sells its installment plan receivables to financial institutions at a discount, which creates a below the line financial expense on Cnova's income statement. While financial expense as a percent of revenue is expected to decline over time due to the trend of offering fewer installment payments per transaction, offering installment plans is an industry standard in Brazil, and we expect financial expense to continue to be a drag on profitability vs. global eCommerce peers. If we deduct financial expense from our operating income, reported EBITDA would be lower. Installment plans account for approximately 40% of France revenue, but there is no financial cost associated with the installment plan in France. Installment plans in France are offered through Banque Casino. When a consumer selects the installment plan, Banque Casino pays Cnova the full purchase price and assumes the credit risk for installment payments.

Complexity due to multiple sites, brands and models

Cnova operates multiple brands including Cdiscount.com, Extra.com.br, Pontofrio.com.br, Casasbahia.com.br, and Cdiscount sites in Columbia, Thailand, Ecuador, Ivory Coast, Cameroon Vietnam and Senegal. Cnova also operates multiple specialty sites in France including Moncornerdec.com, comptoiresante.com, monshowroom.com, moncornerbabay.com and moncornerdeco.com. In addition, Cdiscount launched a marketplace model in France in 2011 and Extra launched a marketplace model in Brazil in 2012. Given the multi-brand portfolio of sites and the model shift to marketplace, execution is more challenging than a single brand eCommerce site. In addition, lack of brand specific disclosures may make it difficult to assess the underlying health of the business as newer sites, brands and geographies scale.

Low profitability = execution risk and stock volatility

Our model assumes that gross margins expand from 14.4% in 2014 to 16.1% and 17.1% in 2015 and 2016 driven by increased marketplace mix and expansion into higher margin categories such as home goods.

Cnova's historical concentration in the consumer electronics and home appliance categories coupled with its focus on price leadership has resulted in relatively low gross margins vs peers. Our model assumes that gross margins expand from 14.4% in 2014 to 15.8% and 16.8% in 2015 and 2016, driven by increased 3rd party marketplace percentage and expansion into higher margin categories such as home goods. Failure to drive a higher 3P marketplace mix may result in lower than expected net income.

Also, we expect limited GAAP Net income of €2.5mn and €48.5mn in 2015 and 2016 and the company is still scaling up operations. Nominal profitability in 2015 may limit Cnova's financial and strategic flexibility. Also, Cnova may be subject to increased volatility as shares may lack valuation support, especially in times of heightened market volatility.

Market opportunity

Large addressable eCommerce market opportunity

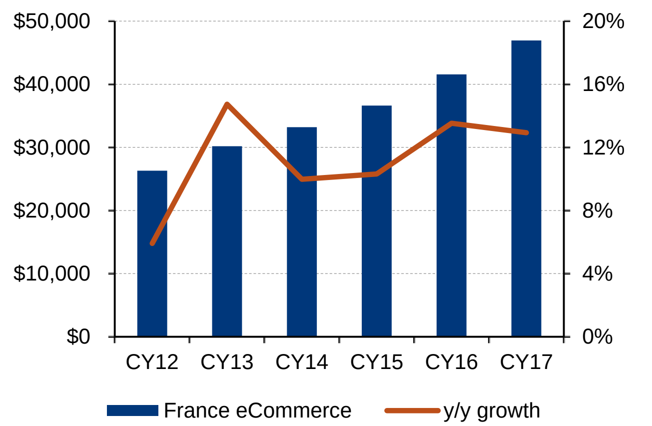
Cnova targets a large eCommerce opportunity. According to Euromonitor, the French and Brazilian eCommerce markets will reach $41.5bn and $15.0bn in 2016. Importantly, eCommece remains early in its penetration lifecycle in France (7% penetrated) and Brazil (3% penetrated) and have should have many years of attractive growth after 2016. In addition, Columbia, Thailand, Vietnam and other emerging countries represent an additional $5-10bn eCommerce market opportunity in 2016. Cnova also has the opportunity to target the broader European eCommerce market by servicing European countries with infrastructure in France. We estimate Cnova's core market opportunity at ~$60bn in 2016 and, if we include the full $270bn European eCommerce market, Cnova's eCommerce opportunity exceeds $330bn.

Table 5: Cnova eCommerce Opportunity (in mn)

	2016
Brazil	$15,049
France	$41,568
Europe ex-France	$269,825
Other	$7,500
Total Opportunity	$333,943

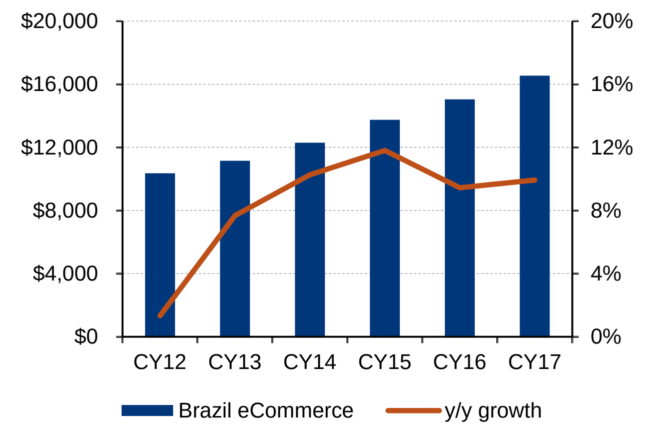
Source: BofA Merrill Lynch Global Research, Euromonitor

Chart 19: France eCommerce Market (in mn)



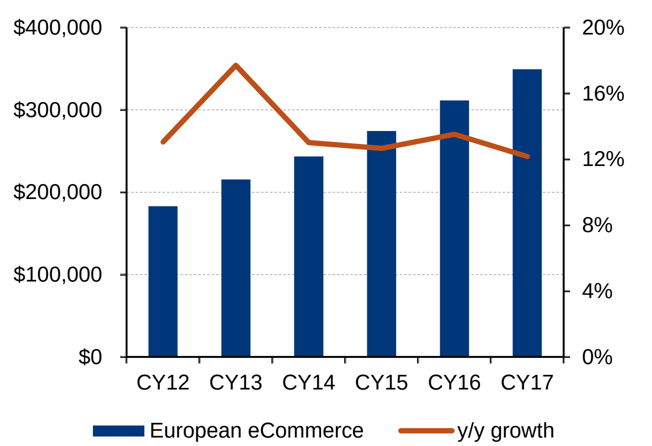
Source: BofA Merrill Lynch Global Research estimates, Cnova, Euromonitor

Chart 20: Brazil eCommerce Market (in mn)



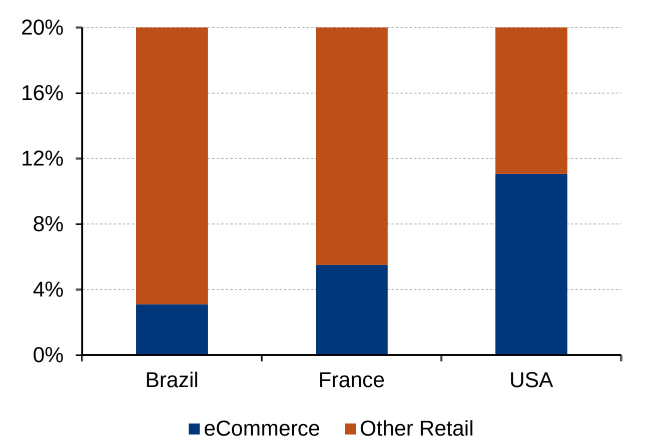
Source: BofA Merrill Lynch Global Research estimates, Cnova, Euromonitor

Chart 21: European eCommerce Market (in mn)



Source: BofA Merrill Lynch Global Research estimates, Cnova, Euromonitor

Chart 22: U.S., France and Brazil eCommerce Penetration



Source: BofA Merrill Lynch Global Research estimates, Cnova

Valuation and comp table

We are initiating coverage of Cnova with a Buy rating and $11 price objective, which is based on 0.9x 2015E EV/Sales, a discount to a global eCommerce comp group (excluding BABA and MELI) at 1.6x EV/Sales. Our valuation is supported by our DCF analysis that uses a ~9% long-term EBITDA margin. Since Cnova is early in driving margin expansion in the model, we think a DCF analysis that incorporates long-term earnings potential is a useful valuation tool for the stock.

Lack of significant near-term earnings, a complicated ownership structure with super voting control, and a complex mix of businesses across geographies may result in an ongoing price-to-sales discount vs peers. We think the discount could narrow as Cnova executes against its business plan that implies accelerating growth and margin expansion, and the stock become more investable as more shares are offered to the public.

Table 6: Initiating coverage with a $11 PO

Price Objective	$11
Diluted Shares (1Q15)	442.4
Equity Value in $$$	$4,866
Equity Value in Euros	€ 3,989
minus net cash 1Q15	€ 160
Enterprise Value in Euros	€ 3,829
Enterprise Value in $$$	$4,671
Euro conversion @ $1.22	$1.22
2015 Revenue	€ 4,376
2015 EV/Revenue	0.9x

Source: BofA Merrill Lynch Global Research estimates

Table 7: Global eCommerce Comparable Valuation

			Sales		Gross Profit		EBITDA		Enterprise Value		
Company	Ticker	Price 29-Dec	Growth 2014E	Growth 2015E	Growth 2015	Margin 2015	Margin 2014E	Margin 2015E	Sales 2015E	Gross Profit 2015E	EBITDA 2015E
International eCommerce											
Alibaba	BABA	$105.98	47%	38%	41%	71%	48%	49%	15.0x	21.2x	30x
MercadoLibre	MELI	$129.45	14%	20%	18%	71%	34%	35%	8.6x	12.1x	25x
Amazon	AMZN	$312.04	19%	18%	24%	30%	7%	8%	1.3x	4.3x	17x
eBay	EBAY	$57.03	12%	12%	12%	69%	32%	32%	3.3x	4.8x	10x
Wayfair	W	$19.44	39%	28%	30%	24%	-6%	-3%	0.9x	3.9x	NA
JD	JD	$24.08	61%	50%	63%	12%	-2%	0%	1.2x	9.3x	NA
VIP Shops	VIPS	$19.28	123%	66%	69%	25%	4%	6%	1.7x	6.6x	NA
B2W	BTOW3 BZ	Br23.30	33%	27%	30%	26%	7%	8%	0.7x	2.6x	8x
Groupon	GRPN	$8.25	26%	14%	13%	49%	8%	9%	1.2x	2.4x	13x
Asos	ASC LN	£25.98	30%	18%	15%	49%	6%	6%	1.8x	3.6x	30x
Ocado	OCDO LN	£3.95	22%	17%	23%	35%	8%	8%	2.2x	6.2x	27x
AO World	AO/ LN	£2.86	NA	32%	22%	18%	3%	4%	2.0x	11.5x	NA
Int'l eCommerce Avg.			**39%**	**28%**	**30%**	**40%**	**12%**	**13%**	**3.3x**	**7.4x**	**20.0x**
Int'l eCommerce Avg. excl. BABA and MELI			**41%**	**28%**	**30%**	**34%**	**6.7%**	**7.6%**	**1.6x**	**5.5x**	**17.5x**
Cnova (current price)		**$7.28**	**19%**	**26%**	**41%**	**16%**	**0%**	**2%**	**0.6x**	**3.5x**	**33x**
Cnova (price objective)		**$11.00**	**19%**	**26%**	**41%**	**16%**	**0%**	**2%**	**0.9x**	**5.4x**	**51x**

Source: BofA Merrill Lynch Global Research, Bloomberg

Our discounted cash flow analysis supports our $11 price objective. Our valuation is based on €15.7bn in long-term sales and an 9% EBITDA margin, and uses a 11% weighted cost of capital and a 3% terminal growth rate. Our weighted average cost of capital is based on a beta of 1.5, comparable to what we use for other eCommerce companies.

Exhibit 6: Cnova DCF Analysis (in mn Euros except where noted)

	2012	2013A	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Orders	18.8	23.30199	31.7	44.6	60.9	80.4	101.3	123.6	148.3	175.0	199.5	223.5	245.8	265.5
Y/Y Growth	20%	24%	36%	41%	37%	32.0%	26.0%	22.0%	20.0%	18.0%	14.0%	12.0%	10.0%	8.0%
Average Order Value (AOV)	148.9	136.2	133.9	127.2	123.1	116.9	111.1	107.7	104.5	101.4	98.3	96.4	95.4	94.4
Y/Y Growth	-7%	-9%	-2%	-5%	-3%	-5.0%	-5.0%	-3.0%	-3.0%	-3.0%	-3.0%	-2.0%	-1.0%	-1.0%
Total Order Value (including taxes)	**2,799.7**	**3,212.1**	**4,213.7**	**5,638.1**	**7,453.8**	**9,399.6**	**11,251.3**	**13,314.8**	**15,498.4**	**17,739.5**	**19,616.4**	**21,530.9**	**23,447.2**	**25,069.7**
Y/Y Growth	12%	15%	31%	34%	32%	26%	20%	18%	16%	14%	11%	10%	9%	7%
Marketplace Volume as % Total Orders Value	4%	7%	12%	19%	26%	28.0%	29.0%	30.0%	31.0%	32.0%	33.0%	34.0%	35.0%	36.0%
Total Marketplace Business Volume (including taxes)	99.1	235.8	518.0	1,120.2	1,914.5	2,631.9	3,262.9	3,994.4	4,804.5	5,676.6	6,473.4	7,320.5	8,206.5	9,025.1
Y/Y Growth	996%	138%	120%	116%	71%	37%	24%	22%	20%	18%	14%	13%	12%	10%
% of Total Placed GMV	3%	7%	11%	18%	24%	26%	27%	29%	30%	31%	32%	33%	34%	35%
Total Order Value (including taxes)	2,799.7	3,212.1	4,213.7	5,638.1	7,453.8	9,399.6	11,251.3	13,314.8	15,498.4	17,739.5	19,616.4	21,530.9	23,447.2	25,069.7
Y/Y Growth	12%	15%	31%	34%	32%	26%	20%	18%	16%	14%	11%	10%	9%	7%
Other Revenue (including taxes)	325.0	353.6	364.9	419.7	484.9	552.8	619.2	687.3	756.0	824.0	889.9	952.2	1,009.4	1,059.8
Y/Y Growth		9%	3%	15%	16%	14.0%	12.0%	11.0%	10.0%	9.0%	8.0%	7.0%	6.0%	5.0%
Total GMV + Other Revenue	**3,124.7**	**3,565.7**	**4,578.6**	**6,057.8**	**7,938.7**	**9,952.4**	**11,870.5**	**14,002.1**	**16,254.4**	**18,563.5**	**20,506.3**	**22,483.2**	**24,456.5**	**26,129.6**
Y/Y Growth		14%	28%	32%	31%	25%	19%	18%	16%	14%	10%	10%	9%	7%
Total Direct Sales (excluding taxes)	2,357.6	2,566.7	3,094.9	3,902.6	4,784.9	5,844.3	6,898.5	8,048.7	9,234.8	10,417.0	11,349.7	12,271.5	13,161.2	13,855.5
Y/Y Growth	7%	9%	21%	26%	23%	22%	18%	17%	15%	13%	9%	8%	7%	5%
Sales Tax on Direct Sales						15.8%	15.8%	15.8%	15.8%	15.8%	15.8%	15.8%	15.8%	15.8%
Marketplace Commission (excluding taxes)	9.3	21.8	48.9	107.1	197.2	265.8	329.6	403.5	485.3	573.4	653.9	739.4	828.9	911.6
Y/Y Growth	830%	135%	124%	119%	84%	35%	24%	22%	20%	18%	14%	13%	12%	10%
Marketplace Commission Rate	11%	11%	11%	11%	12%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Sales Tax on Marketplace Commission						18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
Other revenue (excluding taxes)	282.5	310.4	318.8	366.8	423.7	465.3	521.2	578.5	636.4	693.6	749.1	801.6	849.6	892.1
Y/Y Growth	1%	10%	3%	15%	16%	10%	12%	11%	10%	9%	8%	7%	6%	5%
Sales Tax on Other Revenue						18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
Total Net Sales (excluding sales tax)	**2,649.4**	**2,898.9**	**3,462.7**	**4,376.5**	**5,405.8**	**6,575.5**	**7,749.2**	**9,030.7**	**10,356.5**	**11,684.0**	**12,752.7**	**13,812.5**	**14,839.8**	**15,659.2**
Y/Y Growth	7%	9%	19%	26%	24%	22%	18%	17%	15%	13%	9%	8%	7%	6%
Revenue	**2,649.4**	**2,898.9**	**3,462.7**	**4,376.5**	**5,405.8**	**6,575.5**	**7,749.2**	**9,030.7**	**10,356.5**	**11,684.0**	**12,752.7**	**13,812.5**	**14,839.8**	**15,659.2**
Y/Y Growth	7%	9%	19%	26%	24%	22%	18%	17%	15%	13%	9%	8%	7%	6%
GAAP Operating Income	**31.5**	**17.0**	**32.0**	**108.5**	**198.5**	**302.5**	**434.0**	**568.9**	**704.2**	**852.9**	**994.7**	**1,146.4**	**1,305.9**	**1,456.3**
Y/Y Growth	NM	NM	88%	239%	83%	52%	43%	31%	24%	21%	17%	15%	14%	12%
Margin	1.2%	0.6%	0.9%	2.5%	3.7%	4.6%	5.6%	6.3%	6.8%	7.3%	7.8%	8.3%	8.8%	9.3%
% Tax rate	0.0%	0.0%	21.0%	81.2%	38.9%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
GAAP Operating Income (after tax)	**31.5**	**17.0**	**25.3**	**20.4**	**121.2**	**211.7**	**303.8**	**398.3**	**493.0**	**597.1**	**696.3**	**802.5**	**914.1**	**1,019.4**
Add: SBC	0.7	0.2	1.4	4.0	4.0	10.0	14.0	18.0	24.0	30.0	36.0	42.0	48.0	54.0
Add: D&A	20.7	26.8	31.1	41.8	50.0	78.9	108.5	144.5	165.7	198.6	229.5	248.6	267.1	281.9
Less: Cap ex	(38.3)	(54.1)	(73.8)	(86.6)	(108.0)	(118.4)	(139.5)	(162.6)	(186.4)	(210.3)	(229.5)	(248.6)	(267.1)	(281.9)
Less: Financial Expense	(48.4)	(45.3)	(73.5)	(91.9)	(127.0)	(154.5)	(182.1)	(212.2)	(243.4)	(274.6)	(299.7)	(324.6)	(348.7)	(368.0)
Add/Minus: Δ WC		127.9	187.0	98.5	78.6	95.6	112.7	131.3	150.6	169.9	149.9	129.9	109.9	89.9
Free cash flow		**72.5**	**97.5**	**(13.8)**	**18.8**	**123.4**	**217.4**	**317.3**	**403.5**	**510.7**	**582.5**	**649.8**	**723.3**	**795.3**
Y/Y Growth														
PV of Cash Flow		**72.5**	**97.5**	**(12.5)**	**15.3**	**91.3**	**145.5**	**192.2**	**221.1**	**253.1**	**261.2**	**263.6**	**265.4**	**264.0**

WACC Assumptions		**Other Key Assumptions**		**Market Valuation (in $ below)**	
Equity %	86%	Market Risk Premium	6.3%	Present Value of Cash Flows (CY15-CY25)	$1,606.8
Debt %	14%	Risk Free Rate (10YR T-	2.2%	Present Value of Terminal Value	$2,867.4
Cost of Equity	**12%**	Beta	1.5	Add: Cash, Less Debt (4Q14)	$436.9
Cost of Debt	5.50%	Terminal Growth Rate	3%	Total Market Value	$4,911.09
Cost of Debt (After-Tax)	**4%**	L.T.Tax Rate	30%	Shares Outstanding (1Q15)	442.4
WACC	**11%**			**Market Price per Share**	**$11**
				Euro Conversion rate @ $1.22	0.820

Source: Source: BofA Merrill Lynch Global Research estimates

Cnova upside case

We see a 12-month upside case at $16 per share, assuming that Cnova meets Street revenue expectations and the multiple expands to 1.2x EV/Sales, closer to comps at 1.6x.

Table 8: Upside case at $16 per share

	2012	2013	2014	2015
Revenue	€ 2,650	€ 2,899	€ 3,462	€ 4,376
Y/Y		9%	19%	26%
EV/Sales Multiple				1.2x
Enterprise Value				€ 5,252
+ Net Cash (4Q14)				€ 533
Market Cap in Euros				€ 5,785
euro conversion at $1.24				0.81
Market Cap in $$$				$7,230.9
Shares outstanding 1Q15				442.40
Stock Price				$16.21

Source: BofA Merrill Lynch Global Research estimates

Cnova downside case

We see a 12-month downside case at $6 per share assuming moderately lower revenue and some multiple compression. For our downside case, we estimate €4.0bn in 2015 revenues (vs. current estimate €4.4bn) and use a lower 0.4x 2015 EV/Sales, which yields a downside case of $6. We think a significantly depressed market cap. over a long period of time could result in Cnova's parent company considering strategic options for Cnova.

Table 9: Downside case at $6 per share

		2013	2014	2015
Revenue	€ 2,650	€ 2,899	€ 3,462	€ 4,016
Y/Y		9%	19%	*16.0%*
EV/Sales Multiple				0.4x
Enterprise Value				€ 1,606
+ Net Cash (4Q14)				€ 533
Market Cap in Euros				€ 2,139
euro conversion at $1.24				0.81
Market Cap in $$$				$2,674.1
Shares outstanding 1Q15				442.40
Stock Price				$6.40

Source: BofA Merrill Lynch Global Research estimates

Key metrics and revenue build

Table 11 highlights Cnova's key operating metrics which are customers, orders, AOV, total GMV and marketplace GMV.

Table 10: Cnova Operating Key Metrics

Key Metrics	2011	2012	2013	2014E	2015E	2016E
Active Customers	7.5	8.9	11.0	13.9	16.9	20.3
Y/Y Growth		19%	24%	26%	22%	20%
Orders	15.6	18.8	23.3	31.7	44.6	60.9
Y/Y Growth		20%	24%	36%	41%	37%
AOV	160	149	136	134	127	123
Y/Y Growth		-7%	-9%	-2%	-5%	-3%
Total Order Value	2,497	2,800	3,212	4,214	5,638	7,454
Y/Y Growth		12%	15%	31%	34%	32%
Other Revenue	331	325	354	365	420	485
Y/Y Growth		-2%	9%	3%	15%	16%
Total GMV	2,828.0	3,124.7	3,565.7	4,578.6	6,057.8	7,938.7
Y/Y Growth		10%	14%	28%	32%	31%
France GMV	1,335.1	1,624.1	1,897.7	2,305.1	2,939.3	3,570.1
Y/Y Growth	NA	22%	17%	21%	28%	21%
% of total GMV	47%	52%	53%	50%	49%	45%
Brazil GMV	1,492.9	1,501.0	1,665.6	2,162.8	2,975.7	4,006.0
Y/Y Growth	NA	1%	11%	30%	38%	35%
% of total GMV	53%	48%	47%	47%	49%	50%
International GMV	0.0	0.0	0.0	21.5	142.8	353.2
Y/Y Growth	NA	NA	NA	NA	563%	147%
% of total GMV	0%	0%	0%	0%	2%	4%
Marketplace Volume as % Total Orders Value	*0%*	*4%*	*7%*	*12%*	*19%*	*26%*
Y/Y change		3%	4%	5%	7%	6%
Total Marketplace Volume	9.0	99.1	235.8	518.0	1,120.2	1,914.5
Y/Y Growth		996%	138%	120%	116%	71%
France Marketplace Volume	9	99.1	226.2	443.2	817.5	1,199.1
Y/Y Growth		1001%	128%	96%	84%	47%
Brazil Marketplace Volume	0	0.0	9.9	72.0	283.0	632.0
Y/Y Growth		NA	NA	628%	293%	123%
International Marketplace Volume	0	0.0	0.0	2.8	19.6	87.9
Y/Y Growth		NA	NA	NA	610%	349%

Source: BofA Merrill Lynch Global Research estimates, Cnova

Notes:

GMV = AOV x Orders + Other Revenue

Marketplace volume = AOV x Orders x Marketplace Mix

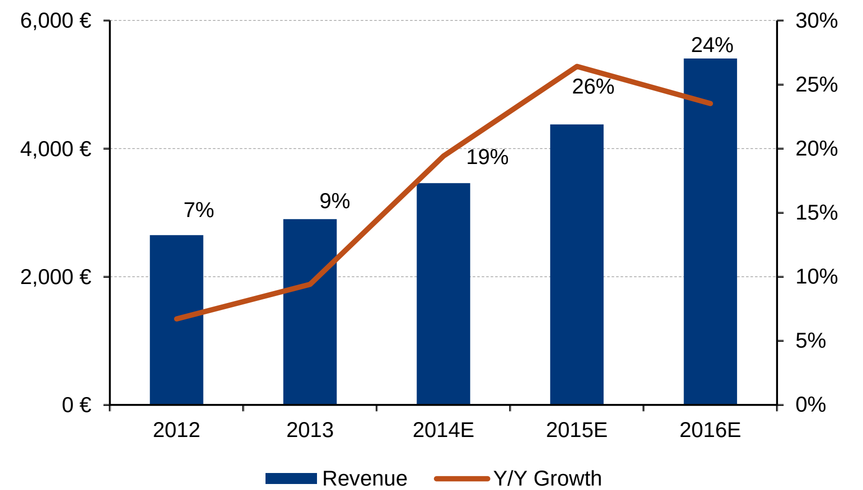
Financial model

Revenue

We estimate 2014, 2015 and 2016 net revenue of €3.46.23bn (+19% y/y), €4.38bn (+26% y/y) and €5.41bn (24% y/y).

Cnova generates revenue from the sales of products on its portfolio of sites globally and commissions from sales on Cnova's marketplaces by third party sellers. Revenue also includes revenue generated by shipping, extended warranties and advertising, and excludes returns. We estimate 2014, 2015 and 2016 net revenue of €3.46bn (+19% y/y), €4.38bn (+26% y/y) and €5.41bn (24% y/y).

Chart 23: Expect Cnova to reach €5.4bn in revenue in 2016 (€mn)



Source: BofA Merrill Lynch Global Research estimates, Cnova

Our revenue estimate is driven by:

- **France direct revenue** excluding taxes – We expect 2015 and 2016 direct retail revenue of €1.6bn (+14% y/y) and €1.9bn (+16% y/y) driven primarily by active customer growth, repeat purchase behavior and launch of vertical sites in France.
- **Brazil direct revenue** excluding taxes – We expect 2015 and 2016 direct retail revenue of €2.2bn (+32% y/y) and €2.7bn (+22% y/y) driven primarily by active customer growth and repeat purchase behavior in Brazil.
- **Other International direct revenue** excluding taxes – We expect 2015 and 2016 direct retail revenue of €109mn (+448% y/y) and €256mn (+135% y/y) driven primarily new country launches.
- **Marketplace commission revenue** excluding taxes – We expect 2015 and 2016 marketplace commissions of €107mn (+119% y/y) and €197mn (+84% y/y) driven by higher marketplace mix. Our marketplace commission estimate assumes €1.1bn and €1.9bn of marketplace volumes in 2015 and 2016 or 18% and 24% marketplace total gross merchandise volume (GMV) as a percent of total.
- **Other revenue** excluding taxes – We expect 2015 and 2016 other revenue of €367mn (+15% y/y) and €424mn (+16% y/y).

Table 11: Cnova Revenue Build

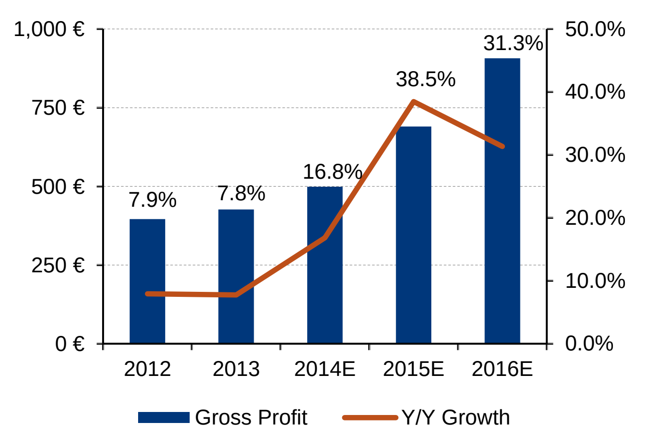
Revenue Build	2011	2012	2013	2014E	2015E	2016E
France Direct Sales (excluding taxes)	1,001.0	1,158.1	1,269.7	1,416.5	1,611.0	1,866.6
Y/Y Growth		NA	10%	12%	14%	16%
Brazil Direct Sales (excluding taxes)	1,200.3	1,199.9	1,297.0	1,658.5	2,182.6	2,668.2
Y/Y Growth		NA	8%	28%	32%	22%
Int'l Direct Sales (excluding taxes)	0.0	0.0	0.0	19.9	108.9	255.7
Y/Y Growth		NA	NA	NA	448%	135%
Total Direct Sales (excluding taxes)	2,201.8	2,357.6	2,566.7	3,094.9	3,902.6	4,784.9
Y/Y Growth		7%	9%	21%	26%	23%
Marketplace Commission (excluding taxes)	1.0	9.3	21.8	48.9	107.1	197.2
Y/Y Growth		830%	135%	124%	119%	84%
Commission rate	13%	11%	11%	11%	11%	12%
Other revenue (excluding taxes)	280.7	282.5	310.4	318.8	366.8	423.7
Y/Y Growth		1%	10%	3%	15%	16%
Total Net Sales (excluding sales tax)	2,484	2,649	2,899	3,463	4,376	5,406
Y/Y Growth	NA	7%	9%	19%	26%	24%

Source: BofA Merrill Lynch Global Research estimates, Cnova

Cost of sales, gross profit and gross margin

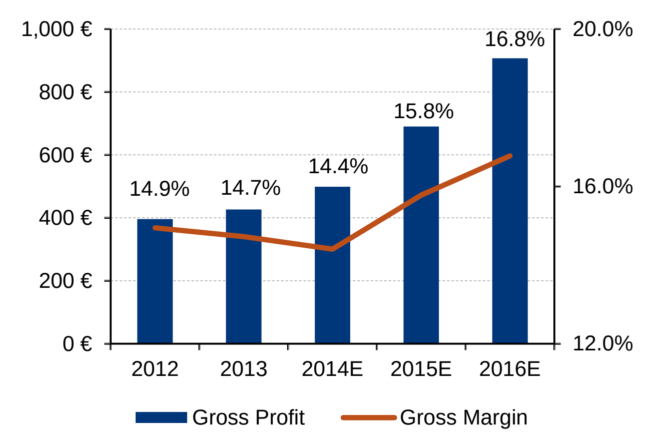
Cost of revenue consists of the purchase price of merchandise sold to customers and shipping costs. We estimate 2014, 2015 and 2016 cost of revenue of €2.96bn, €3.69bn and €4.50bn, and 2014, 2015 and 2016 gross margin of 14.4%, 15.8% and 16.8%. We expect gross margin expansion of 140bp in 2015 and 100bp in 2016 as Cnova increases its marketplace mix, expands into higher margin categories and launches new vertically focused direct sites that have higher gross margins vs. Cdiscount. Our model assumes 2015 and 2016 gross profit growth of 39% y/y and 31% y/y. Long term, we estimate gross margins could reach 20% vs. 14.4% in 2014.

Chart 24: Expect 39% gross profit growth in 2015 (in mn)



Source: BofA Merrill Lynch Global Research estimates, Cnova

Chart 25: Expect gross margins to expand in 2015-2016



Source: BofA Merrill Lynch Global Research estimates, Cnova

Fulfillment

Fulfillment as a percent of revenue to remain around 7%.

Fulfillment costs include fulfillment center staff, customer service, payment process and after sales costs including warrantees. We estimate 2014, 2015 and 2016 fulfillment costs of €245.8mn (+21% y/y), €318.7mn (+30% y/y) and €382.8mn (+20% y/y). Long term, we expect fulfillment as a percent of revenue to remain around 7%.

Sales & marketing

Marketing as a percent of revenue to fall to approximately 1.5% long term vs. 2.0% in 2014

Marketing costs consist of online and offline marketing costs and payroll expenses associated with managing and executing Cnova's marketing activities. We estimate 2014, 2015 and 2016 fulfillment costs of €69.6mn (-12% y/y), €89.8mn (+29% y/y) and €108.1mn (+21% y/y). Long term, we estimate marketing as a percent of revenue to fall to approximately 1.5% vs. 2.0% in 2014.

Tech & Content

Tech and content as a percent of revenue to fall to approximately 2.3% long term vs. 2.5% in 2014.

Tech and content costs include technology infrastructure expenses and payroll expenses associated with application, product, and platform development, category expansion, purchasing, systems support and digital initiatives. We estimate 2014, 2015 and 2016 tech and content costs of €85.2mn (+11% y/y), €111.4mn (+31% y/y) and €146.1mn (+31% y/y). Long term, we estimate tech and content as a percent of revenue to fall to approximately 2.3% vs. 2.5% in 2014.

General and administrative

General and administrative as a percent of revenue to fall to less than 1.0% long term vs. 1.5% in 2014.

General and administrative expenses consist of payroll and benefit costs related to general corporate functions such as accounting, finance, human resources, and legal. We estimate 2014, 2015 and 2016 general and administrative expenses of €52.7mn (+18% y/y), €62.2mn (+18% y/y) and €71.4mn (+15% y/y). Long term, we estimate general and administrative as a percent of revenue to fall to 1.0% vs. 1.5% in 2014.

Financial expense

Financial expenses include costs incurred relating to the sale of financing receivables in Brazil. The vast majority of sales in Brazil are paid via installment plans that carry a financial cost when Cnova sells the receivables at a discount. We estimate 2014, 2015 and 2016 financial expense of €73.5mn, €91.9mn and €127.0mn. Financial expense represents ~1.5% of revenue.

EBITDA and EBITDA margin

Cnova can reach 8-10% EBITDA margins long term.

We expect solid revenue growth in 2014-2016 and expanding gross margins due to higher marketplace mix in both France and Brazil to drive strong EBITDA growth. We estimate 2014, 2015 and 2016 EBITDA of €77.8mn (+55% y/y), €154.2mn (+98% y/y) and €252.5mn (+64% y/y). Longer term, we estimate that Cnova can reach 7-10% EBITDA margins.

The cost of installment plans in Brazil creates a below-the-line financial expense on Cnova's income statement. When we subtract financial expense from operating income, our 2014, 2015 and 2016 adjusted EBITDA estimates are €4.3mn, €62.3mn and €125.4mn.

Table 12: EBITDA vs. EBITDA including financial expense

	2012	2013	2014E	2015E	2016
Operating Income	37.5	23.3	45.3	108.5	198.5
Stock based compensation	0.7	0.2	1.4	4.0	4.0
Depreciation & Amortization	20.7	26.8	31.1	41.8	50.0
EBITDA	58.9	50.3	77.8	154.2	252.5
Y/Y Growth	NA	-15%	55%	98%	64%
EBITDA Margin	2.2%	1.7%	2.2%	3.5%	4.7%
Operating Income	37.5	23.3	45.3	108.5	198.5
Financial Expense	48.4	45.3	73.5	91.9	127.0
Stock based compensation	0.7	0.2	1.4	4.0	4.0
Depreciation & Amortization	20.7	26.8	31.1	41.8	50.0
EBITDA	10.5	5.0	4.3	62.3	125.4
Y/Y Growth	NA	-53%	-13%	1339%	101%
EBITDA Margin	0.4%	0.2%	0.1%	1.4%	2.3%

Source: BofA Merrill Lynch Global Research estimates, Cnova

Net Income and EPS

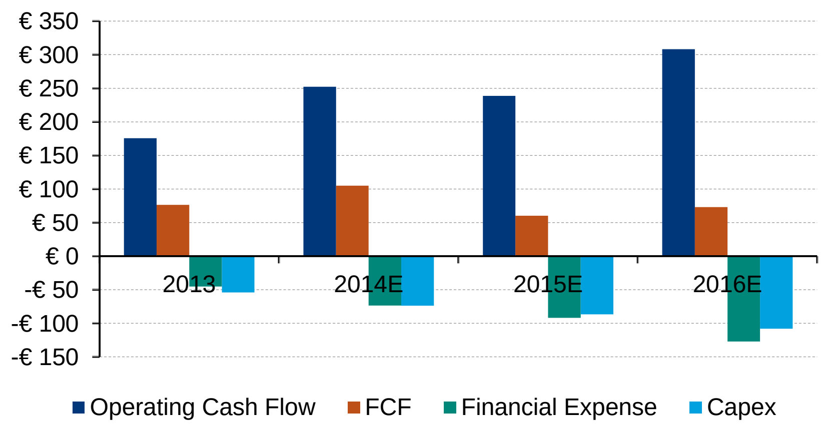
We estimate 2014, 2015 and 2016 GAAP net income of (€30.5mn), €2.5mn and €48.5mn, and 2014, 2015 and 2016 GAAP EPS of (€0.08), €0.01 and €0.11.

Free cash flow

We estimate 2014, 2015 and 2016 free cash flow of €105.0mn, €58.6mn, and €129.2mn.

We estimate 2014, 2015 and 2016 free cash flow of €105.0mn, €60.2mn, and €73.1mn. 2014 FCF benefitted from favorable working capital growth, which will not be replicated in 2015. Our free cash flow estimate assumes 2014, 2015 and 2016 financial expense of €73.5mn, €91.9mn, and €17.0md, cap ex of €74mn, €87mn and €108.

Chart 26: Operating cash flow, free cash flow, financial expense and cap ex



Source: BofA Merrill Lynch Global Research estimates, Cnova

Management

Management has significant Internet and operational experience. Emmanuel Grenier has served as CEO of Cdiscount since 2008, and German Quiroga was a co-founder of americanas.com, an early eCommerce pioneer in Brazil.

Jean-Charles Naouri, chairman Cnova

Jean Charles Naouri serves as chairman of the board of Cnova. He also serves as chairman and CEO of Casino Group and president of Euris, the ultimate parent company of Casino Group which he controls as chairman of the board of directors of Rallye and CBD. Naouri previously served as chief of staff for the Minister of Social Affairs and National Solidarity of France and of the Minister of Economy, Finance and Budget of France. He is a graduate of Ecole Normale Superieure and Ecole Nationale d'Administration (ENA) in France, and he attended Harvard University. He holds a PhD in mathematics.

German Quiroga, co-CEO Cnova

German Quiroga was appointed co-CEO in June 2014 and runs Cnova's Brazil operations including Extra.com.br, Pontofrio.com.br, and casasbahi.com.br. Quiroga founded Novo Pontocom, Pontofrio.com and Americanas.com (part of B2W today). He has a BS in electronic engineering from the Instituto Militar de Engenharia and an MBA from Universidade Federal de São Paulo.

Emmanuel Grenier, co-CEO Cnova

Emmanuel Grenier was appointed co-CEO in June 2014 and runs Cdiscount. Grenier has worked at Casino Group since 1996 in a number of roles in supply chain and IT and most recently was CEO of Cdiscount since 2008. He has a master's degree from ESC Chambery in France.

Vitor Faga, group CFO

Vitor Faga was appointed CFO in September 2014. Prior to joining Cnova, Faga served as CFO and investor relations officer at Via Varejo 2013 and CFO and investor relations office of GPA. He has a bachelor's degree in economics from Campinas State University

David Mosse, general counsel

David Mosse was appointed general counsel in 2014. Prior to joining Cnova, Mr. Mosse served as general counsel at Dicks Sporting Goods and chief compliance officer at Trian partners. He has a bachelor's degree in political science and biological anthropology and anatomy from Duke and a JD from NYU.

Fernando Tracanella, cfo Cnova Brazil

Ferbando Tracanella has served as CFO at Cnova predecessor in Brazil since 2010. Prior to joining Nova Pontocom in 2010, Mr. Tracanella held multiple roles at GPA since 1999 including roles in investor relations, strategic planning, and corporate development. He has a BA in business administration from Pontifícia Universidade Católica de São Paulo and an MBA from Fundação Getulio Vargas (FGV).

Nicolas Woussen, cfo Cnova France

Nicolas Woussen has served as deputy CEO of Cdiscount in charge of finance, legal, accounting and human resources since 2010. Prior to Cnova, Mr. Woussen served as director of corporate development at Casino Group and VP of mergers and acquisitions at Kleinwort Wasserstein. He is a graduate of Hautes Etudes Commerciales (HEC).

Exhibit 7: Cnova Income Statement

(in '€mn except per share data)	2011	2012	2013	1Q14A	2Q14A	3Q14A	4Q14E	2014E	1Q15E	2Q15E	3Q15E	4Q15E	2015E	2016E
Total Gross Merchanise Value (GMV)	**2,828.0**	**3,124.7**	**3,565.7**	**977.0**	**971.0**	**1,100.8**	**1,440.5**	**4,489.3**	**1,286.6**	**1,291.1**	**1,462.1**	**2,017.9**	**6,057.8**	**7,938.7**
Y/Y		*110%*	*14%*	*22%*	*26%*	*30%*	*26%*	*26%*	*32%*	*33%*	*33%*	*40%*	*35%*	*31%*
Q/Q				*-15%*	*-1%*	*13%*	*31%*		*-11%*	*0%*	*13%*	*38%*		
Total Revenue	**2,483.0**	**2,649.7**	**2,898.9**	**777.0**	**755.9**	**842.4**	**1,086.7**	**3,462.0**	**967.8**	**945.6**	**1,051.2**	**1,411.9**	**4,376.5**	**5,405.8**
Guidance														
Y/Y		*7%*	*9%*	*17%*	*20%*	*23%*	*18%*	*19%*	*25%*	*25%*	*25%*	*30%*	*26%*	*24%*
Q/Q				*-15%*	*-3%*	*11%*	*29%*		*-11%*	*-2%*	*11%*	*34%*		
Monetization rate (Revenue/GMV)	*88%*	*85%*	*81%*	79.5%	77.8%	76.5%	75.4%	*77%*	75.2%	73.2%	71.9%	70.0%	*72%*	*68%*
Cost of revenue	**2,116.1**	**2,253.7**	**2,472.1**	**681.2**	**649.2**	**727.7**	**905.3**	**2,963.3**	**838.1**	**799.0**	**884.0**	**1,164.8**	**3,686.0**	**4,499.0**
As a % of revenue	85.2%	85.1%	85.3%	87.7%	85.9%	86.4%	83.3%	85.6%	86.6%	84.5%	84.1%	82.5%	84.2%	83.2%
Gross Profit	**366.9**	**396.0**	**426.8**	**95.8**	**106.7**	**114.6**	**181.5**	**498.6**	**129.7**	**146.6**	**167.1**	**247.1**	**690.5**	**906.9**
Gross Margin	*14.8%*	*14.9%*	*14.7%*	*12.3%*	*14.1%*	*13.6%*	*16.7%*	*14.4%*	*13.4%*	*15.5%*	*15.9%*	*17.5%*	*15.8%*	*16.8%*
Fulfillment	155.5	187.2	202.9	53.6	50.2	64.0	78.0	245.8	71.9	71.6	77.8	97.4	318.7	382.8
As a % of revenue	6.3%	7.1%	7.0%	*6.9%*	*6.6%*	*7.6%*	7.2%	7.1%	7.4%	7.6%	7.4%	6.9%	7.3%	7.1%
Marketing	57.8	66.9	79.2	16.9	14.9	17.2	20.6	69.6	20.4	20.1	21.2	28.0	89.8	108.1
As a % of revenue	2%	2.5%	2.7%	*2.2%*	*2.0%*	*2.0%*	1.9%	2.0%	2.1%	2.1%	2.0%	2.0%	2.1%	2.0%
Technology & Content	50.3	65.5	76.8	18.5	20.5	21.6	24.6	85.2	26.6	27.1	28.3	29.4	111.4	146.1
As a % of revenue	2.0%	2.5%	2.6%	*2.4%*	*2.7%*	*2.7%*	2.3%	2.5%	2.8%	2.9%	2.7%	2.1%	2.5%	2.7%
General & Administrative	38.8	38.9	44.6	14.5	12.4	11.8	14.0	52.7	14.2	15.1	15.9	16.9	62.2	71.4
As a % of revenue	1.6%	1.5%	1.5%	*1.9%*	*1.6%*	*1.4%*	1.3%	1.5%	1.5%	1.6%	1.5%	1.2%	1.4%	1.3%
Other Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0
As a % of revenue	0.0%	0.0%	0.0%	*0.0%*	*0.0%*	*0.0%*	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating Expenses	**2,418.4**	**2,612.3**	**2,875.6**	**784.7**	**747.1**	**842.4**	**1,042.5**	**3,416.7**	**971.3**	**933.0**	**1,027.2**	**1,336.5**	**4,268.0**	**5,207.4**
As a % of revenue	97%	99%	99%	101%	99%	100%	96%	99%	100%	99%	98%	95%	98%	96%
Q/Q				*-73%*	*-5%*	*13%*	*24%*		*93%*	*-4%*	*10%*	*30%*		
Operating Income - GAAP (before restrucutring, ltitigation, etc)	**64.6**	**37.5**	**23.3**	**(7.7)**	**8.7**	**(0.0)**	**44.2**	**45.3**	**(3.5)**	**12.6**	**24.0**	**75.4**	**108.5**	**198.5**
Margin	***2.6%***	***1.4%***	***0.8%***	*-1.0%*	*1.2%*	*0.0%*	*4.1%*	*1.3%*	*-0.4%*	*1.3%*	*2.3%*	*5.3%*	*2.5%*	*3.7%*
Restructuring	2.4	2.9	-	-	-		-	-	-	-	-	-	-	-
Litigation	0.8	0.1	-	-	-		-	-	-	-	-	-	-	-
Gain/(loss) from disposal of non-current assets	(0.3)	0.7	-	-	-		-	-	-	-	-	-	-	-
Impairment of Assets and other	(0.8)	2.2	6.2	-	14	1	(2)	13	-	-	-	-	-	-
Operating Income - GAAP	**61.8**	**31.5**	**17.0**	**(7.7)**	**(5.4)**	**(0.8)**	**45.8**	**32.0**	**(3.5)**	**12.6**	**24.0**	**75.4**	**108.5**	**198.5**
Financial Income	2.5	4.6	(10.3)	(2.3)	(3.8)	10.5	1.5	5.9	(0.5)	(0.7)	(0.9)	(1.0)	(3.1)	8.0
Financial Expense	61.8	48.4	45.3	12.8	13.5	27.6	19.6	73.5	20.3	19.9	22.1	29.7	91.9	127.0
As a % of revenue		1.8%	1.6%	1.6%	1.8%	3.3%	1.8%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.4%
Earnings Before Tax	2.6	(12.3)	(38.6)	(22.8)	(22.7)	(17.9)	27.8	(35.6)	(24.3)	(8.0)	1.0	44.7	**13.5**	**79.4**
Income Tax Expense (Benefit)	4.8	2.4	(15.7)	(3.8)	(2.8)	(3.9)	3.1	(7.5)	(3.9)	0.4	1.0	13.4	10.9	30.9
Tax Rate	188%	-20%	41%			22%	11%	**21%**	16%	-5%	100%	30%	**81%**	**39%**
Share of profit to Associates	0.0	0.2	(0.4)	0.0	1.4	0.9	0.0	2.3						
GAAP Net Income (Loss)	**0.0**	**(14.9)**	**(22.5)**	**(19.0)**	**(21.3)**	**(15.0)**	**24.7**	**(30.5)**	**(20.4)**	**(8.4)**	**0.0**	**31.3**	**2.5**	**1.0**
Margin	**0.0%**	**-0.6%**	**-0.8%**	-2.4%	-2.8%	-1.8%	2.3%	**-0.9%**	-2.1%	-0.9%	0.0%	2.2%	**0.1%**	**0.0%**
Guidance														
GAAP EPS			**€ -0.05**	**€ -0.05**	**€ -0.05**	**€ -0.04**	**€ 0.06**	**€ -0.08**	**€ -0.05**	**€ -0.02**	**€ 0.00**	**€ 0.07**	**€ 0.01**	**€ 0.11**
Growth y/y								*51%*					*-107%*	*1991%*
GAAP Basic Shares			413	413.4	413.4	413.4	427.0	417	442.4	443.7	445.1	446.4	444	450
GAAP Diluted Shares														
EBITDA														
Operating Income	**64.6**	**37.5**	23.3	(7.7)	8.7	(0.0)	44.2	45.3	(3.5)	12.6	24.0	75.4	108.5	198.5
Stock based compensation	1.1	0.7	0.2	0.0	(0.1)	0.0	1.5	1	1.0	1.0	1.0	1.0	4	4
% of revenue							0%		0%	0%	0%	0%		
Depreciation & Amortization	16.3	20.7	26.8	5.8	7.6	8.5	9.1	31.1	9.8	10.1	10.6	11.2	41.8	50.0
EBITDA	**82.0**	**58.9**	**50.3**	**(1.8)**	**16.3**	**8.5**	**54.8**	**77.8**	**7.4**	**23.7**	**35.6**	**87.6**	**154.2**	**252.5**
Guidance														
EBITDA Margin		*2.2%*	*1.7%*	*-0.2%*	*2.2%*	*1.0%*	*5.0%*	*2.2%*	*0.8%*	*2.5%*	*3.4%*	*6.2%*	*3.5%*	*4.7%*
Growth y/y								*54.8%*					*98.3%*	*63.7%*
Adj. EBITDA (deducting finance expense)	**20.2**	**10.5**	**5.0**	**(14.6)**	**2.8**	**(19.1)**	**35.3**	**4.3**	**(13.0)**	**3.9**	**13.5**	**57.9**	**62.3**	**125.4**
Adj. EBITDA Margin		*0.4%*	*0.2%*	*-1.9%*	*0.4%*	*-2.3%*	*3.2%*	*0.1%*	*-1.3%*	*0.4%*	*1.3%*	*4.1%*	*1.4%*	*2.3%*
Growth y/y		*-48%*	*-53%*					*-13%*					*1339%*	*101%*
Growth Y/Y														
Revenue	**NA**	**6.7%**	**9.4%**	17.0%	19.6%	22.9%	18.4%	**19.4%**	24.6%	25.1%	24.8%	29.9%	**26.4%**	**23.5%**
Cost of Revenue	**NA**	**6.5%**	**9.7%**	19.7%	20.0%	24.3%	16.5%	**19.9%**	23.0%	23.1%	21.5%	28.7%	**24.4%**	**22.1%**
Gross Profit	**NA**	**7.9%**	**7.8%**	1.2%	17.0%	14.6%	28.8%	**16.8%**	35.3%	37.4%	45.8%	36.1%	**38.5%**	**31.3%**
Fulfillment	NA	**20.4%**	**8.4%**	14.5%	-0.6%	48.1%	25.0%	**21.2%**	34.2%	42.6%	21.6%	24.9%	**29.6%**	**20.1%**
Marketing	NA	15.9%	18.3%	-15.1%	-26.7%	-8.1%	1.7%	-12.1%	20.8%	35.4%	23.6%	35.4%	28.9%	20.5%
Tech & Content	NA	30.2%	17.3%	4.5%	12.6%	15.6%	10.6%	10.9%	43.9%	32.4%	30.8%	19.6%	30.8%	31.1%
G&A	NA	0.3%	14.5%	16.0%	26.5%	-5.3%	42.9%	18.3%	-1.9%	22.0%	34.1%	21.0%	17.9%	14.8%
Total Operating Expenses	**NA**	**8.0%**	**10.1%**	17.8%	16.8%	24.2%	16.9%	**18.8%**	23.8%	24.9%	21.9%	28.2%	**24.9%**	**22.0%**
GAAP Operating Income		**-49.0%**	**-46.0%**					**87.9%**					**238.9%**	**83.0%**
EBITDA	**NA**	**-28.2%**	**-14.6%**					**54.8%**	-501.5%	45.5%	318.9%	59.7%	**98.3%**	**63.7%**
GAAP EPS														
Non-GAAP EPS														

Source: BofA Merrill Lynch Global Research estimates, Cnova

Price objective basis & risk

Cnova (CNV)

Our $11 PO is based on 0.9x 2015 EV/Sales, a significant discount to a global eCommerce comp group (excluding BABA and MELI) at 1.6x EV/Sales. We think the discount can narrow as Cnova executes against its model that implies margin expansion and accelerating revenue growth. Our $11 PO is supported by our DCF analysis (which factors in long-term earnings potential). Our DCF assumes approx. €15.7bn in 2025 revenue, 3% terminal growth and a 11% WACC.

The greatest risk to our PO is that the model assumes accelerating revenue growth in 2015 with marketplace driven margin expansion. Other risks are: 1) highly competitive global eCommerce market, 2) dependence on parent company and its affiliates, 3) numerous related party transactions, 4) model assumes increasing marketplace mix, 5) FX risk, 6) execution risk in multiple countries, 7) Brazil revenue driven by installment plans, 8) complexity due to multiple brands across geographies, 9) limited near term profitability given scale, and 10) Cnova will be controlled by Casino Group post-IPO with limited public float.

Analyst Certification

I, Justin Post, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Internet Coverage Cluster

Investment rating	Company	BofA Merrill Lynch ticker	Bloomberg symbol	Analyst
BUY				
	Activision	ATVI	ATVI US	Justin Post
	Amazon.com	AMZN	AMZN US	Justin Post
	Blue Nile	NILE	NILE US	Paul Bieber
	Chegg	CHGG	CHGG US	Nat Schindler
	Cnova	CNV	CNV US	Justin Post
	Coupons.com	COUP	COUP US	Nat Schindler
	eBay	EBAY	EBAY US	Justin Post
	Expedia	EXPE	EXPE US	Justin Post
	Facebook	FB	FB US	Justin Post
	Groupon	GRPN	GRPN US	Paul Bieber
	GrubHub	GRUB	GRUB US	Nat Schindler
	IAC InterActive	IACI	IACI US	Nat Schindler
	Pandora Media, Inc.	P	P US	Nat Schindler
	priceline.com	PCLN	PCLN US	Justin Post
	Shutterfly	SFLY	SFLY US	Paul Bieber
	Take-Two Interactive	TTWO	TTWO US	Justin Post
	TubeMogul	TUBE	TUBE US	Nat Schindler
	Wix.com	WIX	WIX US	Nat Schindler
	Yahoo!	YHOO	YHOO US	Justin Post
NEUTRAL				
	Angie's List	ANGI	ANGI US	Paul Bieber
	AOL	AOL	AOL US	Joyce Tran
	Electronic Arts	EA	EA US	Justin Post
	Google	GOOGL	GOOGL US	Justin Post
	Google	GOOG	GOOG US	Justin Post
	HomeAway	AWAY	AWAY US	Nat Schindler
	King Digital	KING	KING US	Justin Post
	LinkedIn	LNKD	LNKD US	Justin Post

US - Internet Coverage Cluster

Investment rating	Company	BofA Merrill Lynch ticker	Bloomberg symbol	Analyst
	Twitter	TWTR	TWTR US	Justin Post
	Wayfair	W	W US	Justin Post
	Yelp	YELP	YELP US	Paul Bieber
	zulily	ZU	ZU US	Justin Post
UNDERPERFORM				
	Care.com	CRCM	CRCM US	Justin Post
	Cimpress NV	CMPR	CMPR US	Paul Bieber
	eHealth	EHTH	EHTH US	Nat Schindler
	Liquidity Services	LQDT	LQDT US	Nat Schindler
	Netflix, Inc.	NFLX	NFLX US	Nat Schindler
	ReachLocal	RLOC	RLOC US	Nat Schindler
	TripAdvisor	TRIP	TRIP US	Nat Schindler
	ZYNGA	ZNGA	ZNGA US	Justin Post
RVW				
	Bankrate	RATE	RATE US	Joyce Tran

iQmethod SM Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	NOPAT = (EBIT + Interest Income) * (1 - Tax Rate) + Goodwill Amortization	Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5-Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
Quality of Earnings		
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt, Less Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit		
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap. = Current Share Price * Current Basic Shares
Enterprise Value / Sales	EV = Current Share Price * Current Shares + Minority Equity + Net Debt + Other LT Liabilities	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

iQmethod SM is the set of BofA Merrill Lynch standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

iQdatabase ® is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Merrill Lynch.

Important Disclosures

Investment Rating Distribution: Technology Group (as of 30 Sep 2014)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	118	55.40%	Buy	91	77.12%
Neutral	50	23.47%	Neutral	29	58.00%
Sell	45	21.13%	Sell	27	60.00%

Investment Rating Distribution: Global Group (as of 30 Sep 2014)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1708	51.90%	Buy	1280	74.94%
Neutral	788	23.94%	Neutral	577	73.22%
Sell	795	24.16%	Sell	491	61.76%

* Companies that were investment banking clients of BofA Merrill Lynch or one of its affiliates within the past 12 months. For purposes of this distribution, a stock rated Underperform is included as a Sell.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. *VOLATILITY RISK RATINGS*, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. *INVESTMENT RATINGS* reflect the analyst's assessment of a stock's: (i) absolute total return potential and (ii) attractiveness for investment relative to other stocks within its *Coverage Cluster* (defined below). There are three investment ratings: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster*
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

* Ratings dispersions may vary from time to time where BofA Merrill Lynch Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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CREDIT SUISSE

Cnova N.V.

(CNV)

Rating	**OUTPERFORM* [V]**
Price (29 Jan 15, US$)	6.28
Target price (US$)	(from 13.00) 8.00¹
Market cap. (US$ m)	2,771.19
Enterprise value (Eu m)	1,978.8

**Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.*
¹Target price is for 12 months.
[V] = Stock considered volatile (see Disclosure Appendix).

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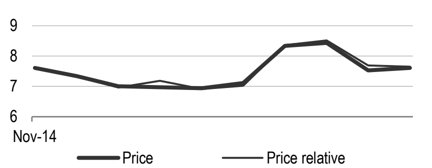
DECREASE TARGET PRICE

GMV Upside Not Flowing Through to the Bottom Line

- **Event:** CNV reported 4Q14 GMV of €1.47b vs. CS €1.33b. Net sales were €1.1b vs. CS €1.08b, with Direct Sales at €1.1b and Marketplaces revenue at €18mm. Gross profit Euros of €169mm fell short of our €179mm as gross margin in the direct sales business was lower than expected. With rest of the OpEx essentially in-line, Adjusted EBITDA at €42mm also fell short of our €49.6mm. Citing FX as well as deteriorating macroeconomic landscape in Brazil, management offered 1Q15 net sales guidance of €894 - €925m vs consensus €961m and CS €932m. Given the gross profit and guidance miss, we have elected to take a more conservative stance on our estimates and assume no favourable mix-shift driven margin improvement in the Direct Sales business and the net result is decreased trajectory of FCF growth. Our '15 EPS is now (€0.01) and our PT accordingly decreases to $8 vs. $13 prior.
- **Investment Case:** As we were expecting gross margin expansion on a more favourable mix shift away from consumer electronics and toward higher margin categories, we are disappointed at this setback especially as this is Cnova's first reported quarter as a public company. We have hence taken a more conservative stance as we assume it continues to take an aggressive pricing strategy to drive volume growth. We maintain our Outperform rating at this time given the secular emerging market exposure, but note that marketplaces growth in France as well as new rollouts in Brazil have taken on greater importance to our investment thesis.
- **Changes to Our Estimates:** Our updated GMV and net sales projections for FY15 are now €5.63b and €4.10b vs. prior €5.42b and €4.22b.
- **Valuation:** Our updated DCF-derived target, which uses a 14% WACC and 3% terminal growth rate, is now $8 versus prior $13.

Share price performance



The price relative chart measures performance against the S&P 500 INDEX which closed at 2015.31 on 29/01/15
On 29/01/15 the spot exchange rate was US$1.13/Eu 1. - Eu .88/US$1

Performance Over	1M	3M	12M
Absolute (%)	-23.3	—	—
Relative (%)	-20.2	—	—

Financial and valuation metrics

Year	12/13A	12/14E	12/15E	12/16E
Revenue (Eu m)	2,898.9	3,473.8	4,095.2	4,721.3
EBITDA (Eu m)	50.90	65.02	133.67	185.99
Adjusted Net Income (Eu m)	-15.88	-24.08	-0.48	-4.69
CS adj. EPS (Eu)	-0.04	-0.06	-0.00	-0.01
Prev. EPS (Eu)	—	-0.02	0.03	0.08
ROIC (%)	3.60	1.03	41.12	-49.45
P/E (adj., x)	-143.95	-95.65	-5,038.40	-526.19
P/E rel. (%)	-774.3	-550.4	NM	NM
EV/EBITDA	44.8	30.4	15.4	10.3

Dividend (12/14E, Eu)	—	IC (12/14E, Eu m)	115.74
Dividend yield (%)	—	EV/IC	17.1
Net debt (12/14E, Eu m)	-468.6	Current WACC	—
Net debt/equity (12/14E, %)	-80.2	Free float (%)	—
BV/share (12/14E, Eu)	1.4	Number of shares (m)	441.27

Source: FTI, Company data, Thomson Reuters, Credit Suisse Securities (EUROPE) LTD. Estimates.

Investment Case

Cnova reported mixed results in its first quarter as a public company. While net sales of €1.1 billion outperformed CS estimates of €1.08 billion, Adj. EBITDA of €42 million was 15% below CS estimates of €49.6 million due to lower than expected gross margin in the Direct Sales segment.

Citing currency as well as a deteriorating macroeconomic landscape in Brazil, management also offered 1Q15 net sales guidance of €894 - €925m vs consensus €961m and CS €932m. Given the gross profit and guidance shortfall, we have elected to take a more conservative stance on our estimates and assume no favourable mix-shift driven margin improvement in the Direct Sales business and the net result is decreased trajectory of free cash flow growth.

We maintain our Outperform rating at this time given the secular exposure to emerging markets Internet and e-commerce adoption, but note that marketplaces growth in France as well as success with the two new platform launches in Brazil have taken on an even greater importance to our investment thesis, which is predicated on the following factors:

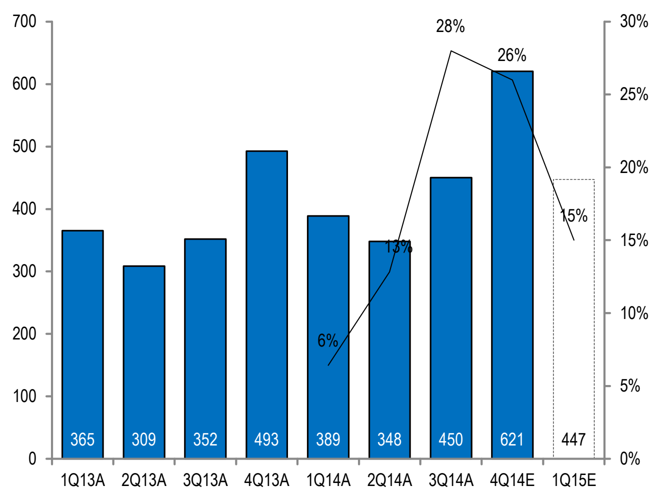
1. Secular growth in more nascent Brazilian as well as well as other emerging markets such as Southeast Asia and Africa
2. Potential for margin expansion through the rollout of marketplaces platform on top of owned-and-operated e-commerce operations.
3. Proven and difficult-to-replicate pick-up point offering and pricing ability which extends advantage versus subscale or startup competitors.

Changes to Estimates

France Market

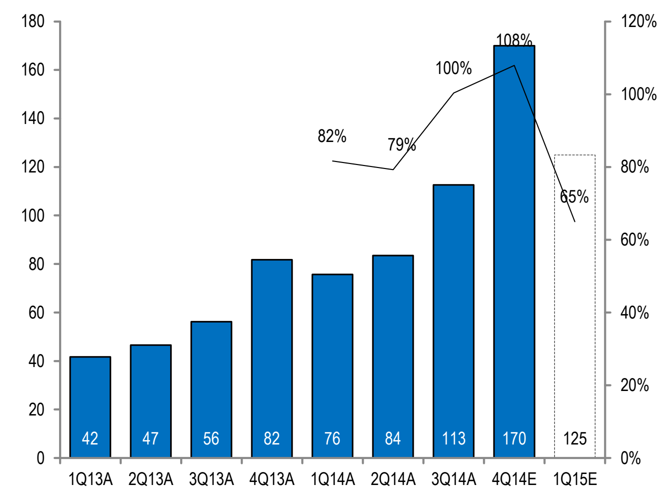
Looking ahead to 1Q15, Cnova management offered 1Q15 net sales guidance of €894-€925 million. CS estimates for France Direct GMV and Marketplace GMV are now €447.2 million and €124.9 million respectively, with marketplaces segment representing 22% of total France GMV.

Exhibit 1: Cnova N.V. – Quarterly France Direct Sales and Year Over Year Growth
EUR in millions, unless otherwise stated



Source: Company data, Credit Suisse estimates

Exhibit 2: Cnova N.V. – Quarterly France Marketplace GMV and Year Over Year Growth
EUR in millions, unless otherwise stated

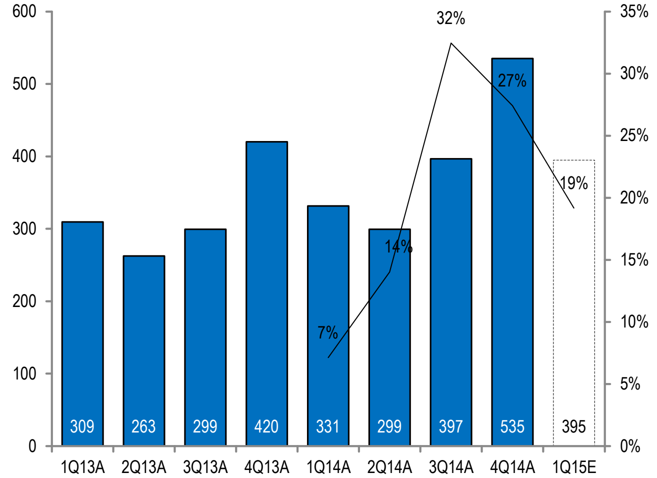


Source: Company data, Credit Suisse estimates

We assume that France Marketplace take rate will remain at ~11% and our estimate for France consolidated revenue is now €395 million.

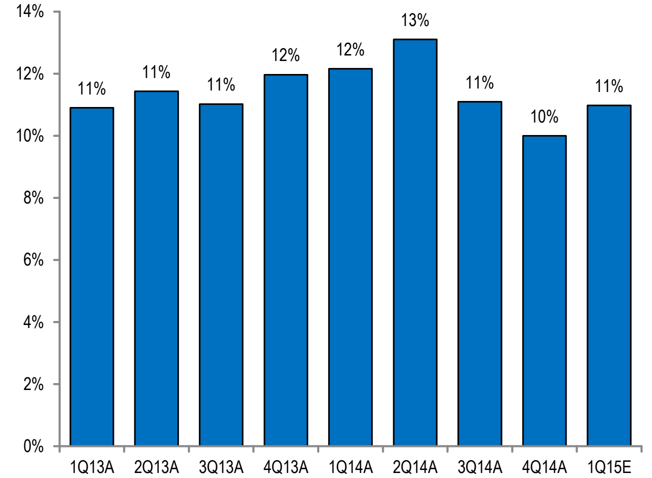
Exhibit 3: Cnova N.V. – Quarterly France Consolidated Revenue and Year Over Year Growth

EUR in millions, unless otherwise stated



Source: Company data, Credit Suisse estimates

Exhibit 4: Cnova N.V. – Quarterly France Marketplace Take



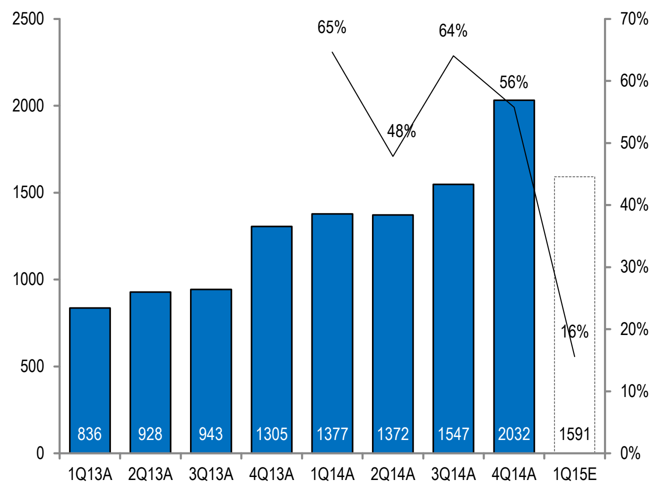
Source: Company data, Credit Suisse estimates

Brazil Market:

CS 1Q15 estimates for Brazil Direct Sales and Marketplace GMV are at BRL 1.6billion and BRL 112.8 million respectively.

Exhibit 5: Cnova N.V. – Quarterly Brazil Direct Sales and Year Over Year Growth

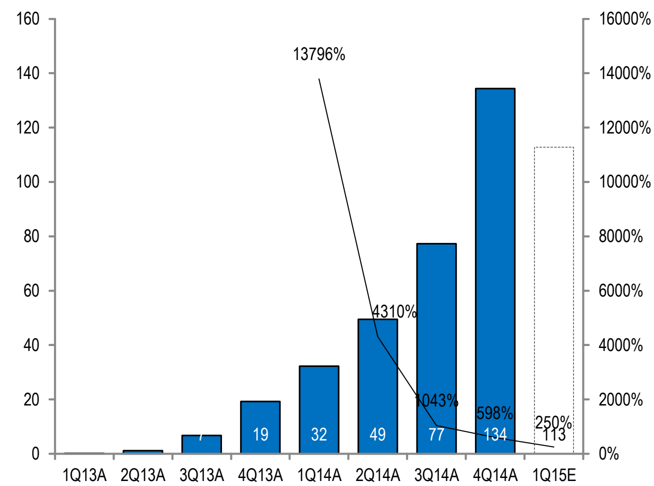
BRL In millions



Source: Company data, Credit Suisse estimates

Exhibit 6: Cnova N.V. – Quarterly Brazil Marketplace GMV and Year Over Year Growth

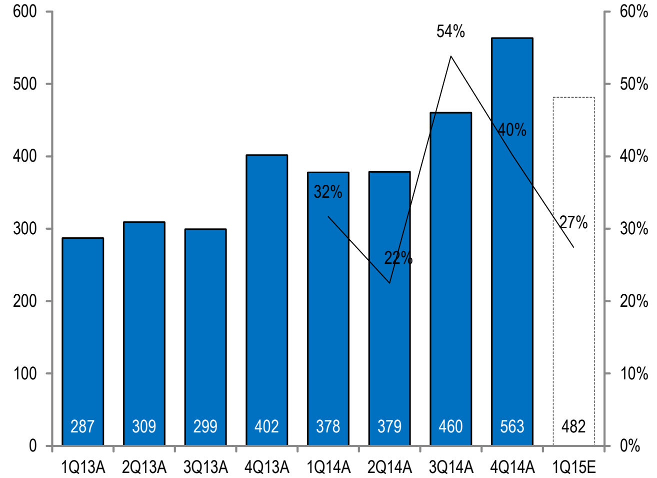
BRL in millions



Source: Company data, Credit Suisse estimates

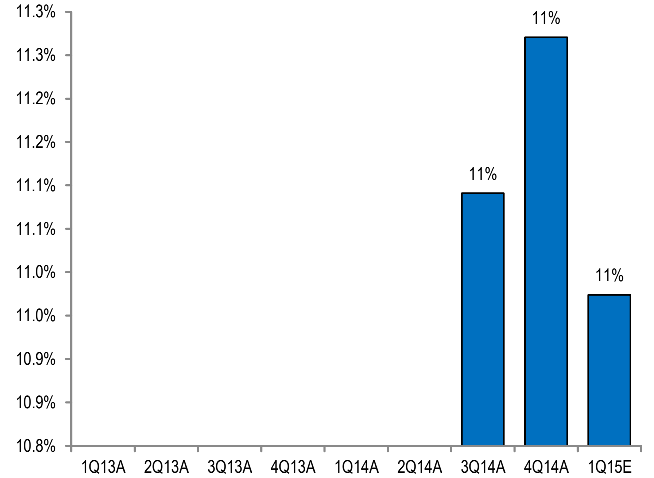
We have assumed a ~11% Take Rate for Brazil Marketplace, which results in Brazil Consolidated Revenue estimate of BRL 482 million.

Exhibit 7: Cnova N.V. – Quarterly Brazil Consolidated Revenue and Year Over Year Growth
EUR in millions, unless otherwise stated



Source: Company data, Credit Suisse estimates

Exhibit 8: Cnova N.V. – Quarterly Brazil Marketplace Take



Source: Company data, Credit Suisse estimates

Changes to our 2015 estimates financial and operating metrics are as summarized below:

Exhibit 9: Cnova N.V. – Summary Changes to CS 2015 Estimates
USD in millions, unless otherwise stated

	2015 Prior	2015 Current	% Δ
France Projections:			
France Direct Sales Value Including Taxes	1880.4	1985.9	6%
France Marketplace Value Including Taxes	709.7	709.0	0%
France Total GMV Including Taxes	2590.1	2694.9	4%
Brazil Projections:			
Brazil Direct Sales Value Including Taxes (BRL)	7604.2	7226.1	-5%
Brazil Marketplace Value Including Taxes (BRL)	733.5	985.6	34%
Brazil Total GMV Including Taxes (BRL)	8337.7	8211.7	-2%
Total GMV	**5424.7**	**5628.2**	**4%**
Direct Sales Excluding Tax	4134.5	3995.6	-3%
Marketplace Sales	90.4	99.6	10%
Net Sales	4224.9	4095.2	-3%
Cost of Sales	3591.5	3490.2	-3%
Gross Profit	633.4	605.0	-4%
Operating Income	110.7	91.9	-17%
Net Income	6.9	(5.0)	-172%
Basic EPS to Common	€ 0.02	(€ 0.01)	-172%
Basic Shares Outstanding	440.6	440.6	0%
Diluted EPS	€ 0.02	(€ 0.01)	-172%
Diluted Shares Outstanding	441.9	441.9	0%
Adjusted EBITDA	**152.7**	**133.7**	**-12%**
Pro Forma Net Income	**11.3**	**(0.5)**	**-104%**
Adjusted Diluted EPS	**€ 0.03**	**(€ 0.00)**	**-104%**

Source: Company data, Credit Suisse estimates

4Q14 Reported Results

France Market Results:

Cnova reported France Consolidated Revenue of € 535.2 million versus CS € 485.6 million. Direct Sales Value and Marketplace GMV were €620.7 million and €170 million, versus our estimates of € 548.6 million and €161.4 million, indicating a favorable GMV mix shift towards the higher margin marketplaces business.

Exhibit 10: Cnova N.V. -- 4Q14 France Segment Operating Metrics Variance vs CS Estimates
EUR in millions, unless otherwise stated

	4Q14E	4Q14A	% Δ	Analysis
France Direct Sales Value Including Taxes	548.6	620.7	13%	
France Marketplace Value Including Taxes	161.4	170.0	5%	
France Total GMV Including Taxes	709.9	790.5	11%	Strong growth in home furnishings vertical
France Marketplace Share of GMV	22.7%	21.5%	-1%	
France Net Sales	485.6	535.2	10%	

Source: Company data, Credit Suisse estimates

Brazil Market Results:

Brazil Consolidated Revenue was €563.4 million versus CS €485 million. Brazil Direct Sales Value and Marketplace GMV were BRL 2.03 billion and BRL 563.4 million respectively, versus our estimates of BRL 1.71 billion and BRL81.8 million. Similar to France, this also indicates a dramatic increase in the marketplaces share of GMV.

Exhibit 11: Cnova N.V.-- 4Q14 Brazil Segment Operating Metrics Variance vs CS Estimates

BRL in millions, unless otherwise stated

	4Q14E	4Q14A	% Δ	Analysis
Brazil Direct Sales Value Including Taxes (BRL)	1717.5	2032.5	18%	
Brazil Marketplace Value Including Taxes (BRL)	81.8	134.3	64%	125% yoy growth in product offerings
Brazil Total GMV Including Taxes (BRL)	1799.3	2166.8	20%	Better than expected growth in Extra.com
Brazil Marketplace Share of GMV	4.5%	6.2%	2%	
Brazil Net Sales (EURO)	485.3	563.4	16%	

Source: Company data, Credit Suisse estimates

Reported Financials:

As a result, Cnova's P&L variance versus our estimates are as shown below:

Exhibit 12: Cnova N.V. -- 4Q14 Financial Results vs CS Estimates

USD in millions, unless otherwise stated

	4Q14E	4Q14A	% Δ	Analysis
Direct Sales Excluding Tax	1057.5	1080.4	2%	
Marketplace Sales	17.8	18.2	2%	
Net Sales	**1075.3**	**1098.6**	**2%**	
Cost of Sales	896.2	929.6	4%	
Gross Profit	179.1	169.0	-6%	Lower than expected GM in direct sales
Fulfillment	78.8	80.8	2%	
Marketing	21.6	21.4	-1%	
General and Administrative	14.1	10.0	-29%	
Other Operating Expenses	0.0	16.9	N/A	Non-recurring costs related to IPO
Total Operating Expenses	139.3	153.6	10%	
Operating Income	39.9	15.4	-61%	
Financial Expense	18.6	22.1	19%	
Financial Income	1.6	(3.7)	-338%	
Pretax Income	19.7	(3.0)	-115%	
Share of Profits of Associates	0.0	(0.5)	N/A	
Income and Other Tax	0.0	(4.3)	N/A	
Net Income	**19.7**	**0.8**	**-96%**	
Basic EPS to Common	€ 0.05	€ 0.00	-96%	
Basic Shares Outstanding	423.7	424.9	0%	
Diluted EPS	€ 0.05	€ 0.00	-96%	
Diluted Shares Outstanding	424.3	424.9	0%	
Operating Income	39.9	15.4	-61%	
Nonrecurring Items	0.0	16.9	N/A	
Stock-Based Compensation	1.5	0.0	-100%	
Pro Forma Operating Income	41.4	32.3	-22%	
Depreciation and Amortization	8.2	9.7	18%	
Adjusted EBITDA	**49.6**	**42.0**	**-15%**	Impact of lower than expected gross profit
Pro Forma Operating Income	41.4	32.3	-22%	
Interest and Other, Net	(20.2)	(18.4)	9%	
Pretax Income	21.2	13.9	-35%	
GAAP Income Tax Expense (Benefit)	0.0	(4.3)	N/A	
Tax Effects of Pro Forma Items	0.0	0.0	N/A	
Total Taxes	0.0	0.0	N/A	
Pro Forma Net Income	**21.2**	**13.9**	**-35%**	
Adjusted Diluted EPS	**€ 0.05**	**€ 0.03**	**-35%**	

Source: Company data, Credit Suisse estimates

Valuation

In-line with the methodology we have used with the rest of the internet sector, we have based our 12-month price target on DCF, which suggests €7 versus prior €11. Using EUR/USD 12 month forward exchange rate of 1.15, as forecasted by Credit Suisse global FX strategy team, this yields an $8 price target, versus prior $13.

We have used a weighted average cost of capital of 14% and a terminal growth rate expectation of 3%.

Exhibit 13: Cnova N.V. -- Discounted Cash Flow Analysis
US$ in millions, unless otherwise stated

	2015E	2016E	2017E	2018E	2019E	2020E	CAGR '15-'20
EBITDA	133.7	186.0	274.4	369.7	454.7	526.0	31.5%
Net Income	(5.0)	(11.3)	35.0	84.8	131.9	166.5	
Depreciation & Amortization	37.2	44.6	53.1	62.1	59.5	61.5	10.6%
Other Non-Cash Charges (Benefits)	4.5	4.7	3.5	2.4	2.7	3.0	
Interest Expense (Income)	89.5	118.2	134.0	150.3	166.9	182.8	15.3%
Changes in Operating Assets & Liabilities	(127.0)	81.0	82.2	86.5	91.2	91.7	
Unlevered Cash Flows	**(0.7)**	**237.3**	**307.8**	**386.1**	**452.2**	**505.4**	
Capital Expenditures	(80.5)	(95.8)	(97.2)	(108.4)	(116.2)	(122.7)	
Unlevered Free Cash Flows	**(81.2)**	**141.5**	**210.6**	**277.7**	**336.0**	**382.7**	
Y/Y % Change	(122.2)%	(274.3)%	48.9%	31.9%	21.0%	13.9%	
Weighted Average Cost of Capital	14.0%						
Perpetual UFCF Growth Rate ("G")	**3.0%**						

	2015E
NPV of Unlevered Free Cash Flows	790.0
Present Value of Terminal Value	1861.2
Enterprise Value	**2651.3**
Off-Balance Sheet Assets	0.0
Adjusted Enterprise Value	**2651.3**
Year End Net Debt (Cash)	(387.4)
Equity Value	**3038.7**
Diluted Shares Outstanding	440.2
Equity Value Per Share (€)	**€ 7**
EURUSD Exchange Rate	1.15
Equity Value Per Share ($)	**$8**

Source: Company data, Credit Suisse estimates

Exhibit 14: Cnova N.V. – Quarterly Income Statement
USD in millions, unless otherwise stated

	2014A				2015E				2016E			
	1Q14A	2Q14A	3Q14A	4Q14A	1Q15E	2Q15E	3Q15E	4Q15E	1Q16E	2Q16E	3Q16E	4Q16E
Direct Sales Excluding Tax	769.6	746.6	829.4	1080.4	892.1	842.8	984.0	1276.7	1009.9	958.2	1122.0	1451.6
Marketplace Sales	7.8	9.2	12.5	18.2	15.2	19.3	26.1	39.1	27.2	34.2	47.6	70.6
Net Sales	**777.4**	**755.9**	**842.0**	**1098.6**	**907.2**	**862.1**	**1010.1**	**1315.8**	**1037.0**	**992.4**	**1169.6**	**1522.2**
Cost of Sales	680.8	649.5	727.7	929.6	790.5	734.5	864.8	1100.4	895.3	835.5	986.7	1252.0
Gross Profit	96.6	106.3	114.2	169.0	116.8	127.7	145.2	215.3	141.7	156.9	182.9	270.3
Fulfillment	53.6	50.2	63.9	80.8	69.8	66.5	77.5	95.3	79.5	76.2	89.4	109.8
Marketing	16.9	14.9	17.2	21.4	19.5	18.7	21.7	27.9	21.9	21.1	24.6	31.6
General and Administrative	14.5	12.4	11.9	10.0	14.6	15.3	16.2	17.2	17.5	18.4	19.5	20.7
Other Operating Expenses	0.0	14.1	0.7	16.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Operating Expenses	103.6	112.1	115.3	153.6	116.4	113.4	129.1	154.2	135.8	135.0	154.8	189.4
Operating Income	**(7.0)**	**(5.8)**	**(1.1)**	**15.4**	**0.4**	**14.3**	**16.1**	**61.2**	**5.9**	**21.9**	**28.0**	**80.8**
Financial Expense	12.8	22.8	18.4	22.1	19.7	20.1	22.0	27.7	26.0	26.5	29.1	36.6
Financial Income	(2.3)	(1.0)	(1.1)	(3.7)	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Pretax Income	(17.5)	(27.6)	(18.3)	(3.0)	(20.9)	(7.4)	(7.5)	31.9	(21.7)	(6.2)	(2.6)	42.7
Share of Profits of Associates	0.0	(1.4)	(0.9)	(0.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income and Other Tax	(3.8)	(2.8)	(4.0)	(4.3)	0.0	0.0	0.0	1.1	0.0	3.1	4.3	16.0
Net Income	**(13.7)**	**(26.2)**	**(15.3)**	**0.8**	**(20.9)**	**(7.4)**	**(7.5)**	**30.8**	**(21.7)**	**(9.2)**	**(6.9)**	**26.7**
Basic EPS to Common	(€ 0.03)	(€ 0.06)	(€ 0.04)	€ 0.00	(€ 0.05)	(€ 0.02)	(€ 0.02)	€ 0.07	(€ 0.05)	(€ 0.02)	(€ 0.02)	€ 0.06
Basic Shares Outstanding	412.1	412.1	412.1	424.9	438.9	440.0	441.1	442.2	443.3	444.4	445.5	446.7
Diluted EPS	**(€ 0.03)**	**(€ 0.06)**	**(€ 0.04)**	**€ 0.00**	**(€ 0.05)**	**(€ 0.02)**	**(€ 0.02)**	**€ 0.07**	**(€ 0.05)**	**(€ 0.02)**	**(€ 0.02)**	**€ 0.06**
Diluted Shares Outstanding	412.1	412.1	412.1	424.9	440.2	441.3	442.4	443.5	444.6	445.7	446.9	448.0
EBITDA Reconciliation												
Operating Income	(7.0)	(5.8)	(1.1)	15.4	0.4	14.3	16.1	61.2	5.9	21.9	28.0	80.8
Nonrecurring Items	0.0	14.1	0.7	16.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stock-Based Compensation	0.1	(0.1)	0.0	0.0	1.1	1.1	1.0	1.3	1.0	1.0	1.2	1.5
Pro Forma Operating Income	(6.9)	8.3	(0.3)	32.3	1.5	15.3	17.2	62.5	6.9	22.9	29.2	82.3
Depreciation and Amortization	5.8	7.7	8.5	9.7	8.6	9.2	9.5	9.9	10.4	10.8	11.4	12.0
Adjusted EBITDA	**(1.0)**	**15.9**	**8.2**	**42.0**	**10.1**	**24.5**	**26.7**	**72.4**	**17.3**	**33.7**	**40.6**	**94.4**
Adjusted Net Income Reconciliation												
Pro Forma Operating Income	(6.9)	8.3	(0.3)	32.3	1.5	15.3	17.2	62.5	6.9	22.9	29.2	82.3
Interest and Other, Net	(10.5)	(21.8)	(17.2)	(18.4)	(21.3)	(21.6)	(23.6)	(29.3)	(27.6)	(28.1)	(30.7)	(38.1)
Pretax Income	(17.4)	(13.5)	(17.6)	13.9	(19.8)	(6.3)	(6.5)	33.2	(20.7)	(5.2)	(1.5)	44.2
GAAP Income Tax Expense (Benefit)	(3.8)	(2.8)	(4.0)	(4.3)	0.0	0.0	0.0	1.1	0.0	3.1	4.3	16.0
Tax Effects of Pro Forma Items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.5)	(1.9)	0.6
Total Taxes	(3.8)	(2.8)	(4.0)	0.0	0.0	0.0	0.0	1.1	0.0	2.6	2.4	16.6
Pro Forma Net Income	(13.6)	(10.8)	(13.6)	13.9	(19.8)	(6.3)	(6.5)	32.1	(20.7)	(7.8)	(3.9)	27.6
Adjusted Diluted EPS	**(€ 0.03)**	**(€ 0.03)**	**(€ 0.03)**	**€ 0.03**	**(€ 0.05)**	**(€ 0.01)**	**(€ 0.01)**	**€ 0.07**	**(€ 0.05)**	**(€ 0.02)**	**(€ 0.01)**	**€ 0.06**

Source: Company data, Credit Suisse estimates

Exhibit 15: Cnova N.V. – Annual Income Statement

USD in millions, unless otherwise stated

	2015E	2016E	2017E	2018E	2019E	2020E	CAGR '15-'20
Direct Sales Excluding Tax	3995.6	4541.8	5106.5	5702.4	6325.7	6946.7	11.7%
Marketplace Sales	99.6	179.5	278.0	387.7	491.0	582.4	42.4%
Net Sales	**4095.2**	**4721.3**	**5384.5**	**6090.1**	**6816.7**	**7529.1**	**13.0%**
Cost of Sales	3490.2	3969.5	4463.1	4983.8	5528.6	6071.2	11.7%
Gross Profit	605.0	751.8	921.5	1106.3	1288.1	1457.9	19.2%
Fulfillment	309.0	354.9	407.2	461.3	518.6	577.2	13.3%
Marketing	87.9	99.2	110.4	121.9	131.6	141.0	9.9%
General and Administrative	63.4	76.0	85.3	95.0	105.2	114.6	12.6%
Other Operating Expenses	0.0	0.0	0.0	0.0	0.0	0.0	
Total Operating Expenses	513.1	615.1	703.6	801.1	895.6	996.4	14.2%
Operating Income	**91.9**	**136.6**	**217.9**	**305.2**	**392.5**	**461.5**	**38.1%**
Financial Expense	89.5	118.2	134.0	150.3	166.9	182.8	15.3%
Financial Income	6.3	6.3	6.3	6.3	6.3	6.3	0.0%
Pretax Income	(3.9)	12.2	77.6	148.6	219.3	272.4	-333.9%
Share of Profits of Associates	0.0	0.0	0.0	0.0	0.0	0.0	
Income and Other Tax	1.1	23.4	42.6	63.8	87.4	105.9	150.0%
Net Income	**(5.0)**	**(11.3)**	**35.0**	**84.8**	**131.9**	**166.5**	**-301.8%**
Basic EPS to Common	(€ 0.01)	(€ 0.03)	€ 0.08	€ 0.19	€ 0.29	€ 0.36	-299.8%
Basic Shares Outstanding	440.6	445.0	449.5	454.0	458.5	463.1	1.0%
Diluted EPS	**(€ 0.01)**	**(€ 0.03)**	**€ 0.08**	**€ 0.19**	**€ 0.29**	**€ 0.36**	**-299.7%**
Diluted Shares Outstanding	441.9	446.3	450.8	455.3	459.8	464.4	1.0%
EBITDA Reconciliation							
Operating Income	91.9	136.6	217.9	305.2	392.5	461.5	38.1%
Nonrecurring Items	0.0	0.0	0.0	0.0	0.0	0.0	
Stock-Based Compensation	4.5	4.7	3.5	2.4	2.7	3.0	
Pro Forma Operating Income	96.5	141.4	221.4	307.6	395.2	464.5	36.9%
Depreciation and Amortization	37.2	44.6	53.1	62.1	59.5	61.5	10.6%
Adjusted EBITDA	**133.7**	**186.0**	**274.4**	**369.7**	**454.7**	**526.0**	**31.5%**
Adjusted Net Income Reconciliation							
Pro Forma Operating Income	96.5	141.4	221.4	307.6	395.2	464.5	36.9%
Interest and Other, Net	(95.8)	(124.5)	(140.3)	(156.5)	(173.2)	(189.1)	
Pretax Income	0.6	16.9	81.1	151.1	222.0	275.4	235.8%
GAAP Income Tax Expense (Benefit)	1.1	23.4	42.6	63.8	87.4	105.9	150.0%
Tax Effects of Pro Forma Items	0.0	(1.8)	1.7	0.6	0.3	9.9	194.6%
Total Taxes	1.1	21.6	44.3	64.4	87.7	115.9	152.5%
Pro Forma Net Income	(0.5)	(4.7)	36.8	86.6	134.3	159.6	-418.7%
Adjusted Diluted EPS	**(€ 0.00)**	**(€ 0.01)**	**€ 0.08**	**€ 0.19**	**€ 0.29**	**€ 0.34**	**-415.4%**

Source: Company data, Credit Suisse estimates

Exhibit 16: Cnova N.V. – Balance Sheet
USD in millions, unless otherwise stated

	2015E	2016E	2017E	2018E	2019E	2020E
Assets:						
Cash and Cash Equivalents	492.0	633.4	844.0	1121.7	1457.6	1840.4
Trade Receivables	173.5	200.7	229.9	261.0	292.9	324.1
Inventories	483.7	550.3	618.8	691.2	767.0	842.6
Current tax assets	1.5	1.5	1.5	1.5	1.5	1.5
Other current assets	202.6	202.6	202.6	202.6	202.6	202.6
Total current assets	**1353.3**	**1588.6**	**1896.8**	**2277.9**	**2721.6**	**3211.2**
Other non-current assets	93.7	93.7	93.7	93.7	93.7	93.7
Deferred tax assets	46.5	46.5	46.5	46.5	46.5	46.5
Investment in associates	0.0	0.0	0.0	0.0	0.0	0.0
Property and equipment	162.8	235.0	300.2	367.5	432.7	494.0
Intangible assets	71.6	50.5	29.5	8.5	0.0	0.0
Goodwill	496.3	496.3	496.3	496.3	496.3	496.3
Total Assets	**2224.1**	**2510.6**	**2863.0**	**3290.4**	**3790.8**	**4341.7**
Liabilities:						
Current provisions	4.7	4.7	4.7	4.7	4.7	4.7
Trade payables	1269.7	1444.6	1624.4	1814.4	2013.3	2211.8
Current financial debt	102.6	102.6	102.6	102.6	102.6	102.6
Current taxes liabilities	37.9	37.9	37.9	37.9	37.9	37.9
Other current liabilities	118.0	118.0	118.0	118.0	118.0	118.0
Total current liabilities	**1532.9**	**1707.7**	**1887.6**	**2077.5**	**2276.4**	**2475.0**
Non-current provisions	4.6	4.6	4.6	4.6	4.6	4.6
Non-current financial debt	2.0	2.0	2.0	2.0	2.0	2.0
Other non-current liabilities	4.0	4.0	4.0	4.0	4.0	4.0
Deferred tax liabilities	7.3	7.3	7.3	7.3	7.3	7.3
Total Liabilities	**1550.9**	**1725.7**	**1905.6**	**2095.5**	**2294.4**	**2493.0**
Stockholder's Equity:						
Common Stock	0.0	0.0	0.0	0.0	0.0	0.0
Additional Paid-In Capital	228.5	351.4	489.0	641.6	811.3	997.1
Retained Earnings	438.4	427.1	462.1	546.9	678.8	845.3
Equity Attributable to owners of the parent	666.9	778.6	951.1	1188.6	1490.1	1842.4
Non-controlling interests	6.3	6.3	6.3	6.3	6.3	6.3
Total Shareholder's Equity	**673.2**	**784.9**	**957.4**	**1194.9**	**1496.4**	**1848.7**
Total Liabilities and Shareholder's Equity	**2224.1**	**2510.6**	**2863.0**	**3290.4**	**3790.8**	**4341.7**

Source: Company data, Credit Suisse estimates

Exhibit 17: Cnova N.V. – Cash Flow Statement
USD in millions, unless otherwise stated

	2015E	2016E	2017E	2018E	2019E	2020E
Operating Activities:						
Net Income	(5.0)	(11.3)	35.0	84.8	131.9	166.5
Depreciation and Amortization Expense	37.2	44.6	53.1	62.1	59.5	61.5
Stock Based Compensation	4.5	4.7	3.5	2.4	2.7	3.0
Gains (losses) on disposal of non-current assets	0.0	0.0	0.0	0.0	0.0	0.0
Share of (profits) losses of associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non-Cash Items	0.0	0.0	0.0	0.0	0.0	0.0
Financial Expense	89.5	118.2	134.0	150.3	166.9	182.8
Current and Deferred Tax (gains) expenses	0.0	0.0	0.0	0.0	0.0	0.0
Income Tax Paid	0.0	0.0	0.0	0.0	0.0	0.0
Inventory	(66.5)	(66.6)	(68.5)	(72.4)	(75.8)	(75.6)
Trade Payables	(26.3)	174.8	179.9	189.9	198.9	198.6
Trade Receivables	(34.2)	(27.2)	(29.1)	(31.1)	(31.9)	(31.2)
Other	0.0	0.0	0.0	0.0	0.0	0.0
Net Cash from Operating Activities	**5.6**	**243.6**	**314.0**	**392.3**	**458.5**	**511.7**
Investing Activities:						
Purchase of Property, Equipment and Intangible Assets	(80.5)	(95.8)	(97.2)	(108.4)	(116.2)	(122.7)
Purchase of Non-Current Financial Assets	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from Disposal of PPE	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from Disposal of non-current Financial Assets	0.0	0.0	0.0	0.0	0.0	0.0
Accounting for the Combination of an entity	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition of an Entity net of Cash	0.0	0.0	0.0	0.0	0.0	0.0
Investments in Associates	0.0	0.0	0.0	0.0	0.0	0.0
Change in Loans Granted	0.0	0.0	0.0	0.0	0.0	0.0
Net Cash from Investing Activities	**(80.5)**	**(95.8)**	**(97.2)**	**(108.4)**	**(116.2)**	**(122.7)**
Financing Activities:						
Transaction with Owners of Non-Controlling Interests	0.0	0.0	0.0	0.0	0.0	0.0
Additions to Financial Debt	0.0	0.0	0.0	0.0	0.0	0.0
Repayments of Financial Debt	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from Initial Public Offering, net of issuance costs	0.0	0.0	0.0	0.0	0.0	0.0
Interest Paid, Net	(6.3)	(6.3)	(6.3)	(6.3)	(6.3)	(6.3)
Net Cash from Financing Activities	**(6.3)**	**(6.3)**	**(6.3)**	**(6.3)**	**(6.3)**	**(6.3)**
Effects of Foreign Currency Translation	0.0	0.0	0.0	0.0	0.0	0.0
Net Change in Cash and Cash Equivalents	(81.2)	141.5	210.6	277.7	336.0	382.7
Cash and Cash Equivalents at the Beginning of Period	573.2	492.0	633.4	844.0	1121.7	1457.6
Cash and Cash Equivalents at the End of Period	**492.0**	**633.4**	**844.0**	**1121.7**	**1457.6**	**1840.4**

Source: Company data, Credit Suisse estimates

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Companies Mentioned *(Price as of 29-Jan-2015)*

Cnova N.V. (CNV.OQ, $6.28, OUTPERFORM[V], TP $8.0)

Disclosure Appendix

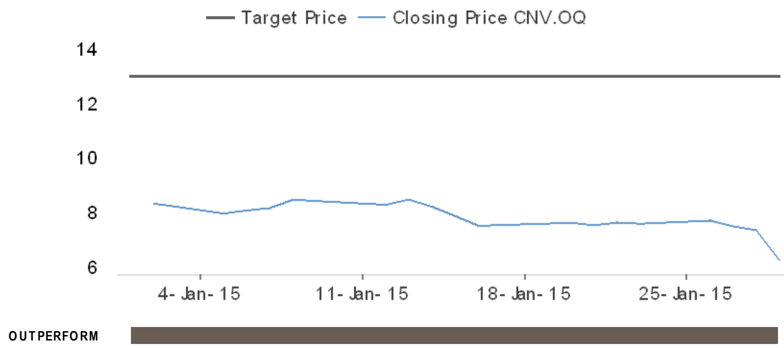
Important Global Disclosures

I, Stephen Ju, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

3-Year Price and Rating History for Cnova N.V. (CNV.OQ)

CNV.OQ Date	Closing Price (US$)	Target Price (US$)	Rating
01-Jan-15	7.91	13.00	O *

** Asterisk signifies initiation or assumption of coverage.*



The analyst(s) responsible for preparing this research report received Compensation that is based upon various factors including Credit Suisse's total revenues, a portion of which are generated by Credit Suisse's investment banking activities

As of December 10, 2012 Analysts' stock rating are defined as follows:

Outperform (O) : The stock's total return is expected to outperform the relevant benchmark*over the next 12 months.

Neutral (N) : The stock's total return is expected to be in line with the relevant benchmark* over the next 12 months.

Underperform (U) : The stock's total return is expected to underperform the relevant benchmark* over the next 12 months.

**Relevant benchmark by region: As of 10th December 2012, Japanese ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. As of 2nd October 2012, U.S. and Canadian as well as European ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. For Latin American and non-Japan Asia stocks, ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark; prior to 2nd October 2012 U.S. and Canadian ratings were based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe. For Australian and New Zealand stocks, 12-month rolling yield is incorporated in the absolute total return calculation and a 15% and a 7.5% threshold replace the 10-15% level in the Outperform and Underperform stock rating definitions, respectively. The 15% and 7.5% thresholds replace the +10-15% and -10-15% levels in the Neutral stock rating definition, respectively. Prior to 10th December 2012, Japanese ratings were based on a stock's total return relative to the average total return of the relevant country or regional benchmark.*

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Overweight : The analyst's expectation for the sector's fundamentals and/or valuation is favorable over the next 12 months.

Market Weight : The analyst's expectation for the sector's fundamentals and/or valuation is neutral over the next 12 months.

Underweight : The analyst's expectation for the sector's fundamentals and/or valuation is cautious over the next 12 months.

**An analyst's coverage sector consists of all companies covered by the analyst within the relevant sector. An analyst may cover multiple sectors.*

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Global Ratings Distribution

Rating	Versus universe (%)	Of which banking clients (%)
Outperform/Buy*	46%	(54% banking clients)
Neutral/Hold*	38%	(50% banking clients)
Underperform/Sell*	14%	(44% banking clients)
Restricted	2%	

**For purposes of the NYSE and NASD ratings distribution disclosure requirements, our stock ratings of Outperform, Neutral, and Underperform most closely correspond to Buy, Hold, and Sell, respectively; however, the meanings are not the same, as our stock ratings are determined on a relative basis. (Please refer to definitions above.) An investor's decision to buy or sell a security should be based on investment objectives, current holdings, and other individual factors.*

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Price Target: (12 months) for Cnova N.V. (CNV.OQ)

Method: Our $8 target price for Cnova N.V. is calculated using discounted cash flow (DCF). Our weighted average cost of capital is 14% and our terminal growth rate is 3%.

Risk: We see several risks to Cnova N.V. achievement of our $8 target price: (1) Competitive threat from Amazon (in France, Belgium), MercadoLibre (Brazil, Colombia, Ecuador), and likely Alibaba at some point in Southeast Asia. (2) We note that Cnova's marketplaces take rate stands at ~11% versus ~9% for MercadoLibre and ~8% for eBay. (3) Potential government and regulatory risk in Southeast Asia and African operations. (4) Relative exchange movements of each of these currencies against the Euro as well as the Euro's moves against the US dollar may adversely impact our estimates and target price. (5) If Cnova is no longer able to take advantage of its parent company's purchasing power and network of brick-and-mortar stores as pick-up locations, its business could be materially and adversely affected.

Please refer to the firm's disclosure website at https://rave.credit-suisse.com/disclosures for the definitions of abbreviations typically used in the target price method and risk sections.

See the Companies Mentioned section for full company names

The subject company (CNV.OQ) currently is, or was during the 12-month period preceding the date of distribution of this report, a client of Credit Suisse.

Credit Suisse provided investment banking services to the subject company (CNV.OQ) within the past 12 months.

Credit Suisse has managed or co-managed a public offering of securities for the subject company (CNV.OQ) within the past 12 months.

Credit Suisse has received investment banking related compensation from the subject company (CNV.OQ) within the past 12 months

Credit Suisse expects to receive or intends to seek investment banking related compensation from the subject company (CNV.OQ) within the next 3 months.

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Cnova

A disappointing debut

Overweight

CNV.OQ, CNV US

Price: $7.37

▼ **Price Target: $7.80**
Previous: $9.60

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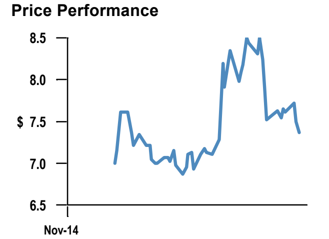
Cnova's 4Q underlying EBITDA and EBIT were c€3-4mn lower than expected while financial expenses were a bit higher. Non-recurring costs were also higher. But more importantly, the company gave a very cautious guidance for 1Q15 sales growth, only two months after its IPO. We cut our 2015 underlying EBIT projection from €104mn to €83mn despite a stronger BRL assumption. We cut our TP in € from €7.8 to €6.9 and, due to the weakening of the € vs the USD from 1.228 at the time of the IPO to 1.13 now, we cut our headline USD TP from $9.60 to $7.8 (12% underlying cut, 7% €/$ FX). We reiterate our OW rating as we assume that management has been overly prudent with its guidance.

- **1Q15 sales guidance.** The company is guiding to +17% growth with +-200bp maximum deviation (i.e. 15-19%) compared to its internal original budget of +25%. This is despite the strengthening of the BRL vs the euro since the IPO, which helps reported net sales in euros. If the BRL/€ rate stays where the spot rate is for the rest of the quarter, we estimate it would boost 1Q15 sales growth by 500bp. Hence, 17% reported sales growth would equate to c12% ex-FX vs c22% ex-FX in 4Q14. Even if the company delivers 19% growth in euros, we believe it would be disappointing. We acknowledge that the base of comparison is tough in Brazil (+60% vs +30% in 4Q13) but the base is soft in France (5% vs 12%) and, as mentioned, the BRL/€ is a significant tailwind.
- **Lowering estimates.** We reduce our growth assumptions across the board but mainly in Brazil where we reduce local currency sales growth from 34% to 25% this year. In France we cut it from 16% to 14%. We also reduce the assumptions for the MP penetration as % of GMV by 2ppt in both countries. Finally we cut the gross margin on the direct sales by 20bp. On the positive side, we update the BRL/€ rate from 3.30 to 3.15 average for the year (vs 2.95 spot). All this results into our 2015 recurring EBIT falling from €104mn to €83mn.
- **Valuation.** Our DCF valuation falls from €7.8 per share to €6.9 and our headline USD target price falls from $9.60 to $7.80.

Price Performance



	YTD	1m	3m	12m
Abs	-6.8%	3.7%	5.3%	5.3%

Cnova (CNV.OQ;CNV US)

FYE Dec	2013A	2014A	2015E *(Prev)*	2015E *(Curr)*	2016E *(Prev)*	2016E *(Curr)*	2017E *(Prev)*	2017E *(Curr)*
Adj.EPS FY (€)	(0.05)	(0.11)	0.02	(0.00)	0.16	0.12	0.35	0.26
Net Profit FY (€ mn)	(20)	(51)	8	(1)	70	52	153	116
EBIT FY (€ mn)	24	34	104	83	221	188	371	304
EBIT Margin FY	0.8%	1.0%	2.4%	2.0%	4.1%	3.6%	5.6%	4.8%
EBITDA FY (€ mn)	51	73	150	129	275	240	436	366
EBITDA Margin FY	1.8%	2.1%	3.5%	3.0%	5.1%	4.6%	6.6%	5.8%
Revenue FY (€ mn)	2,899	3,474	4,297	4,237	5,419	5,220	6,655	6,295
Adj.P/E FY	NM	NM	375.3	NM	41.2	55.4	18.7	24.9

Source: Company data, Bloomberg, J.P. Morgan estimates.

Company Data	
Price ($)	7.37
Date Of Price	28 Jan 15
Price Target ($)	7.80
Price Target End Date	1-Dec-15
52-week Range ($)	8.60-6.71
Market Cap ($ bn)	3.25
Shares O/S (mn)	441

See page 6 for analyst certification and important disclosures, including non-US analyst disclosures.

Table 1: Cnova financials (€mn)

P&L	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E
GMV	**3566**	**4516**	**5795**	**7716**	**9908**	**12225**	**14243**	**16226**
Marketplace commissions	22	56	114	217	344	482	574	660
Net sales	**2899**	**3474**	**4237**	**5220**	**6295**	**7397**	**8551**	**9713**
Gross Profit	427	487	651	871	1123	1381	1606	1829
Gross margin on net sales	14.7%	14.0%	15.4%	16.7%	17.8%	18.7%	18.8%	18.8%
Fulfillment costs	-203	-249	-309	-371	-460	-540	-624	-709
% of net sales	7.0%	7.2%	7.3%	7.1%	7.3%	7.3%	7.3%	7.3%
Marketing costs	-79	-70	-89	-104	-120	-133	-145	-155
% of net sales	2.7%	2.0%	2.1%	2.0%	1.9%	1.8%	1.7%	1.6%
Technology and content costs	-77	-85	-106	-141	-164	-185	-205	-223
% of net sales	2.6%	2.4%	2.5%	2.7%	2.6%	2.5%	2.4%	2.3%
General and admin	-45	-49	-64	-68	-76	-81	-86	-87
% of net sales	1.5%	1.4%	1.5%	1.3%	1.2%	1.1%	1.0%	0.9%
EBIT recurring	**24**	**34**	**83**	**188**	**304**	**441**	**546**	**654**
% of net sales	0.8%	1.0%	2.0%	3.6%	4.8%	6.0%	6.4%	6.7%
EBITDA	**51**	**65**	**129**	**240**	**366**	**511**	**627**	**745**
% of net sales	1.8%	1.9%	3.0%	4.6%	5.8%	6.9%	7.3%	7.7%
Net financial costs	-53	-68	-84	-118	-150	-174	-186	-204
Underlying PBT	-29	-34	-1	69	155	267	359	450
Net profit	-20	-51	-1	52	116	200	252	306
EBITDA after SBC and factoring exp	**5**	**-3**	**38**	**117**	**210**	**329**	**427**	**523**
EBIT after factoring exp	**-22**	**-26**	**-4**	**68**	**152**	**262**	**349**	**435**
EPS euros		-0.11	0.00	0.12	0.26	0.45	0.57	0.69
FX		1.30	1.15	1.15	1.15	1.15	1.15	1.15
EPS dollars		0.00	0.00	0.14	0.30	0.52	0.66	0.80
Working Capital	**2013**	**2014**	**2015E**	**2016E**	**2017E**	**2018E**	**2019E**	**2020E**
Inventories	367	417	528	634	747	861	984	1106
days on COGS	53	50	53	53	52	52	51	51
Accounts receivables	164	139	158	180	200	214	224	228
days on Net Sales	20	14	13	12	11	10	9	8
Accounts payable	-905	-1296	-1375	-1594	-1882	-2156	-2450	-2737
days on COGS	132	156	138	132	131	129	127	125
Working Capital non-goods	18	0	0	0	0	0	0	0
WC Total	**-357**	**-740**	**-689**	**-780**	**-935**	**-1081**	**-1242**	**-1404**
days on Net Sales	-44	-77	-59	-54	-53	-53	-52	-52
% of net sales	-12.3%	-21.3%	-16.3%	-14.9%	-14.9%	-14.6%	-14.5%	-14.5%
Cash flow	**2013**	**2014**	**2015E**	**2016E**	**2017E**	**2018E**	**2019E**	**2020E**
EBITDA	51	65	129	240	366	511	627	745
Factoring	-45	-60	-87	-119	-152	-180	-197	-219
Capex	-54	-77	-85	-110	-113	-133	-145	-165
WC inflow	129	241	-51	91	155	146	161	162
Operating CF	80	169	-94	102	256	344	446	523
Other financial and tax, share pmt	5	0	0	-20	-40	-64	-101	-131
Capital increase		133	0	0	0	0	0	0
Dividends		0	0	0	0	0	0	0
Other	-9	68	0	0	0	0	0	0
Change in net cash	76	370	-94	82	216	280	345	391
Net cash (debt)	**164**	**534**	**440**	**522**	**737**	**1018**	**1363**	**1754**

Source: Company data and JP Morgan estimates

Table 2: Cnova DCF

€m

DCF Valuation	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	Terminal V
EBIT after operating. fin. expenses	-4	68	152	262	349	435	498	584	656	676
Tax (35%)	1	-24	-53	-92	-122	-152	-174	-204	-230	-237
NOPAT	-3	44	99	170	227	283	324	379	427	439
Depreciation	42	49	58	67	78	88	100	112	125	129
Capex	-85	-110	-113	-133	-145	-165	-186	-209	-234	-129
WC Change	-51	91	155	146	161	162	170	186	179	70
FCF	**-97**	**74**	**199**	**250**	**321**	**368**	**408**	**468**	**497**	**509**
										5480
WACC	12.3%									
g	3.0%									
Year	1	2	3	4	5	6	7	8	9	10
Present value	**-88**	**60**	**144**	**161**	**184**	**188**	**185**	**190**	**179**	**1760**
Firm value	2,962									
Less ND / plus net cash	440									
Average ND over y-e ND	-339									
Equity value	3,063									
Number of shares (m)	441									
Value per share(€)	**6.9**									
Value per share($)	**7.8**									

Source: J.P. Morgan estimates

We provide below sensitivity to changes in the WACC and g rate assumptions.

Table 3: DCF - Sensitivities of the equity value per share in $ to changes in the WACC and g

	10.8%	11.3%	11.8%	**12.3%**	12.8%	13.3%	13.8%
1.5%	8.3	7.8	7.3	6.9	6.5	6.2	5.8
2.0%	8.7	8.2	7.6	7.2	6.8	6.4	6.0
2.5%	9.2	8.6	8.0	7.5	7.0	6.6	6.3
3.0%	9.7	9.0	8.4	**7.8**	7.3	6.9	6.5
3.5%	10.3	9.5	8.8	8.2	7.7	7.2	6.8
4.0%	11.0	10.1	9.3	8.6	8.0	7.5	7.0
4.5%	11.8	10.8	9.9	9.1	8.5	7.9	7.4

Source: J.P. Morgan estimates

Investment Thesis, Valuation and Risks

Cnova *(Overweight; Price Target: $7.80)*

Investment Thesis

Cnova is the ecommerce subsidiary of the Casino Group. It is co-leader in France and No2 in Brazil, countries which account for c50% of current sales each. Thanks to the scale and infrastructure of its parent companies, Cnova has a low cost/ low capex model which allows an aggressive price positioning. This model leads to high traffic and direct sales growth, which is a strong platform to develop a marketplace (MP). The development of the MP is the key profit driver in the coming years. We rate Cnova OW.

Valuation

Our Dec-15 TP of $7.80 is derived from a DCF on projections until 2023, a perpetuity growth rate of 3%, discounted at a WACC of 12.3%. This value equates to an EV/ net sales of 0.7x 2015 and EV/ GMV of 0.51x. As far as EV/EBITDA is concerned, our TP would imply an EV/ adjusted EBITDA for 2016 of 26x.

Risks to Rating and Price Target

The main downside risks to our TP are: FX and macro risks in Brazil, intensification of price competition in the main markets leading to lower gross margin in the direct sales, risk of marketplace commissions coming under pressure, risk that the company does not achieve its MP penetration targets, risk of import duties coming down in Brazil leading to a dilution of the company’s relative scale advantage.

Cnova: Summary of Financials

Income Statement	FY14A	FY15E	FY16E	FY17E	FY18E	Cash Flow Statement	FY14A	FY15E	FY16E	FY17E	FY18E
Sales	3,474	4,237	5,220	6,295	-	Net cash flow	(51)	(1)	52	116	-
YoY change (%)	19.8%	22.0%	23.2%	20.6%	-	Working capital	241	(51)	91	155	-
Gross Profit	487	651	871	1,123	-	Capex	(77)	(85)	(110)	(113)	-
Gross Margin	14.0%	15.4%	16.7%	17.8%	-	FCF	200	(97)	64	174	-
EBITDAR	73	129	240	366	-	Acquisitions/Disposals	68	(0)	(20)	(40)	-
EBITDAR Margin (%)	2.1%	3.0%	4.6%	5.8%	-	Capital increase/decrease	133	0	0	0	-
EBITDA	73	129	240	366	-	Dividends	-	-	-	-	-
EBITDA Margin (%)	2.1%	3.0%	4.6%	5.8%	-	Other	-	-	-	-	-
EBIT	34	83	188	304	-	Change in net debt/(cash)	(368)	94	(82)	(216)	-
YoY change (%)	45.4%	142.1%	126.6%	62.3%	-	Net debt/(Cash) at year end	(469)	(374)	(457)	(672)	-
EBIT Margin (%)	1.0%	2.0%	3.6%	4.8%	-						
Net financial expenses	(68)	(84)	(118)	(150)	-	**CAPEX**					
PBT	(34)	(1)	69	155	-	Capex/sales	2.2%	2.0%	2.1%	1.8%	-
Tax	15	1	(17)	(39)	-						
Associate	-	-	-	-	-	**WORKING CAPITAL**					
Minority Interest	-	-	-	-	-	NWC/Sales	(6.5%)	(6.3%)	(5.3%)	(3.5%)	-
Adjusted net Profit	(51)	(1)	52	116	-	Inventory days	47.9	48.1	48.8	48.7	-
Adjusted net EPS	(0.11)	(0.00)	0.12	0.26	-	Trade debtor days	12.6	12.8	11.8	11.0	-
YoY change (%)	142.1%	(98.7%)	(8166.0%)	122.8%	-	Trade payable days	133.9	135.9	124.6	122.7	-

Ratios	FY14A	FY15E	FY16E	FY17E	FY18E
LEVERAGE(x)					
Net debt/EBITDA	(6.4)	(2.9)	(1.9)	(1.8)	-
VALUATION MULTIPLES (x)					
Adj.P/E	NM	NM	55.4	24.9	-
EV/EBITDA	35.8	19.8	11.0	7.0	-
EV/EBIT	76.7	30.8	14.0	8.4	-
Lease Adjusted EV/ EBITDAR	-	-	-	-	-
Adjusted EV/ Sales	-	-	-	-	-
RETURNS					
Capital Turnover	30.1	20.2	29.1	79.3	-
Underlying EBIT margin	1.0%	2.0%	3.6%	4.8%	-
Pre-tax ROIC	1.9%	3.0%	5.4%	7.6%	-

Source: Company reports and J.P. Morgan estimates.
Note: € in millions (except per-share data).Fiscal year ends Dec

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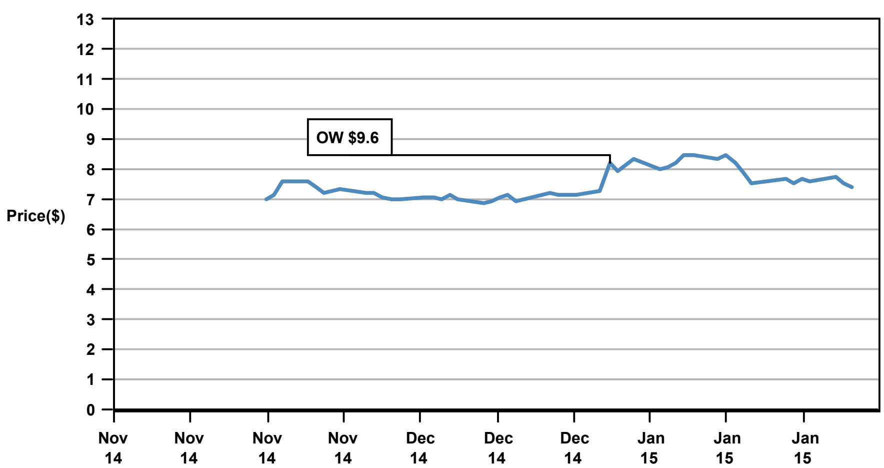
Cnova (CNV.OQ, CNV US) Price Chart



Date	Rating	Share Price ($)	Price Target ($)
30-Dec-14	OW	8.19	9.60

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Dec 30, 2014.

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Deutsche Bank
Markets Research

Rating
Hold

North America
United States

TMT
Internet

Company
Cnova

Reuters	Bloomberg	Exchange	Ticker
CNV.OQ	CNV US	NAS	CNV

Date
30 January 2015

Results

Price at 29 Jan 2015 (USD)	6.28
Price target	6.00
52-week range	13.25 - 6.28

Mixed Bag In First Print Out Of The Gate

The Key Take-Away

Our primary concerns on CNV articulated in our December initiation were not so much around the company's strategy or competitive footprint, but around the frothy consensus growth estimates and high valuation. These concerns are now being addressed on the 4Q print and 1Q guidance, pointing towards a more reasonable mid-teens revenue growth rate in 2015, which we now expect going forward. We have trimmed our 2015 GMV and GP estimates by 7% and 13%, and our EBITDA by 66%, our price target is now $6.

We like the long term story in BR e-commerce but are on the sidelines until valuation pulls back in line with faster-growing peers. Hold.

Positives In The Quarter

GMV and revenue growth were solid in 4Q, up 32% and 29% respectively. New customer growth and orders per customer continues to increase nicely in 4Q. Marketplace accounted for ~21% of total GMV in France and ~5% in Brazil (12% of Extra), and continues to increase at 8pts Y/Y in the respective sites. Cnova launched its two new marketplaces on pontofrio.com and casasbahia.com.br in 1Q, which should help growth in 2015. Mobile continues to ramp as well, now accounting for 22% of FR GMV and 10.5% of BR.

Negatives To Monitor

The obvious red flag for CNV is missing and guiding down in its first quarter as a public company, which should weigh on the multiple. 4Q gross profit and EBITDA (peer defined) missed our estimates by 5% and 33%. The company guided to 17% Y/Y revenue growth in 1Q, well below the consensus 25% expectation, and flowing this lower growth trajectory through the model has caused a significant reduction to 2015 and 2016 estimates, as we had feared. We also cut our peer-defined EBITDA for 2015 by 66% reflecting lower profit flow through vs. our previous modeled, plus increased investment in new regional expansion.

Estimate Changes & Valuation

We like the CNV story and the management team, but we are waiting for the valuation to pull back in-line with its faster growing peers. We also are somewhat hesitant to assign a premium to CNV vs. other independent players as it doesn't have the take-over potential (other than back into the parent co). We have adjusted our 2015 GP and GMV estimates lower by 7% and 13% respectively and our new PT is $6 (vs. $8.50 previously). Our price target is based on the same methodology, a blended average of 0.4x GMV, 1.8x GP, and 20x EBITDA (peer-defined) on our 2016 estimates. Key risks include competition, dependence on parent companies, and CNV's low margin profile leaves very little room for error, as demonstrated in 4Q14.

Forecasts And Ratios

Year End Dec 31	2013A	2014E	2015E
Revenue (EURm)	2,898.9	3,473.8	4,049.6

Source: Deutsche Bank estimates, company data

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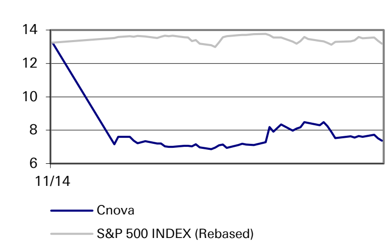
Key changes

Price target	8.50 to 6.00	↓	-29.4%
EPS (EUR)	0.05 to 0.01	↓	-73.4%
Revenue (EURm)	3,449.2 to 3,473.8	↑	0.7%

Source: Deutsche Bank

Price/price relative



Performance (%)	1m	3m	12m
Absolute	-13.7	–	–
S&P 500 INDEX	-3.3	2.0	13.9

Source: Deutsche Bank

Deutsche Bank Securities Inc.

Model updated:30 January 2015

Running the numbers

North America

United States

Internet

Cnova

Reuters: CNV.OQ — Bloomberg: CNV US

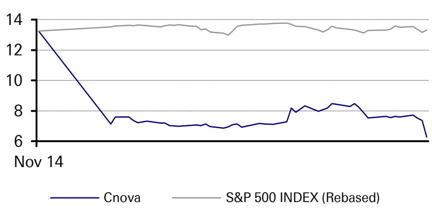
Hold

Price (29 Jan 15)	USD 6.28
Target Price	USD 6.00
52 Week range	USD 6.28 - 13.25
Market Cap (m)	USDm 2,643
	EURm 2,337

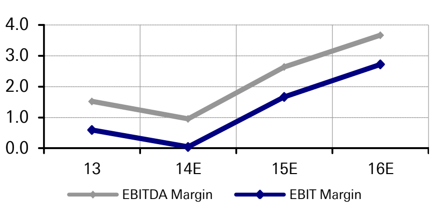
Company Profile

Cnova is a leading global e-commerce player in France and Brazil. The company has a strong portfolio of e-commerce sites including Cdicsount, Ponto Frio, Extra, and Casas Bahias, with a total of 13M active customers. Cnova operates with a "lowest price, loss leader" e-commerce strategy by leveraging purchasing synergies through parent companies worldwide including Casino Group in France and Via Varejo in Brazil. The company recently launched a 3-P marketplace strategy in France and Brazil and over 10% of GMV comes from marketplace

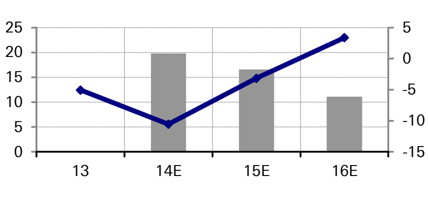
Price Performance



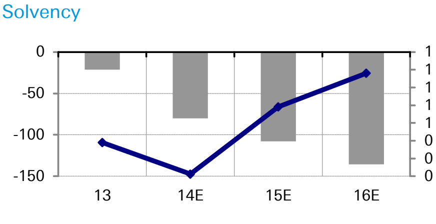
Margin Trends



Growth & Profitability



Solvency



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Fiscal year end 31-Dec	2013	2014E	2015E	2016E
Financial Summary				
DB EPS (EUR)	0.05	0.01	0.15	0.26
Reported EPS (EUR)	-0.06	-0.13	-0.04	0.04
DPS (EUR)	0.00	0.00	0.00	0.00
BVPS (EUR)	1.11	1.37	1.22	1.20
Valuation Metrics				
Price/Sales (x)	nm	0.7	0.6	0.5
P/E (DB) (x)	na	403.9	36.3	21.3
P/E (Reported) (x)	nm	nm	nm	138.9
P/BV (x)	0.0	3.8	4.5	4.6
FCF yield (%)	na	9.1	9.5	10.7
Dividend yield (%)	na	0.0	0.0	0.0
EV/Sales	nm	0.5	0.4	0.3
EV/EBITDA	nm	56.5	16.2	9.3
EV/EBIT	nm	nm	25.6	12.5
Income Statement (EURm)				
Sales	2,899	3,474	4,050	4,499
EBITDA	44	33	107	165
EBIT	17	2	68	123
Pre-tax profit	-38	-66	-26	28
Net income	-23	-54	-18	20
Cash Flow (EURm)				
Cash flow from operations	176	285	324	378
Net Capex	-53	-73	-81	-90
Free cash flow	123	212	243	288
Equity raised/(bought back)	0	0	0	0
Dividends paid	0	0	0	0
Net inc/(dec) in borrowings	-30	10	0	0
Other investing/financing cash flows	-37	119	-3	-3
Net cash flow	56	340	240	285
Change in working capital	*128*	*241*	*206*	*218*
Balance Sheet (EURm)				
Cash and cash equivalents	264	573	813	1,098
Property, plant & equipment	33	44	89	140
Goodwill	491	496	496	496
Other assets	904	1,048	1,201	1,287
Total assets	1,691	2,161	2,600	3,022
Debt	163	105	198	293
Other liabilities	1,055	1,473	1,831	2,136
Total liabilities	1,218	1,577	2,029	2,428
Total shareholders' equity	473	584	570	593
Net debt	*-100*	*-469*	*-615*	*-805*
Key Company Metrics				
Sales growth (%)	nm	19.8	16.6	11.1
DB EPS growth (%)	na	-74.9	1,011.7	70.6
Payout ratio (%)	nm	nm	nm	0.0
EBITDA Margin (%)	1.5	1.0	2.6	3.7
EBIT Margin (%)	0.6	0.0	1.7	2.7
ROE (%)	-5.1	-10.5	-3.2	3.4
Net debt/equity (%)	-21.2	-80.2	-107.9	-135.8
Net interest cover (x)	0.4	0.0	0.8	1.2
DuPont Analysis				
EBIT margin (%)	0.6	0.0	1.7	2.7
x Asset turnover (x)	1.7	1.8	1.7	1.6
x Financial cost ratio (x)	-1.6	-40.1	-0.3	0.1
x Tax and other effects (x)	0.8	0.9	1.0	1.1
= ROA (post tax) (%)	-1.4	-2.8	-0.8	0.7
x Financial leverage (x)	3.7	3.7	4.2	4.9
= ROE (%)	-5.1	-10.5	-3.2	3.4
annual growth (%)	*na*	*-108.4*	*70.0*	*na*
x NTA/share (avg) (x)	1.1	1.2	1.2	1.2
= Reported EPS	-0.06	-0.13	-0.04	0.04
annual growth (%)	*na*	*-130.8*	*69.8*	*na*

Source: Company data, Deutsche Bank estimates

CNOVA N.V.

4Q14 results

Figure 1: Summary of key metrics

(EUR in mn, unless noted)	Actual	DB Est.	Delta	Consensus	Prior Year Quarter	Change / Prior Year	Change / Prior Quarter
Income Statement							
France & ROW							
France GMV	790.500	782.743	1.0%		624.658	27%	41%
France Revs	535.200	522.228	2.5%		463.500	15%	39%
Brazil							
Brazil GMV	681.200	634.700	7.3%		517.371	32%	26%
Brazil Revs	563.400	543.017	3.8%		454.187	24%	23%
Consolidated							
Total GMV	**1,471.700**	**1,429.442**	**3.0%**	**1,434.761**	**1,142.029**	**29%**	**34%**
Total Revenues	1,098.596	1,073.929	2.3%		917.687	20%	30%
Key Metrics							
Orders	10.8	10.5	3.0%		7.8	38%	38%
Active Customers	13.6	13.9	-2.2%		11.0	24%	5%
Orders per customer	0.8	0.8	5.3%		0.7	12%	31%
Spend per customer	€ 100.80	€ 95.20	5.9%		€ 94.14	7%	29%
Income Statement							
Total revenues	1,098.596	1,073.929	2.3%		917.687	20%	30%
Cost of Revenues	929.605	895.397	3.8%		776.804	20%	28%
Gross Profit	**168.991**	**178.531**	**-5.3%**	**183.602**	**140.883**	**20%**	**48%**
Gross Margins	15.4%	16.6%	-124 bps		15.4%	03 bps	182 bps
Operating expenses							
Fulfillment	80.793	78.117	3.4%		62.411	29%	26%
Marketing	21.404	20.427	4.8%		20.317	5%	25%
Technology and content	24.466	24.901	-1.7%		22.178	10%	13%
General and administrative	10.025	13.641	-26.5%		9.756	3%	-16%
EBIT - GAAP	15.396	41.145	-62.6%		21.038	-27%	-1511%
EBIT - Non GAAP	15.396	43.293	-64.4%		21.073	-27%	-1579%
D&A	9.673	9.128	6.0%		8.816	10%	14%
SBC	-	2.148	-100.0%		0.035	-100%	-100%
Peer defined. EBITDA	**22.940**	**34.142**	**-32.8%**		**20.489**	**12%**	**-449%**
EBITDA Margins to GMV	1.6%	2.4%	-83 bps		1.8%	-24 bps	
Operating financial expense	(22.146)	(18.279)	21.2%		(14.583)	52%	50%
Financial expense	3.732	(0.936)	-498.9%		(2.410)	-255%	-251%
Pretax Income	(3.018)	21.930	-113.8%		4.045	-175%	-84%
Income Tax Expense (benefit)	(4.279)	6.579	-165.0%		(9.946)	-57%	8%
Reported Net Income	0.788	15.351	-94.9%		13.991	-94%	-105%

Source: Company data, Deutsche Bank

Figure 2: Summary of estimate changes

	4Q14E			2015E			2016E		
	New Ests.	Old ests	Delta	New Ests.	Old ests	Delta	New Ests.	Old ests	Delta
France & ROW									
France GMV	631.5	637.4	-1%	2,792.2	3,099.3	-10%	3,333.4	4,059.4	-18%
France Revs	419.3	419.4	0%	1,783.3	1,965.3	-9%	1,962.9	2,483.8	-21%
Brazil									
Brazil GMV	583.3	634.3	-8%	2,837.8	2,940.5	-3%	3,380.7	4,128.9	-18%
Brazil Revs	488.3	535.0	-9%	2,266.3	2,380.3	-5%	2,535.7	3,007.2	-16%
Consolidated									
Total GMV	**1,214.8**	**1,271.7**	**-4%**	**5,630.0**	**6,039.7**	**-7%**	**6,714.1**	**8,188.4**	**-18%**
Total Revenues	907.5	954.4	-5%	4,049.6	4,345.5	-7%	4,498.6	5,491.1	-18%
Key Metrics									
Orders	8.3	8.6	-4%	39.1	42.3	-8%	48.9	64.8	-25%
Income Statement									
Total revenues	**907.5**	**954.4**	**-5%**	**4,049.6**	**4,345.5**	**-7%**	**4,498.6**	**5,491.1**	**-18%**
Cost of Revenues	789.6	825.0	-4%	3,455.9	3,660.7	-6%	3,794.9	4,544.6	-16%
Gross Profit	**117.9**	**129.4**	**-9%**	**593.7**	**684.8**	**-13%**	**703.7**	**946.5**	**-26%**
Gross Margin	9.7%	10.2%	-47 bps	10.5%	11.3%	-79 bps	10.5%	11.6%	-108 bps
Operating expenses									
Fulfillment	69.1	72.3	-4%	289.6	309.6	-6%	321.6	390.6	-18%
Marketing	19.7	20.6	-4%	81.4	86.8	-6%	89.6	108.5	-17%
Technology and content	24.2	25.4	-4%	101.4	110.2	-8%	114.4	141.2	-19%
General and administrative	14.4	15.1	-4%	51.7	60.8	-15%	53.5	72.3	-26%
Other Costs	0.5	0.5	0%	2.0	2.0	0%	2.0	2.0	0%
Total Operating Expenses	127.9	133.9	-4%	526.2	569.4	-8%	581.1	714.6	-19%
EBIT - GAAP	(10.0)	(4.5)	-125%	67.5	115.5	-42%	122.5	231.9	-47%
EBIT - Non GAAP	(9.1)	(3.5)	-160%	71.6	119.8	-40%	125.9	236.0	-47%
D&A	9.1	9.5	-5%	39.4	42.3	-7%	42.5	51.8	-18%
SBC	0.9	1.0	-5%	4.0	4.3	-7%	3.4	4.1	-18%
Peer defined EBITDA	**(17.7)**	**(13.2)**	**-34%**	**24.7**	**72.7**	**-66%**	**62.9**	**158.9**	**-60%**
EBITDA % of GMV	-1.46%	-1.04%	-42 bps	0.44%	1.20%	-76 bps	0.94%	1.94%	-100 bps
Pretax Income	(30.6)	(26.8)	14%	(25.8)	18.6	-239%	27.9	113.3	-75%
Income Tax Expense (benefit)	(9.2)	(8.0)	14%	(7.7)	5.6	-239%	8.4	34.0	-75%
Reported Net Income	(21.4)	(18.8)	14%	(18.0)	13.0	-239%	19.5	79.3	-75%
Adj. EPS	($0.01)	$0.00	-289%	$0.15	$0.23	-33%	$0.26	$0.43	-40%
GAAP EPS	($0.05)	($0.04)	14%	($0.04)	$0.02	-271%	$0.04	$0.16	-76%

Source: Company data, Deutsche Bank

Valuation

Hold Rating & $6 Price Target ($8.50 Previously)

We have adjusted our 2015 GMV and GP estimates lower by 7% and 13% respectively based on lower 1Q guidance and higher pricing investments. Our price target is based on 0.4x GMV, 1.8x GP, and 20x EBITDA (peer-defined) on our 2016 estimates.

Figure 3: Valuation

CNova
(USD in mn except per share data)

Current Price	$6.92	
Basic shares	412.1	
Options	1.3	
Offering shares	26.8	
Total diluted shares (post offering)	440.2	
Current Market Cap (USD)	3,046.4	
Less: Cash and Cash Equivalents	62.0	
Offering cash (mid point)	141.6	
Plus: Debt	143.2	
Adjusted Enterprise Value	2,985.9	
EV/GMV		**2016E**
GMV		$7,522
Current EV/GMV Muit		0.4x
Target Multiple		**0.4x**
Enterprise Value		3,159
Plus: YE Cash		1,230
Less: YE Debt		328
Equity Market Capitalization		4,062
FY End Projected Sharecount		496
Implied Stock Price on Forward Revenue		**$8**
EV to GP		**2016E**
GP		$788
Current EV/GP multiple		3.8x
Target Multiple		**1.8x**
Enterprise Value		1,455
Plus: YE Cash		1,230
Less: YE Debt		328
Equity Market Capitalization		2,357
FY End Projected Sharecount		496
Implied Stock Price on Forward Revenue		**$5**
EV to EBITDA		**2016E**
Company Defined EBITDA		$189
Current EV/EBITDA Multiple		15.8x
Peer defined EBITDA		$70
Current EV/peer defined EBITDA Multiple		42.4x
Target Multiple		**20.0x**
Enterprise Value		1,412
Plus: YE Cash		1,230
Less: YE Debt		328
Equity Market Capitalization		2,315
FY End Projected Sharecount		496
Implied Stock Price on Forward EBITDA		**$5**
Average		**$6**
Target Price		**$6**

Source: Company data, Deutsche Bank

Risks

We have articulated a number of the key risks to monitor, including: 1) dependence on parent companies, 2) low margin profile leaves very little room for error, and 3) aggressive long-term targets. Upside risks include faster brazil market place growth, better macroeconomic environment

Figure 4: Summary of Income Statement (EUR m)

CNOVA -- Quarterly Earnings Analysis	2012A	2013A				2013A	2014E				2014E	2015E				2015E	2016E
		Mar A 1QA	Jun A 2QA	Sep A 3QA	Dec A 4QA		Mar A 1QA	Jun A 2QA	Sep A 3QA	Dec E 4QE		Mar E 1QE	Jun E 2QE	Sep E 3QE	Dec E 4QE		
France	1,624.1	444.4	376.1	452.5	624.7	1,897.7	497.2	468.1	555.9	790.5	2,311.8	631.5	574.0	662.8	923.9	2,792.2	3,333.4
Brazil	1,501.0	358.8	394.3	395.0	517.4	1,665.6	480.2	502.9	539.8	681.2	2,204.1	583.3	639.8	690.2	924.4	2,837.8	3,380.7
Total GMV	**3,125.1**	**803.3**	**770.4**	**847.6**	**1,142.0**	**3,563.3**	**977.5**	**971.0**	**1,095.7**	**1,471.7**	**4,515.9**	**1,214.8**	**1,213.8**	**1,353.1**	**1,848.3**	**5,630.0**	**6,714.1**
Total revenues	**2,649.7**	**663.9**	**632.0**	**685.4**	**917.7**	**2,898.9**	**777.0**	**755.8**	**842.4**	**1,098.6**	**3,473.8**	**907.5**	**877.9**	**966.6**	**1,297.6**	**4,049.6**	**4,498.6**
Cost of Revenues	2,253.7	569.2	540.8	585.4	776.8	2,472.1	680.8	649.1	728.1	929.6	2,987.7	789.6	747.8	828.3	1,090.2	3,455.9	3,794.9
Gross Profit	**396.0**	**94.7**	**91.2**	**100.0**	**140.9**	**426.8**	**96.2**	**106.7**	**114.3**	**169.0**	**486.1**	**117.9**	**130.2**	**138.3**	**207.4**	**593.7**	**703.7**
Operating expenses																	
Fulfillment	187.223	46.779	50.477	43.174	62.411	202.840	53.643	50.215	63.937	80.793	248.588	69.099	66.411	63.706	90.378	289.593	321.624
Marketing	66.946	19.853	20.276	18.692	20.317	79.137	16.897	14.873	17.189	21.404	70.363	19.663	17.257	19.640	24.848	81.408	89.637
Technology and content	65.479	17.704	18.152	18.698	22.178	76.733	18.522	20.505	21.587	24.466	85.081	24.235	26.846	25.181	25.182	101.444	114.398
General and administrative	38.785	12.524	9.819	12.454	9.756	44.554	14.524	12.360	11.900	10.025	48.809	14.407	14.236	13.274	9.818	51.735	53.488
Other Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.500	0.500	0.500	0.500	2.000	2.000
Total operating expenses	358.433	96.860	98.723	93.018	114.662	403.263	103.586	97.954	114.613	136.688	452.841	127.904	125.250	122.301	150.726	526.180	581.147
Operating income - GAAP	31.687	(2.160)	(8.468)	6.858	21.038	17.267	(7.417)	(5.352)	(1.091)	15.396	1.536	(9.995)	4.913	15.964	56.636	67.518	122.535
Operating income - Non GAAP	32.423	(2.109)	(8.417)	6.909	21.073	17.455	(7.417)	(5.352)	(1.041)	15.396	1.586	(9.087)	5.791	16.930	57.934	71.568	125.909
Depreciation & amortization	20.675	5.837	6.015	6.136	8.816	26.804	5.835	7.657	8.500	9.673	31.666	9.075	9.657	9.666	11.029	39.428	42.464
Stock based compensation	0.736	0.051	0.051	0.051	0.035	0.188	0.000	0.000	0.050	0.000	0.050	0.908	0.878	0.967	1.298	4.050	3.374
Company-Defined EBITDA	**59.028**	**3.727**	**(1.473)**	**13.171**	**35.072**	**50.498**	**(1.566)**	**16.400**	**8.202**	**41.976**	**65.012**	**(0.012)**	**15.448**	**26.596**	**68.963**	**110.996**	**168.373**
Financial operating expense - related to installments	(37.788)	(9.846)	(10.880)	(10.042)	(14.583)	(45.351)	(12.777)	(13.504)	(14.767)	(19.036)	(60.084)	(17.733)	(19.450)	(20.983)	(28.102)	(86.269)	(105.477)
Peer-Defined EBITDA (less Financial Expense)	**21.240**	**(6.119)**	**(12.353)**	**3.130**	**20.489**	**5.147**	**(14.343)**	**2.896**	**(6.565)**	**22.940**	**4.928**	**(17.745)**	**(4.003)**	**5.613**	**40.861**	**24.727**	**62.896**
Operating financial expense	(37.788)	(9.846)	(10.880)	(10.042)	(14.583)	(45.351)	(12.777)	(13.504)	(14.767)	(22.146)	(63.194)	(17.733)	(19.450)	(20.983)	(28.102)	(86.269)	(105.477)
Financial expense	(3.576)	(2.427)	(3.300)	(2.159)	(2.410)	(10.295)	(2.260)	(3.759)	(2.465)	3.732	(4.752)	(2.867)	(1.194)	(1.585)	(1.389)	(7.035)	10.840
Pretax Income	(9.677)	(14.433)	(22.648)	(5.343)	4.045	(38.379)	(22.455)	(22.615)	(18.323)	(3.018)	(66.410)	(30.595)	(15.732)	(6.604)	27.145	(25.785)	27.898
Income Tax Expense (benefit)	2.437	(0.656)	(4.084)	(1.047)	(9.946)	(15.732)	(3.782)	(2.768)	(3.968)	(4.279)	(14.797)	(9.178)	(4.720)	(1.981)	8.144	(7.736)	8.369
Reported Net Income	**(12.343)**	**(13.911)**	**(18.698)**	**(4.385)**	**13.991**	**(23.004)**	**(18.672)**	**(21.265)**	**(15.276)**	**0.788**	**(54.425)**	**(21.416)**	**(11.012)**	**(4.623)**	**19.002**	**(18.050)**	**19.528**
Non-GAAP Operating Income	32.423	(2.109)	(8.417)	6.909	21.073	17.455	(7.417)	(5.352)	(1.041)	15.396	1.586	(9.087)	5.791	16.930	57.934	71.568	125.909
Cash earnings	9.986	(8.849)	(12.074)	1.231	20.546	0.854	(14.565)	2.924	(6.631)	20.028	1.756	(15.083)	(3.402)	4.771	34.732	21.018	53.461
PF Net income	**26.181**	**(4.014)**	**(7.767)**	**5.707**	**28.609**	**22.535**	**(5.895)**	**(7.761)**	**(0.459)**	**19.824**	**5.709**	**(2.775)**	**9.316**	**17.327**	**48.402**	**72.269**	**128.380**
Diluted Earnings per Share																	
GAAP Earnings per Share	(0.04)		0.00	0.00	0.00	(0.06)	0.00	0.00	(0.04)	0.00	(0.13)	(0.05)	(0.02)	(0.01)	0.04	(0.04)	0.04
Pro forma Earnings per Share	**0.06**					**0.05**	**0.00**	**(0.02)**	**(0.00)**	**0.05**	**0.01**	**(0.01)**	**0.02**	**0.04**	**0.10**	**0.15**	**0.26**
Diluted Shares Outstanding	301.215		0.000	0.000	0.000	411.456	0.000	411.456	413.435	440.235	421.708	449.040	458.020	467.181	476.524	462.691	488.557
Pro forma Shares Outstanding	411.456		0.000	0.000	0.000	411.456	411.456	411.456	413.435	424.872	415.304	449.040	458.020	467.181	476.524	462.691	488.557
Other Metrics																	
Free Cash Flow	67.535	(188.703)	(26.401)	(51.918)	343.316	76.293	(312.090)	35.031	(54.489)	476.713	145.165	(351.528)	59.391	(59.452)	508.481	156.892	182.628
Free Cash Flow per Share	0.16					0.19	(0.76)	0.09	(0.13)	1.12	0.32	(0.78)	0.13	(0.13)	1.07	0.29	0.34
Margin Analysis																	
GP to GMV	12.7%	11.8%	11.8%	11.8%	12.3%	12.0%	9.8%	11.0%	10.4%	11.5%	10.8%	9.7%	10.7%	10.2%	11.2%	10.5%	10.5%
GP to Revs	14.9%	14.3%	14.4%	14.6%	15.4%	14.7%	12.4%	14.1%	13.6%	15.4%	14.0%	13.0%	14.8%	14.3%	16.0%	14.7%	15.6%
Fulfillment as % of GMV	6.0%	5.8%	6.6%	5.1%	5.5%	5.7%	5.5%	5.2%	5.8%	5.5%	5.5%	5.7%	5.5%	4.7%	4.9%	5.1%	4.8%
Marketing as % of GMV	2.1%	2.5%	2.6%	2.2%	1.8%	2.2%	1.7%	1.5%	1.6%	1.5%	1.6%	1.6%	1.4%	1.5%	1.3%	1.4%	1.3%
Tech & content as % of GMV	2.1%	2.2%	2.4%	2.2%	1.9%	2.2%	1.9%	2.1%	2.0%	1.7%	1.9%	2.0%	2.2%	1.9%	1.4%	1.8%	1.7%
G&A as % of GMV	1.2%	1.6%	1.3%	1.5%	0.9%	1.3%	1.5%	1.3%	1.1%	0.7%	1.1%	1.2%	1.2%	1.0%	0.5%	0.9%	0.8%
Total Opex as % of GMV	11.5%	12.1%	12.8%	11.0%	10.0%	11.3%	10.6%	10.1%	10.5%	9.3%	10.0%	10.5%	10.3%	9.0%	8.2%	9.3%	8.7%
GAAP Operating Margin to GMV	1.0%	-0.3%	-1.1%	0.8%	1.8%	0.5%	-0.8%	-0.6%	-0.1%	1.0%	0.0%	-0.8%	0.4%	1.2%	3.1%	1.2%	1.8%
Non-GAAP Operating Margin to GMV	1.0%	-0.3%	-1.1%	0.8%	1.8%	0.5%	-0.8%	-0.6%	-0.1%	1.0%	0.0%	-0.7%	0.5%	1.3%	3.1%	1.3%	1.9%
Company-defined EBITDA to GMV	1.9%	0.5%	-0.2%	1.6%	3.1%	1.4%	-0.2%	1.7%	0.7%	2.9%	1.4%	0.0%	1.3%	2.0%	3.7%	2.0%	2.5%
Peer-defined EBITDA to GMV	**0.7%**	**-0.8%**	**-1.6%**	**0.4%**	**1.8%**	**0.1%**	**-1.5%**	**0.3%**	**-0.6%**	**1.6%**	**0.1%**	**-1.5%**	**-0.3%**	**0.4%**	**2.2%**	**0.4%**	**0.9%**
Effective Tax Rate	-25.2%	4.5%	18.0%	19.6%	-245.9%	41.0%	16.8%	12.2%	21.7%	141.8%	22.3%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Year Over Year Growth																	
GMV	10.5%			16.3%	16.7%	14.0%	21.7%	26.0%	29.3%	28.9%	26.7%	24.3%	25.0%	23.5%	25.6%	24.7%	19.3%
Net Revenue	6.7%			11.4%	12.2%	9.4%	17.0%	19.6%	22.9%	19.7%	19.8%	16.8%	16.2%	14.7%	18.1%	16.6%	11.1%
Cost of Revenues	6.5%			11.5%	12.9%	9.7%	19.6%	20.0%	24.4%	19.7%	20.9%	16.0%	15.2%	13.8%	17.3%	15.7%	9.8%
Gross Profit	**7.9%**			**11.2%**	**8.8%**	**7.8%**	**1.6%**	**17.0%**	**14.3%**	**20.0%**	**13.9%**	**22.6%**	**22.0%**	**21.0%**	**22.7%**	**22.1%**	**18.5%**
PF Operating Income	-48.5%			-2815.8%	-31.1%	-46.2%	251.6%	-36.4%	-115.1%	-26.9%	-90.9%	22.5%	-208.2%	-1726.7%	276.3%	4412.5%	75.9%
Adjusted EBITDA	-28.0%			133.6%	-14.6%	-14.5%	-142.0%	-1213.6%	-37.7%	19.7%	28.7%	-99.3%	-5.8%	224.3%	64.3%	70.7%	51.7%
Reported Net Income	407.3%			-38.3%	51.7%	86.4%	34.2%	13.7%	248.3%	-94.4%	136.6%	14.7%	-48.2%	-69.7%	2311.4%	-66.8%	-208.2%
GAAP Earnings per Share																	
Pro forma Earnings per Share																	

Source: Company data, Deutsche Bank

Figure 5: Summary of Income Statement (USD m)

FX Rates Conversion - EUR to USD	1.285	1.320	1.305	1.324	1.361	1.327	1.370	1.371	1.326	1.249	1.327	1.120	1.120	1.120	1.120	1.120	1.120
CNOVA -- Quarterly Earnings Analysis	**2012A**	**2013A**				**2013A**	**2014E**				**2014E**	**2015E**				**2015E**	**2016E**
		Mar A 1QA	Jun A 2QA	Sep A 3QA	Dec A 4QA		Mar A 1QA	Jun A 2QA	Sep A 3QA	Dec E 4QE		Mar E 1QE	Jun E 2QE	Sep E 3QE	Dec E 4QE		
France	2,087.0	586.8	491.0	599.2	850.0	2,526.9	681.2	642.0	737.3	987.0	3,047.6	707.5	643.1	742.6	1,035.1	3,128.3	3,734.7
Brazil	1,928.8	473.8	514.8	523.1	704.0	2,215.7	658.0	689.6	715.9	850.5	2,914.0	653.6	716.8	773.3	1,035.7	3,179.4	3,787.7
Total GMV	**4,015.8**	**1,060.5**	**1,005.8**	**1,122.3**	**1,554.0**	**4,742.6**	**1,339.2**	**1,331.6**	**1,453.2**	**1,837.6**	**5,961.6**	**1,361.0**	**1,359.9**	**1,516.0**	**2,070.8**	**6,307.7**	**7,522.4**
Total revenues	**3,404.9**	**876.5**	**825.1**	**907.5**	**1,248.7**	**3,857.8**	**1,064.5**	**1,036.5**	**1,117.2**	**1,371.7**	**4,590.0**	**1,016.8**	**983.6**	**1,082.9**	**1,453.8**	**4,537.1**	**5,040.1**
Cost of Revenues	2,896.0	751.5	706.0	775.1	1,057.0	3,289.6	932.8	890.2	965.7	1,160.7	3,949.4	884.7	837.8	928.0	1,221.5	3,872.0	4,251.7
Gross Profit	**508.9**	**125.0**	**119.0**	**132.4**	**191.7**	**568.2**	**131.8**	**146.3**	**151.5**	**211.0**	**640.6**	**132.1**	**145.8**	**154.9**	**232.3**	**665.2**	**788.4**
Operating expenses																	
Fulfillment	240.580	61.763	65.896	57.169	84.924	269.752	73.494	68.863	84.798	100.878	328.033	77.417	74.405	71.375	101.258	324.456	360.343
Marketing	86.026	26.212	26.469	24.751	27.646	105.077	23.149	20.397	22.797	26.725	93.068	22.030	19.334	22.004	27.839	91.208	100.428
Technology and content	84.140	23.375	23.697	24.759	30.179	102.010	25.377	28.121	28.630	30.548	112.676	27.152	30.078	28.213	28.213	113.656	128.169
General and administrative	49.839	16.536	12.818	16.491	13.276	59.121	19.899	16.950	15.783	12.517	65.149	16.141	15.950	14.872	11.000	57.963	59.927
Other Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.560	0.560	0.560	0.560	2.241	2.241
Total operating expenses	460.585	127.885	128.881	123.170	156.024	535.960	141.918	134.330	152.008	170.668	598.925	143.301	140.328	137.024	168.871	589.524	651.109
Operating income - GAAP	40.717	(2.852)	(11.055)	9.081	28.627	23.800	(10.162)	(7.340)	(1.447)	19.223	0.275	(11.198)	5.504	17.886	63.455	75.647	137.286
Operating income - Non GAAP	41.663	(2.785)	(10.989)	9.149	28.674	24.049	(10.162)	(7.340)	(1.380)	19.223	0.341	(10.181)	6.488	18.968	64.908	80.184	141.066
Depreciation & amortization	26.567	7.706	7.853	8.125	11.996	35.680	7.995	10.501	11.274	12.078	41.847	10.168	10.820	10.829	12.357	44.174	47.576
Stock based compensation	0.946	0.067	0.067	0.068	0.048	0.249	0.000	0.000	0.066	0.000	0.066	1.017	0.984	1.083	1.454	4.537	3.780
Company-Defined EBITDA	**75.851**	**4.921**	**(1.923)**	**17.441**	**47.723**	**68.163**	**(2.145)**	**22.490**	**10.878**	**52.411**	**83.634**	**(0.013)**	**17.308**	**29.798**	**77.266**	**124.358**	**188.643**
Financial operating expense - related to installments	(48.557)	(13.000)	(14.204)	(13.297)	(19.844)	(60.344)	(17.506)	(18.519)	(19.585)	(23.768)	(79.377)	(19.868)	(21.792)	(23.509)	(31.485)	(96.655)	(118.175)
Peer-Defined EBITDA (less Financial Expense)	**27.293**	**(8.078)**	**(16.126)**	**4.144**	**27.879**	**7.819**	**(19.651)**	**3.972**	**(8.707)**	**28.643**	**4.257**	**(19.881)**	**(4.484)**	**6.289**	**45.780**	**27.704**	**70.467**
Operating financial expense	(48.557)	(13.000)	(14.204)	(13.297)	(19.844)	(60.344)	(17.506)	(18.519)	(19.585)	(27.651)	(83.261)	(19.868)	(21.792)	(23.509)	(31.485)	(96.655)	(118.175)
Financial expense	(4.595)	(3.204)	(4.308)	(2.859)	(3.279)	(13.650)	(3.096)	(5.155)	(3.269)	4.660	(6.861)	(3.212)	(1.338)	(1.776)	(1.556)	(7.881)	12.145
Pretax Income	(12.435)	(19.056)	(29.567)	(7.075)	5.504	(50.193)	(30.764)	(31.013)	(24.301)	(3.768)	(89.846)	(34.278)	(17.626)	(7.399)	30.413	(28.889)	31.256
Income Tax Expense (benefit)	3.132	(0.866)	(5.332)	(1.386)	(13.533)	(21.117)	(5.182)	(3.796)	(5.263)	(5.343)	(19.583)	(10.283)	(5.288)	(2.220)	9.124	(8.667)	9.377
Reported Net Income	**(15.861)**	**(18.367)**	**(24.410)**	**(5.807)**	**19.038**	**(29.546)**	**(25.582)**	**(29.162)**	**(20.260)**	**0.984**	**(74.020)**	**(23.994)**	**(12.338)**	**(5.180)**	**21.289**	**(20.223)**	**21.879**
Non-GAAP Operating Income	41.663	(2.785)	(10.989)	9.149	28.674	24.049	(10.162)	(7.340)	(1.380)	19.223	0.341	(10.181)	6.488	18.968	64.908	80.184	141.066
Cash earnings	12.832	(11.683)	(15.762)	1.630	27.958	2.142	(19.955)	4.009	(8.794)	25.007	0.267	(16.899)	(3.812)	5.346	38.913	23.548	59.897
PF Net income	**33.643**	**(5.300)**	**(10.140)**	**7.557**	**38.929**	**31.047**	**(8.076)**	**(10.643)**	**(0.608)**	**24.752**	**5.424**	**(3.109)**	**10.438**	**19.413**	**54.228**	**80.969**	**143.835**
Diluted Earnings per Share																	
GAAP Earnings per Share	(0.05)		0.00	0.00	0.00	(0.07)	0.00	0.00	(0.05)	0.00	(0.05)	(0.05)	(0.03)	(0.01)	0.04	(0.05)	0.04
Pro forma Earnings per Share	**0.08**		**0.00**	**0.00**	**0.00**	**0.07**	**0.00**	**(0.03)**	**(0.00)**	**0.06**	**0.03**	**(0.01)**	**0.02**	**0.04**	**0.11**	**0.17**	**0.29**
Diluted Shares Outstanding	301.215		0.000	0.000	0.000	411.456	0.000	411.456	413.435	440.235	421.708	449.040	458.020	467.181	476.524	462.691	488.557
Pro forma Shares Outstanding	411.456		0.000	0.000	0.000	411.456	411.456	411.456	413.435	424.872	415.304	449.040	458.020	467.181	476.524	462.691	488.557
Other Metrics																	
Free Cash Flow	86.782	(249.146)	(34.466)	(68.748)	467.160	114.801	(427.580)	48.041	(72.267)	595.222	143.415	(393.846)	66.541	(66.609)	569.694	175.780	204.614
Free Cash Flow per Share	0.21	0.00	0.00	0.00	0.00	0.25	(1.04)	0.12	(0.17)	1.40	0.30	(0.88)	0.15	(0.14)	1.20	0.32	0.38
Margin Analysis																	
GP to GMV	12.7%	11.8%	11.8%	11.8%	12.3%	12.0%	9.8%	11.0%	10.4%	11.5%	10.7%	9.7%	10.7%	10.2%	11.2%	10.5%	10.5%
GP to Revs	14.9%	14.3%	14.4%	14.6%	15.4%	14.7%	12.4%	14.1%	13.6%	15.4%	14.0%	13.0%	14.8%	14.3%	16.0%	14.7%	15.6%
Fulfillment as % of GMV	6.0%	5.8%	6.6%	5.1%	5.5%	5.7%	5.5%	5.2%	5.8%	5.5%	5.5%	5.7%	5.5%	4.7%	4.9%	5.1%	4.8%
Marketing as % of GMV	2.1%	2.5%	2.6%	2.2%	1.8%	2.2%	1.7%	1.5%	1.6%	1.5%	1.6%	1.6%	1.4%	1.5%	1.3%	1.4%	1.3%
Tech & content as % of GMV	2.1%	2.2%	2.4%	2.2%	1.9%	2.2%	1.9%	2.1%	2.0%	1.7%	1.9%	2.0%	2.2%	1.9%	1.4%	1.8%	1.7%
G&A as % of GMV	1.2%	1.6%	1.3%	1.5%	0.9%	1.2%	1.5%	1.3%	1.1%	0.7%	1.1%	1.2%	1.2%	1.0%	0.5%	0.9%	0.8%
Total Opex as % of GMV	11.5%	12.1%	12.8%	11.0%	10.0%	11.3%	10.6%	10.1%	10.5%	9.3%	10.0%	10.5%	10.3%	9.0%	8.2%	9.3%	8.7%
GAAP Operating Margin to GMV	1.0%	-0.3%	-1.1%	0.8%	1.8%	0.5%	-0.8%	-0.6%	-0.1%	1.0%	0.0%	-0.8%	0.4%	1.2%	3.1%	1.2%	1.8%
Non-GAAP Operating Margin to GMV	1.0%	-0.3%	-1.1%	0.8%	1.8%	0.5%	-0.8%	-0.6%	-0.1%	1.0%	0.0%	-0.7%	0.5%	1.3%	3.1%	1.3%	1.9%
Adjusted EBITDA to GMV	1.9%	0.5%	-0.2%	1.6%	3.1%	1.4%	-0.2%	1.7%	0.7%	2.9%	1.4%	0.0%	1.3%	2.0%	3.7%	2.0%	2.5%
Peer-defined EBITDA to GMV	**0.7%**	**-0.8%**	**-1.6%**	**0.4%**	**1.8%**	**0.2%**	**-1.5%**	**0.3%**	**-0.6%**	**1.6%**	**0.1%**	**-1.5%**	**-0.3%**	**0.4%**	**2.2%**	**0.4%**	**0.9%**
Effective Tax Rate	-25.2%	4.5%	18.0%	19.6%	-245.9%	42.1%	16.8%	12.2%	21.7%	141.8%	21.8%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Year Over Year Growth																	
GMV	2.1%			23.1%	22.5%	18.1%	26.3%	32.4%	29.5%	18.2%	25.7%	1.6%	2.1%	4.3%	12.7%	5.8%	19.3%
Net Revenue	-1.4%			18.0%	17.8%	13.3%	21.5%	25.6%	23.1%	9.8%	19.0%	-4.5%	-5.1%	-3.1%	6.0%	-1.2%	11.1%
Cost of Revenues	-1.6%			18.0%	18.5%	13.6%	24.1%	26.1%	24.6%	9.8%	20.1%	-5.2%	-5.9%	-3.9%	5.2%	-2.0%	9.8%
Gross Profit	**-0.3%**			**17.7%**	**14.2%**	**11.6%**	**5.4%**	**22.9%**	**14.4%**	**10.1%**	**12.8%**	**0.2%**	**-0.3%**	**2.2%**	**10.1%**	**3.8%**	**18.5%**
PF Operating Income	-52.4%			-2975.6%	-27.7%	-42.3%	264.9%	-33.2%	-115.1%	-33.0%	-98.6%	0.2%	-188.4%	-1474.2%	237.7%	23380.2%	75.9%
Adjusted EBITDA	-33.5%			147.3%	-10.4%	-10.1%	-143.6%	-1269.8%	-37.6%	9.8%	22.7%	-99.4%	-23.0%	173.9%	47.4%	48.7%	51.7%
Reported Net Income	368.7%			-34.7%	59.2%	86.3%	39.3%	19.5%	248.9%	-94.8%	150.5%	-6.2%	-57.7%	-74.4%	2063.8%	-72.7%	-208.2%
GAAP Earnings per Share																	
Pro forma Earnings per Share																	

Source: Company data, Deutsche Bank

Appendix 1

Important Disclosures

Additional information available upon request

Disclosure checklist

Company	Ticker	Recent price*	Disclosure
Cnova	CNV.OQ	6.28 (USD) 29 Jan 15	1,7

*Prices are current as of the end of the previous trading session unless otherwise indicated and are sourced from local exchanges via Reuters, Bloomberg and other vendors . Data is sourced from Deutsche Bank and subject companies.

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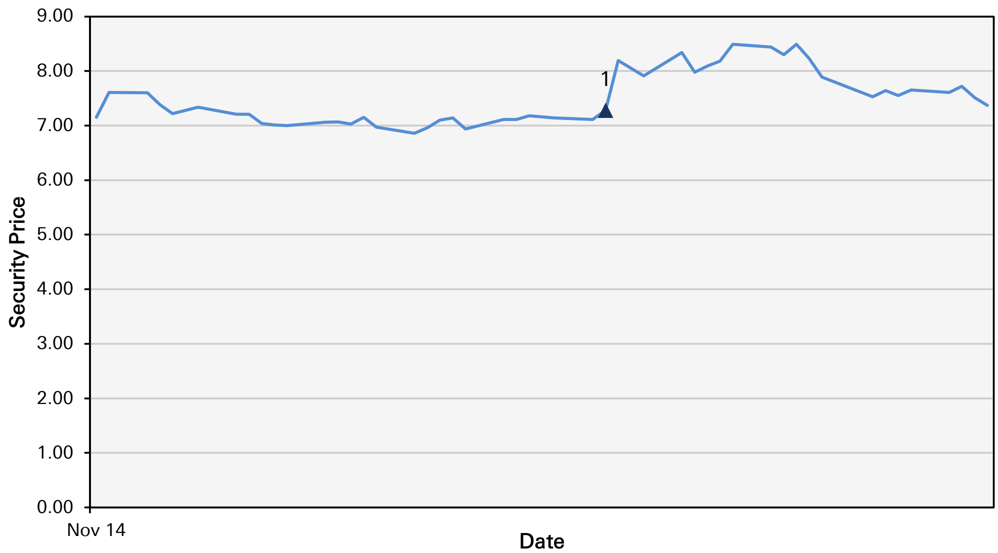
Historical recommendations and target price: Cnova (CNV.OQ)

(as of 1/29/2015)



Previous Recommendations

Strong Buy
Buy
Market Perform
Underperform
Not Rated
Suspended Rating

Current Recommendations

Buy
Hold
Sell
Not Rated
Suspended Rating

*New Recommendation Structure as of September 9,2002

1. 12/30/2014: Upgrade to Hold, Target Price Change USD8.50

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Buy: Based on a current 12- month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus pro-jected dividend yield) , we recommend that investors buy the stock.
Sell: Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock
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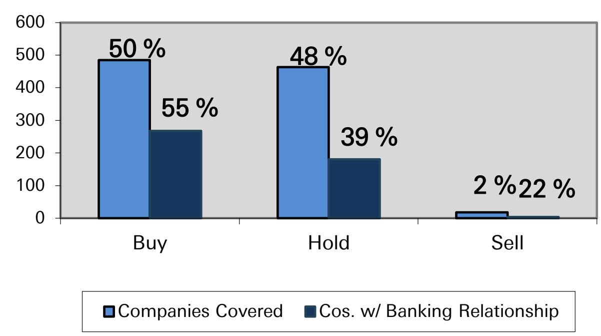
Equity rating dispersion and banking relationships



North American Universe

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Global Disclaimer

Kepler Cheuvreux | Equity Research

Espresso
News comment

Cnova

Netherlands | General retail | MCAP USD 2.4bn

23 July 2015

Hold (Hold)

Target Price	**USD 6.04**
Current Price	USD 5.4
Up/downside	12.1%
Change in TP	none
Change in EPS	none 2015E

Disappointing Q2 results

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Q2 numbers fell short of our expectations with an EBITDA loss of EUR13.2m versus our projection of a EUR4.6m gain and compared with a EUR18.2m loss in Q1. The company expects net sales growth in H2 to be similar to Q2 i.e. 17.5% growth ex currency (+/- 1.5%). This may be challenging given the Brazilian macro.

Conclusion

The company will hold a conference call on 24 July at 16:00 CET (France 0800 912 848, UK 0800 756 3429). The dynamic of the P&L has changed versus Q1. In Q1, we saw a low gross margin increase YOY, offset by a strong increase in SGA. This quarter the gross margin dropped and SGA declined; however, the latter was not strong enough to offset the gross margin pressure. The decline in gross margin, and as a result the EBIT decline, is disappointing, as the increase in the French market place and the fact that France cycled its price investment should have helped. In the absence of details on the gross margin move between France and Brazil (France GM was up 100bps YOY in Q1 and Brazil down 50bps in Q1 YOY), we believe that the company invested in price more than expected to sustain the top line in Brazil. As a result, while the company reiterates top-line growth, we expect consensus at the EBIT level to come down to mirror the P&L dynamic of Q2. Indeed, given the slowdown in stores, we doubt that Nova Ponto, the Brazilian business that operates under the same banners as the stores, will be immune to the current macro.

Financial highlights

1) The 100bps decline in gross margin YOY (excluding new countries) is a clear disappointment. Indeed, at the Q1 stage the company highlighted that France was cycling against its price investment in Q2, and given the strong increase of the market place to 28.4%, we were expecting an increase in gross margin. Clearly, this highlights that the gross margin in Brazil may have come down (Brazil will only cycle against its price investment in Q3). We expect more details at the conference call tomorrow afternoon. 2) SGA declines by 20bps, not enough to offset the gross margin pressure. 3) EBIT for France and Brazil turned into losses with EUR23.2m. 4) The EBIT loss from new countries widened to EUR9.3m after EUR5.1m in Q1. As such, our FY forecasts of a EUR22m EBIT loss for the year may appear too conservative. 5) Financial expenses declined from 2.3% to 2.1% of sales despite the increase in the SELIC rate in Brazil, as the company cut the number of instalments from 8.7 to 7.5. We do not have the details of the factoring costs.

Market data	
Market cap (USDm)	2,379
Free float	6%
No. of shares outstanding (m)	441
Avg. daily trading volume('000)	46
YTD abs performance	-31.9%
52-week high (USD)	8.49
52-week low (USD)	5.10

FY to 31/12 (EUR)	**2015E**	**2016E**	**2017E**
Sales (m)	4,028.9	4,815.3	5,927.2
EBITDA adj (m)	70.7	150.0	230.8
EBIT adj (m)	26.0	94.0	161.6
Net profit adj (m)	-34.6	0.8	164.8
Net fin. debt (m)	-691.8	-793.2	-992.5
FCF (m)	83.7	99.6	199.3
EPS adj. and fully dil.	-0.08	0.00	0.37
Consensus EPS	-0.08	0.00	0.15
Net dividend	0.00	0.00	0.00

FY to 31/12 (EUR)	**2015E**	**2016E**	**2017E**
P/E (x) adj and ful. dil.	na	na	13.3
EV/EBITDA (x)	25.3	11.3	6.5
EV/EBIT (x)	68.9	18.0	9.2
FCF yield	3.8%	4.6%	9.1%
Dividend yield	0.0%	0.0%	0.0%
Net fin.debt/EBITDA	-9.8	-5.3	-4.3
Gearing	-102.5%	-117.1%	-140.6%
ROIC	na	na	na
EV/IC (x)	na	na	na

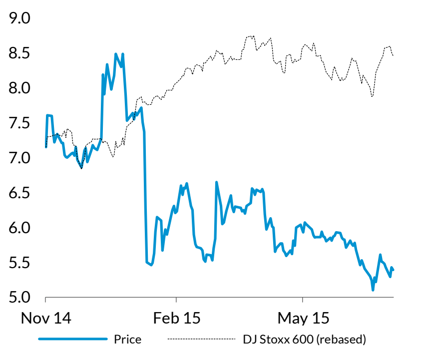

Table 1: Q2 results

EURm	Q2 2014	Q2 2015E	Q2 2015A	Diff
Net sales	755.9	836.7	836.7	0.0%
YOY	19.6%	10.70%	10.70%	0.0%
o/w Cdiscount	327.0	373.2	373.2	0.0%
yoy	17.5%	13.70%	13.70%	0.0%
o/w Brazil	428.9	463.5	463.5	0%
YOY	21.2%	8.40%	8.40%	0.0%
YOY ex currency	37.8%	20.50%	20.50%	0.0%
Gross margin	14.1%	14.4%	13.1%	-1.3%
Adjusted EBITDA	**16.315**	**4.65**	**-13.20**	**-383.8%**
margin	2.16%	0.56%	-1.58%	-2.1%
EBIT before non rec items	8.743	-4.70	-23.70	404.4%
Margin	1.16%	-0.56%	-2.83%	2.3%
Financial results	-17.3	-17.32	-14.80	-14.5%
%Sales	-2.3%	-2.1%	-1.8%	0.3%

Source: Kepler Cheuvreux

Key financials

FY to 31/12 (EUR)	2010	2011	2012	2013	2014	2015E	2016E	2017E
Per share data								
EPS adjusted	na	0.07	1.07	0.09	0.03	-0.08	0.00	0.37
EPS adj and fully diluted	na	na	1.07	0.09	0.03	-0.08	0.00	0.37
EPS reported	na	0.07	1.07	0.09	0.03	0.10	0.25	0.37
Cash flow per share	na	0.07	5.62	0.29	0.53	0.42	0.47	0.72
Book value per share	na	0.27	18.66	1.11	1.39	1.52	1.54	1.61
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Number of shares, YE (m)	na	190.97	30.12	412.11	438.91	441.30	441.30	441.30
Valuation								
P/E adjusted	na	na	na	na	na	na	na	13.3
P/E adjusted and fully diluted	na	na	na	na	na	na	na	13.3
P/BV	na	na	na	na	4.2	3.3	3.2	3.1
P/CF	na	na	na	na	10.9	11.8	10.6	6.9
Dividend yield (%)	na	na	na	na	0.0%	0.0%	0.0%	0.0%
Dividend yield preference shares (%)	na	na	na	na	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	na	na	na	na	5.7%	3.8%	4.6%	9.1%
EV/Sales	na	na	na	na	0.7	0.4	0.4	0.3
EV/EBITDA	na	na	na	na	36.8	25.3	11.3	6.5
EV/EBIT	na	na	na	na	71.9	68.9	18.0	9.2
Income Statement (EURm)								
Sales	na	1,109.7	1,991.4	2,898.9	3,473.8	4,028.9	4,815.3	5,927.2
EBITDA adjusted	na	7.5	48.6	50.8	65.0	70.7	150.0	230.8
EBIT adjusted	na	-4.8	30.8	23.5	33.3	26.0	94.0	161.6
Net financial items & associates	na	-3.2	-24.2	-56.0	-70.8	-81.5	-95.6	-120.6
Others	na	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax	na	-1.7	-6.2	15.7	14.8	22.6	-0.4	-14.8
Net profit from continuing operations	na	12.5	32.2	36.4	17.1	48.1	114.0	168.6
Net profit from discontinuing activities	na	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	na	12.5	32.2	36.4	17.1	48.1	114.0	168.6
Net profit reported	na	12.5	32.1	36.9	14.4	45.0	110.5	164.8
Net profit adjusted	na	12.5	32.1	36.9	14.4	-34.6	0.8	164.8
Cash Flow Statement (EURm)								
Cash flow from operating activities	na	14.3	169.2	118.2	221.8	184.4	205.6	317.8
Capex	na	-24.0	-38.3	-54.1	-76.6	-100.7	-105.9	-118.5
Free cash flow	na	-9.7	131.0	64.2	145.1	83.7	99.6	199.3
Acquisitions & Divestments	na	0.4	0.0	-2.8	-11.0	0.0	1.8	0.0
Dividend paid	na	-27.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	na	46.4	-42.5	-59.7	234.3	139.4	0.0	0.0
Change in net financial debt	na	10.1	88.5	1.6	368.5	223.1	101.4	199.3
Balance Sheet (EURm)								
Intangible assets	na	89.6	650.6	604.2	643.4	643.4	643.4	643.4
Tangible assets	na	7.1	31.2	33.0	44.0	98.5	147.1	200.4
Financial & other non-current assets	na	13.0	105.7	144.7	141.7	138.5	139.4	135.6
Total shareholders' equity	na	52.0	584.0	473.2	584.3	675.1	677.2	706.0
Pension provisions	na	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	na	426.3	928.0	1,218.2	1,577.2	1,842.6	2,114.6	2,511.0
Net debt	na	-10.1	-168.6	-164.1	-533.9	-757.0	-858.4	-1,057.7
Working capital requirement	na	-54.7	-284.2	-391.7	-692.8	-876.5	-1,025.3	-1,245.2
Invested Capital	na	8.3	300.7	131.8	-152.5	-281.6	-381.9	-548.5
Ratios								
ROE (%)	na	na	10.1%	7.0%	2.7%	-5.5%	0.1%	23.8%
ROIC (%)	na	na	26.8%	15.3%	na	na	na	na
Net fin. debt / EBITDA (x)	na	-1.3	-2.0	-2.0	-7.2	-9.8	-5.3	-4.3
Gearing (%)	na	-19.4%	-16.9%	-21.2%	-80.2%	-102.5%	-117.1%	-140.6%

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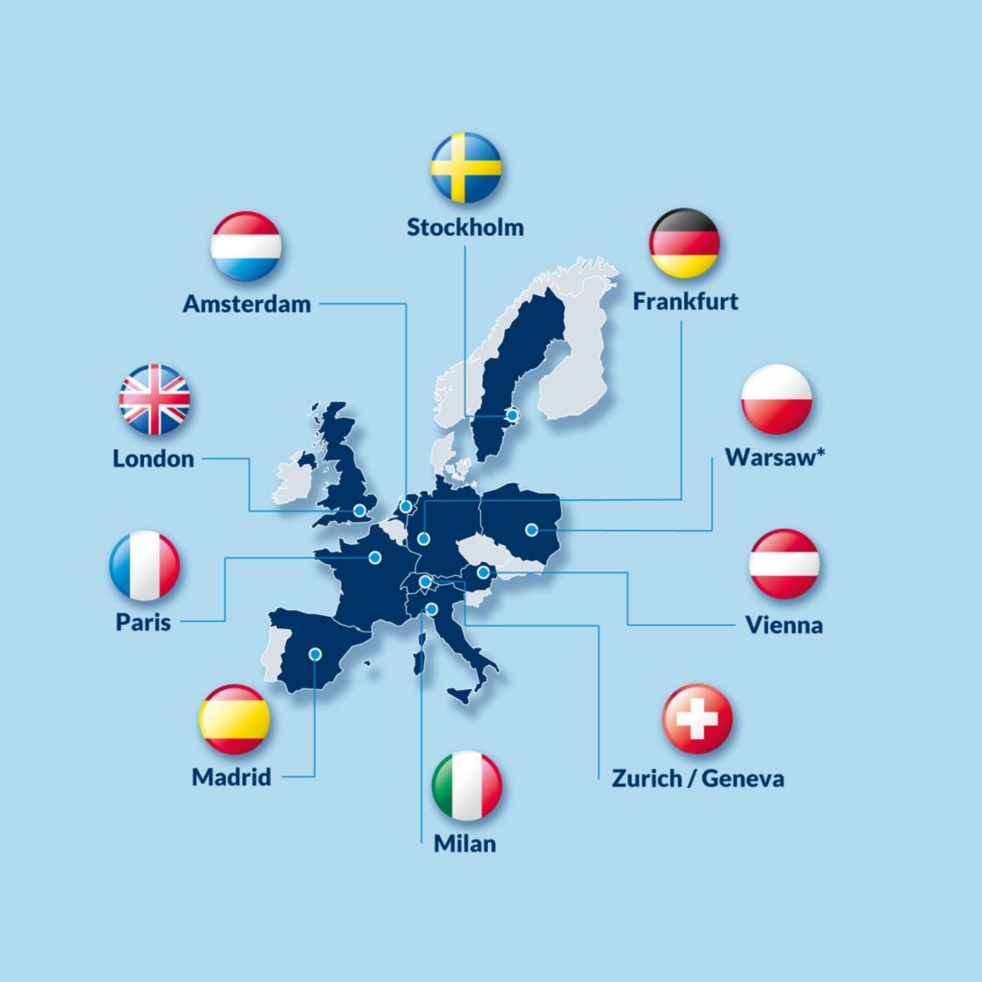

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PRI Principles for Responsible Investment

CREDIT SUISSE

Cnova N.V. (CNV)

Rating	**UNDERPERFORM* [V]**
Price (23 Jul 15, US$)	5.39
Target price (US$)	6.00¹
Market cap. (US$ m)	2,378.60
Enterprise value (Eu m)	1,900.8

**Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.*
¹Target price is for 12 months.
[V] = Stock considered volatile (see Disclosure Appendix).

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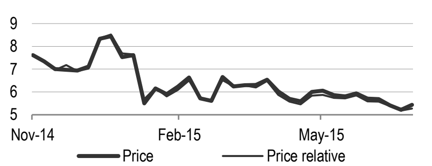
EARNINGS

Continuing to Make the Tradeoff Between Growth/Share and Profitability

- **Event:** CNV reported 2Q15 GMV of €1.15b vs. CS €1.24b and Net Sales of €836.7mm vs. cons/CS €874.2mm/€905.7mm. Gross profit was €107.6mm vs. CS €135.5mm as gross margin in the direct sales business was lower than expected. Mgmt. also lowered FY15 sales guidance to €4.02b at the midpoint vs. prior €4.12b citing challenging macro environment. Our FY15 adj. EBITDA/adj. EPS are now €32.8mm/(€0.12) vs. prior €53.4m/(€0.10).
- **Investment Case:** While gross margin improved in France driven by faster-than-expected marketplace growth and favourable mix shifts towards home furnishings, a combination of ongoing pricing implementation in Brazil as well as International regions where the company is looking to garner market share led to the shortfall versus our estimate. Guidance parameter suggest continued macro-driven headwinds in Brazil along with below-expectations gross margin, offset by cost containment measures to derive some amount of operating leverage – overall our price target remains at $6 and we maintain our Underperform rating. Some key catalysts that can prompt us to revisit our investment stance include: 1) greater-than-expected traction for marketplaces roll out in Brazil and more nascent international markets, and 2) gross margin recovery in the direct sales business.
- **Changes to Our Estimates:** Our updated GMV and net sales projections for FY15 are now €5.66b and €4.07b vs. prior €5.74b and €4.15b.
- **Valuation:** Our updated DCF-derived target, which uses a 14% WACC and 3% terminal growth rate, remains $6.

Share price performance



The price relative chart measures performance against the S&P 500 INDEX which closed at 2114.15 on 22/07/15
On 22/07/15 the spot exchange rate was US$1.09/Eu 1. - Eu .91/US$1

Performance Over	1M	3M	12M
Absolute (%)	-6.4	-10.5	—
Relative (%)	-6.0	-10.3	—

Financial and valuation metrics

Year	12/14A	12/15E	12/16E	12/17E
Revenue (Eu m)	3,473.8	4,074.4	4,954.2	5,967.7
EBITDA (Eu m)	65.02	32.77	121.20	193.39
Adjusted Net Income (Eu m)	-24.08	-51.94	-41.15	-10.33
CS adj. EPS (Eu)	-0.06	-0.12	-0.09	-0.02
Prev. EPS (Eu)	—	-0.10	—	-0.03
ROIC (%)	1.03	-11.05	68.23	-135.36
P/E (adj., x)	-84.99	-42.04	-53.60	-215.59
P/E rel. (%)	-463.2	-231.5	-329.9	NM
EV/EBITDA	26.2	58.0	14.6	8.2

Dividend (12/15E, Eu)	—	IC (12/15E, Eu m)	251.55
Dividend yield (%)	—	EV/IC	7.6
Net debt (12/15E, Eu m)	-273.8	Current WACC	—
Net debt/equity (12/15E, %)	-52.1	Free float (%)	6.16
BV/share (12/15E, Eu)	1.2	Number of shares (m)	441.30

Source: FTI, Company data, Thomson Reuters, Credit Suisse Securities (EUROPE) LTD. Estimates.

Investment Case

While gross margin improved in France driven by faster-than-expected marketplace growth as well as favourable mix shifts towards the home furnishing category, a combination of ongoing pricing implementation in Brazil as well as International regions where the company is looking to garner market share led to the shortfall versus our estimate.

Guidance parameter suggest continued macro-driven headwinds in Brazil along with below-expectations gross margin, offset by cost containment measures to derive some amount of operating leverage – overall our price target remains at $6 and we maintain our Underperform rating.

Some key catalysts that can prompt us to revisit our investment stance include:

1) greater-than-expected traction for marketplaces roll out in Brazil and more nascent international markets

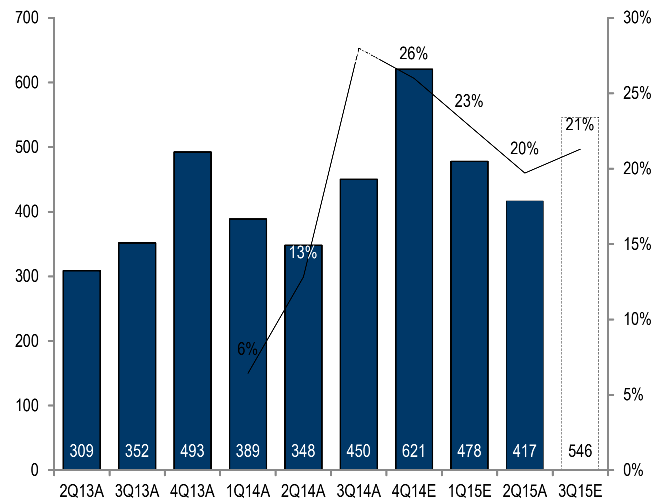
2) Gross margin recovery in the direct sales business

Changes to Estimates

France Market

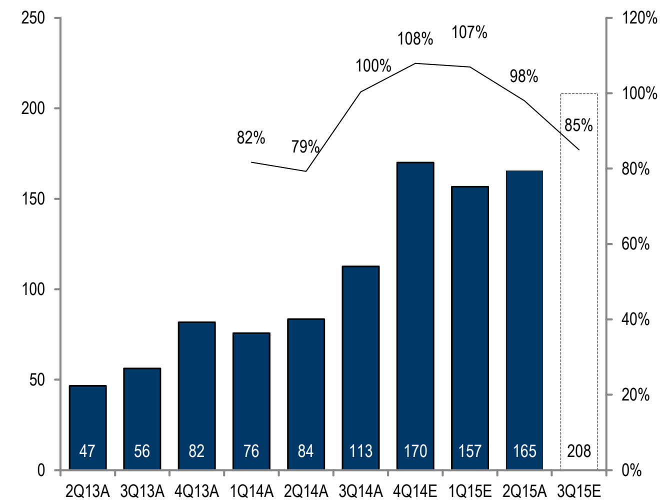
Looking ahead to 3Q15, CS estimates for France Direct GMV and Marketplace GMV are now €546 million and €208 million respectively, with marketplaces segment representing 28% of total France GMV.

Exhibit 1: Cnova N.V. – Quarterly France Direct Sales and Year Over Year Growth
EUR in millions, unless otherwise stated



Source: Company data, Credit Suisse estimates

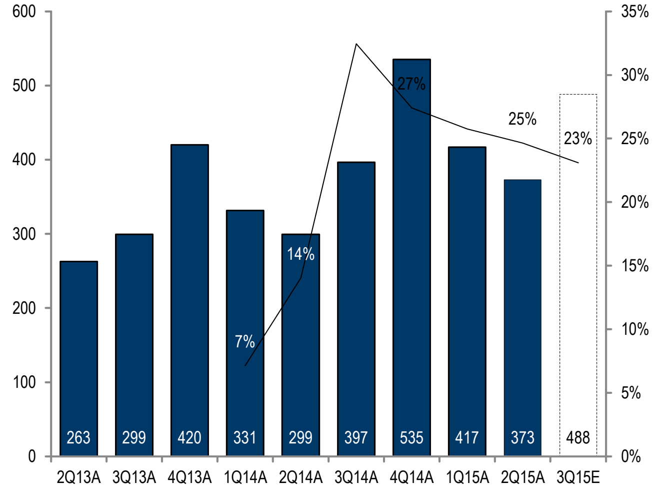
Exhibit 2: Cnova N.V. – Quarterly France Marketplace GMV and Year Over Year Growth
EUR in millions, unless otherwise stated



Source: Company data, Credit Suisse estimates

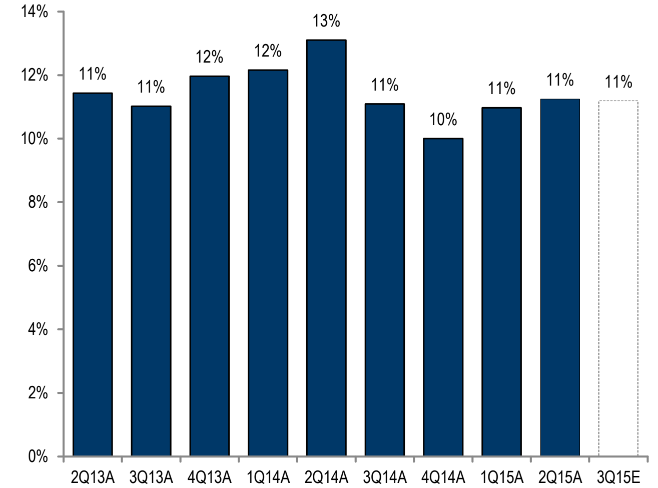
We assume that France Marketplace take rate will remain at ~11% and our estimate for France consolidated revenue is now €488 million.

Exhibit 3: Cnova N.V. – Quarterly France Consolidated Revenue and Year Over Year Growth
EUR in millions, unless otherwise stated



Source: Company data, Credit Suisse estimates

Exhibit 4: Cnova N.V. – Quarterly France Marketplace Take Rate

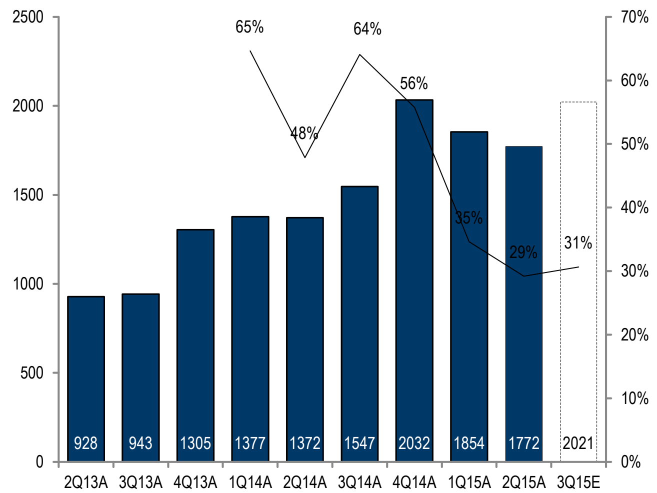


Source: Company data, Credit Suisse estimates

Brazil Market:

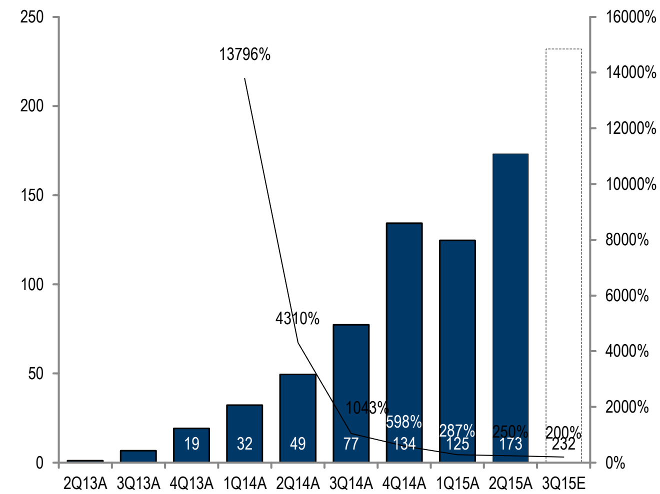
CS 3Q15 estimates for Brazil Direct Sales and Marketplace GMV are at BRL 2021billion and BRL 232 million respectively.

Exhibit 5: Cnova N.V. – Quarterly Brazil Direct Sales and Year Over Year Growth
BRL In millions



Source: Company data, Credit Suisse estimates

Exhibit 6: Cnova N.V. – Quarterly Brazil Marketplace GMV and Year Over Year Growth
BRL in millions

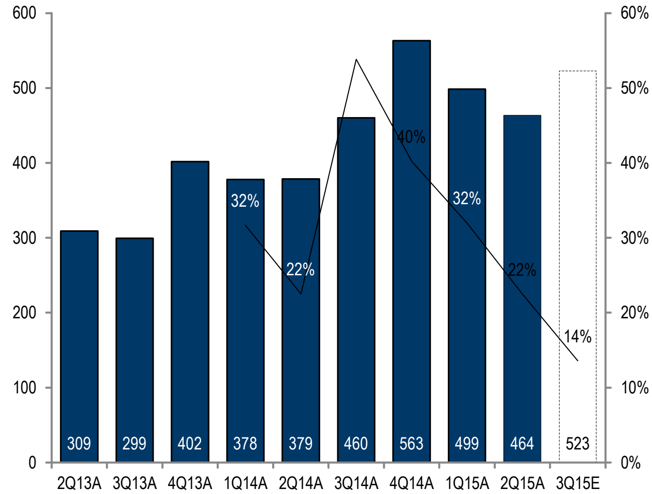


Source: Company data, Credit Suisse estimates

We have assumed a ~11% Take Rate for Brazil Marketplace, which results in Brazil Consolidated Revenue estimate of €523 million.

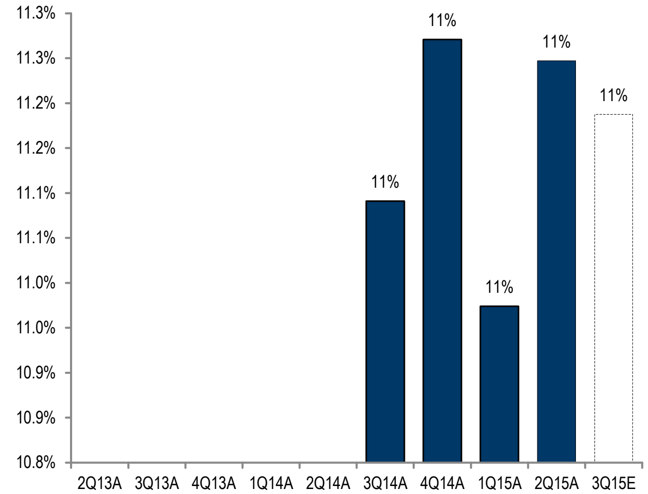
Exhibit 7: Cnova N.V. – Quarterly Brazil Consolidated Revenue and Year Over Year Growth

EUR in millions, unless otherwise stated



Source: Company data, Credit Suisse estimates

Exhibit 8: Cnova N.V. – Quarterly Brazil Marketplace Take Rate



Source: Company data, Credit Suisse estimates

Changes to our 2015 estimates financial and operating metrics are as summarized below:

Exhibit 9:Cnova N.V. – Summary Changes to CS 2015 Estimates
EUR in millions, unless otherwise stated

	2015 Prior	2015 Current	% Δ
France Projections:			
France Direct Sales Value Including Taxes	2213.8	2165.5	-2%
France Marketplace Value Including Taxes	802.7	802.3	0%
France Total GMV Including Taxes	3016.5	2967.9	-2%
Brazil Projections:			
Brazil Direct Sales Value Including Taxes (BRL)	8328.2	8200.6	-2%
Brazil Marketplace Value Including Taxes (BRL)	932.6	932.8	0%
Brazil Total GMV Including Taxes (BRL)	9260.8	9133.4	-1%
Total GMV	**5743.1**	**5656.6**	**-2%**
Direct Sales Excluding Tax	4050.1	3972.5	-2%
Marketplace Sales	101.9	101.9	0%
Net Sales	4152.0	4074.4	-2%
Cost of Sales	3544.9	3501.1	-1%
Gross Profit	607.1	573.3	-6%
Operating Income	(2.4)	(32.9)	-1252%
Net Income	(62.7)	(81.8)	-30%
Basic EPS to Common	(€ 0.14)	(€ 0.18)	-30%
Basic Shares Outstanding	443.0	443.1	0%
Diluted EPS	(€ 0.14)	(€ 0.18)	-30%
Diluted Shares Outstanding	443.9	444.4	0%
Adjusted EBITDA	**53.4**	**32.8**	**-39%**
Pro Forma Net Income	**(43.8)**	**(51.9)**	**-18%**
Adjusted Diluted EPS	**(€ 0.10)**	**(€ 0.12)**	**-18%**

Source: Company data, Credit Suisse estimates

2Q15 Reported Results

CNV reported 2Q15 GMV of €1.15b vs. CS €1.24b. Net sales were €836.7mm vs. CS €905.7mm. Gross profit of €107.6mm fell short of our €135.5mm as gross margin in the direct sales business was again lower than expected. Adjusted EBITDA loss at (€13.2mm) was also lower than our €8mm.

Reported Financials:

As a result, Cnova's P&L variance versus our estimates are as shown below:

Exhibit 10: Cnova N.V. -- 2Q15 Financial Results vs CS Estimates

EUR in millions, unless otherwise stated

	2Q15E	2Q15A	% Δ	Analysis
Net Sales	**905.7**	**836.7**	**-8%**	Shortfall in both FR and BR GMV, heavier in FR vs CS estimates
Cost of Sales	770.2	729.1	-5%	
Gross Profit	135.5	107.6	-21%	Lower than expected GM in direct sales due to ongoing pricing implementation
Fulfillment	70.2	70.4	0%	
Marketing	21.2	19.9	-6%	Continued investment in Search engine optimization
Technology	28.2	23.1	-18%	
General and Administrative	18.1	17.8	-2%	
Other Operating Expenses	0.0	9.8	N/A	
Total Operating Expenses	137.6	141.0	2%	
Operating Income	(2.1)	(33.4)	-1479%	
Financial Expense	19.4	14.8	-24%	
Financial Income	1.6	0.0	-100%	
Pretax Income	(19.9)	(48.2)	-142%	
Share of Profits of Associates	0.0	0.0	N/A	
Income and Other Tax	0.0	(8.0)	N/A	
Net Income	**(19.9)**	**(40.2)**	**-102%**	
Basic EPS to Common	(€ 0.05)	(€ 0.09)	-101%	
Basic Shares Outstanding	442.4	442.6	0%	
Diluted EPS	(€ 0.05)	(€ 0.09)	-101%	
Diluted Shares Outstanding	443.7	443.9	0%	
Operating Income	(2.1)	(33.4)	-1479%	
Nonrecurring Items	0.0	9.8	N/A	One-time restructuring and IPO expenses
Stock-Based Compensation	1.1	0.3	-77%	
Pro Forma Operating Income	(1.0)	(23.4)	-2273%	
Depreciation and Amortization	9.1	10.2	13%	
Adjusted EBITDA	**8.1**	**(13.2)**	**-263%**	Impact of lower than expected gross profit, offset partly by lower OpEx
Pro Forma Operating Income	(1.0)	(23.4)	-2273%	
Interest and Other, Net	(17.8)	(14.8)	17%	
Pretax Income	(18.8)	(38.2)	-103%	
GAAP Income Tax Expense (Benefit)	0.0	(8.0)	N/A	
Tax Effects of Pro Forma Items	0.0	(2.0)	N/A	
Total Taxes	0.0	(10.0)	N/A	
Pro Forma Net Income	**(18.8)**	**(28.2)**	**-50%**	
Adjusted Diluted EPS	**(€ 0.04)**	**(€ 0.06)**	**-50%**	

Source: Company data, Credit Suisse estimates

Valuation

In-line with the methodology we have used with the rest of the internet sector, we have based our 12-month price target on DCF, which suggests €6. Using EUR/USD 12 month forward exchange rate of 0.98, as forecasted by Credit Suisse global FX strategy team, this yields an $6 price target.

We have used a weighted average cost of capital of 14% and a terminal growth rate expectation of 3%.

Exhibit 11: Cnova N.V. -- Discounted Cash Flow Analysis

EUR in millions, unless otherwise stated

	2015E	2016E	2017E	2018E	2019E	2020E	CAGR '15-'20
EBITDA	32.8	121.2	193.4	270.3	340.3	396.7	64.7%
Net Income	(81.8)	(44.9)	(17.0)	10.1	24.0	29.5	
Depreciation & Amortization	38.9	44.0	53.2	63.6	75.6	80.1	15.5%
Other Non-Cash Charges (Benefits)	2.8	5.0	3.9	2.9	3.4	3.9	
Interest Expense (Income)	67.0	103.8	127.1	154.0	185.1	219.3	26.8%
Changes in Operating Assets & Liabilities	(131.3)	119.7	132.7	153.1	175.0	193.2	
Unlevered Cash Flows	**(104.3)**	**227.5**	**299.9**	**383.6**	**463.0**	**526.1**	
Capital Expenditures	(80.4)	(100.6)	(107.7)	(127.0)	(144.0)	(160.9)	
Unlevered Free Cash Flows	**(184.8)**	**126.9**	**192.1**	**256.6**	**319.0**	**365.1**	
Y/Y % Change	(150.4)%	168.7%	51.4%	33.6%	24.3%	14.5%	
Weighted Average Cost of Capital	14.0%						
Perpetual UFCF Growth Rate ("G")	**3.0%**						

	2015E
NPV of Unlevered Free Cash Flows	626.1
Present Value of Terminal Value	1775.7
Enterprise Value	**2401.7**
Off-Balance Sheet Assets	0.0
Adjusted Enterprise Value	**2401.7**
Year End Net Debt (Cash)	(273.8)
Equity Value	**2675.5**
Diluted Shares Outstanding	442.6
Equity Value Per Share (€)	**€ 6**
EUR/USD Exchange Rate	0.98
Equity Value Per Share ($)	**$6**

Source: Company data, Credit Suisse estimates

Exhibit 12: Cnova N.V. – Quarterly Income Statement

EUR in millions, unless otherwise stated

	2014A				2015E				2016E			
	1Q14A	2Q14A	3Q14A	4Q14A	1Q15A	2Q15A	3Q15E	4Q15E	1Q16E	2Q16E	3Q16E	4Q16E
Net Sales	**777.4**	**755.9**	**842.0**	**1098.6**	**915.5**	**836.7**	**1011.0**	**1311.2**	**1102.8**	**1023.2**	**1232.9**	**1595.2**
Cost of Sales	680.8	649.5	727.7	929.6	802.3	729.1	871.8	1097.9	957.8	882.1	1050.5	1317.9
Gross Profit	96.6	106.3	114.2	169.0	113.2	107.6	139.2	213.3	145.0	141.1	182.5	277.3
Fulfillment	53.6	50.2	63.9	80.8	73.2	70.4	79.7	94.7	83.9	83.2	93.5	110.8
Marketing	16.9	14.9	17.2	21.4	20.7	19.9	22.7	27.2	23.4	21.9	26.1	33.4
Technology	18.5	20.5	21.6	24.5	26.5	23.1	26.3	26.6	29.2	29.4	30.7	32.4
General and Administrative	14.5	12.4	11.9	10.0	20.7	17.8	16.5	16.1	18.3	18.8	19.0	19.4
Other Operating Expenses	0.0	14.1	0.7	16.9	14.1	9.8	0.0	0.0	0.0	0.0	0.0	0.0
Total Operating Expenses	103.6	112.1	115.3	153.6	155.3	141.0	145.2	164.6	154.9	153.3	169.4	196.1
Operating Income	**(7.0)**	**(5.8)**	**(1.1)**	**15.4**	**(42.2)**	**(33.4)**	**(6.0)**	**48.7**	**(9.9)**	**(12.2)**	**13.1**	**81.3**
Financial Expense	12.8	22.8	18.4	22.1	19.4	14.8	20.7	26.1	23.5	22.4	25.6	32.3
Financial Income	2.3	1.0	1.1	3.7	14.0	0.0	1.6	1.6	1.6	1.6	1.6	1.6
Pretax Income	(17.5)	(27.6)	(18.3)	(3.0)	(47.5)	(48.2)	(25.1)	24.1	(31.8)	(33.1)	(10.9)	50.6
Share of Profits of Associates	0.0	(1.4)	(0.9)	(0.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income and Other Tax	(3.8)	(2.8)	(4.0)	(4.3)	(6.9)	(8.0)	0.0	0.0	0.0	0.0	1.9	17.7
Net Income	**(13.7)**	**(26.2)**	**(15.3)**	**0.8**	**(40.6)**	**(40.2)**	**(25.1)**	**24.1**	**(31.8)**	**(33.1)**	**(12.8)**	**32.8**
Basic EPS to Common	(€ 0.03)	(€ 0.06)	(€ 0.04)	€ 0.00	(€ 0.09)	(€ 0.09)	(€ 0.06)	€ 0.05	(€ 0.07)	(€ 0.07)	(€ 0.03)	€ 0.07
Basic Shares Outstanding	412.1	412.1	412.1	424.9	441.3	442.6	443.7	444.8	445.9	447.1	448.2	449.3
Diluted EPS	**(€ 0.03)**	**(€ 0.06)**	**(€ 0.04)**	**€ 0.00**	**(€ 0.09)**	**(€ 0.09)**	**(€ 0.06)**	**€ 0.05**	**(€ 0.07)**	**(€ 0.07)**	**(€ 0.03)**	**€ 0.07**
Diluted Shares Outstanding	412.1	412.1	412.1	424.9	442.6	443.9	445.0	446.2	447.3	448.4	449.5	450.6
EBITDA Reconciliation												
Operating Income	(7.0)	(5.8)	(1.1)	15.4	(42.2)	(33.4)	(6.0)	48.7	(9.9)	(12.2)	13.1	81.3
Nonrecurring Items	0.0	14.1	0.7	16.9	14.1	9.8	0.0	0.0	0.0	0.0	0.0	0.0
Stock-Based Compensation	0.1	(0.1)	0.0	0.0	0.2	0.3	1.0	1.3	1.1	1.0	1.2	1.6
Pro Forma Operating Income	(6.9)	8.3	(0.3)	32.3	(27.8)	(23.4)	(5.0)	50.0	(8.8)	(11.2)	14.3	82.9
Depreciation and Amortization	5.8	7.7	8.5	9.7	9.7	10.2	9.3	9.7	10.2	10.7	11.2	11.9
Adjusted EBITDA	**(1.0)**	**15.9**	**8.2**	**42.0**	**(18.2)**	**(13.1)**	**4.4**	**59.7**	**1.4**	**(0.6)**	**25.6**	**94.8**
Adjusted Net Income Reconciliation												
Pro Forma Operating Income	(6.9)	8.3	(0.3)	32.3	(27.8)	(23.4)	(5.0)	50.0	(8.8)	(11.2)	14.3	82.9
Interest and Other, Net	(10.5)	(21.8)	(17.2)	(18.4)	(5.4)	(14.8)	(19.1)	(24.5)	(21.9)	(20.9)	(24.0)	(30.7)
Pretax Income	(17.4)	(13.5)	(17.6)	13.9	(33.2)	(38.2)	(24.1)	25.4	(30.7)	(32.1)	(9.7)	52.2
GAAP Income Tax Expense (Benefit)	(3.8)	(2.8)	(4.0)	(4.3)	(6.9)	(8.0)	0.0	0.0	0.0	0.0	1.9	17.7
Tax Effects of Pro Forma Items	0.0	0.0	0.0	0.0	(1.1)	(2.0)	0.0	0.0	0.0	0.0	(0.6)	1.8
Total Taxes	(3.8)	(2.8)	(4.0)	0.0	(8.0)	(10.0)	0.0	0.0	0.0	0.0	1.3	19.5
Pro Forma Net Income	(13.6)	(10.8)	(13.6)	13.9	(25.2)	(28.2)	(24.1)	25.4	(30.7)	(32.1)	(11.0)	32.6
Adjusted Diluted EPS	**(€ 0.03)**	**(€ 0.03)**	**(€ 0.03)**	**€ 0.03**	**(€ 0.06)**	**(€ 0.06)**	**(€ 0.05)**	**€ 0.06**	**(€ 0.07)**	**(€ 0.07)**	**(€ 0.02)**	**€ 0.07**
Margins												
Gross Margin	12.4%	14.1%	13.6%	15.4%	12.4%	12.9%	13.8%	16.3%	13.1%	13.8%	14.8%	17.4%
GAAP Operating Margin	-0.9%	-0.8%	-0.1%	1.4%	-4.6%	-4.0%	-0.6%	3.7%	-0.9%	-1.2%	1.1%	5.1%
Pro Forma Operating Margin	-0.9%	1.1%	0.0%	2.9%	-3.0%	-2.8%	-0.5%	3.8%	-0.8%	-1.1%	1.2%	5.2%
Adjusted EBITDA Margin	-0.1%	2.1%	1.0%	3.8%	-2.0%	-1.6%	0.4%	4.6%	0.1%	-0.1%	2.1%	5.9%
Net Income Margin	-1.8%	-3.5%	-1.8%	0.1%	-4.4%	-4.8%	-2.5%	1.8%	-2.9%	-3.2%	-1.0%	2.1%

Source: Company data, Credit Suisse estimates

Exhibit 13: Cnova N.V. – Annual Income Statement
EUR in millions, unless otherwise stated

	2015E	2016E	2017E	2018E	2019E	2020E	CAGR '15-'20
Net Sales	**4074.4**	**4954.2**	**5967.7**	**7134.1**	**8446.0**	**9873.8**	**19.4%**
Cost of Sales	3501.1	4208.3	5020.3	5959.1	7030.9	8214.6	18.6%
Gross Profit	573.3	745.9	947.4	1175.0	1415.1	1659.3	23.7%
Fulfillment	318.0	371.4	450.1	541.4	643.7	754.9	18.9%
Marketing	90.5	104.9	126.0	150.4	178.1	207.1	18.0%
Technology	102.5	121.8	152.0	188.2	231.5	275.1	21.8%
General and Administrative	71.2	75.5	83.0	91.2	100.4	109.5	9.0%
Other Operating Expenses	23.9	0.0	0.0	0.0	0.0	0.0	
Total Operating Expenses	606.2	673.6	811.1	971.2	1153.7	1346.6	17.3%
Operating Income	**(32.9)**	**72.2**	**136.3**	**203.8**	**261.4**	**312.7**	**-256.9%**
Financial Expense	80.9	103.8	127.1	154.0	185.1	219.3	22.1%
Financial Income	17.1	6.3	6.3	6.3	6.3	6.3	-18.2%
Pretax Income	(96.7)	(25.2)	15.5	56.1	82.6	99.6	
Share of Profits of Associates	0.0	0.0	0.0	0.0	0.0	0.0	
Income and Other Tax	(14.9)	19.7	32.6	46.0	58.6	70.2	-236.3%
Net Income	**(81.8)**	**(44.9)**	**(17.0)**	**10.1**	**24.0**	**29.5**	
Basic EPS to Common	(€ 0.18)	(€ 0.10)	(€ 0.04)	€ 0.02	€ 0.05	€ 0.06	
Basic Shares Outstanding	443.1	447.6	452.1	456.7	461.2	465.9	1.0%
Diluted EPS	**(€ 0.18)**	**(€ 0.10)**	**(€ 0.04)**	**€ 0.02**	**€ 0.05**	**€ 0.06**	
Diluted Shares Outstanding	444.4	448.9	453.4	458.0	462.6	467.2	1.0%
EBITDA Reconciliation							
Operating Income	(32.9)	72.2	136.3	203.8	261.4	312.7	-256.9%
Nonrecurring Items	23.9	0.0	0.0	0.0	0.0	0.0	
Stock-Based Compensation	2.8	5.0	3.9	2.9	3.4	3.9	
Pro Forma Operating Income	(6.2)	77.2	140.2	206.7	264.8	316.6	-319.9%
Depreciation and Amortization	38.9	44.0	53.2	63.6	75.6	80.1	15.5%
Adjusted EBITDA	**32.8**	**121.2**	**193.4**	**270.3**	**340.3**	**396.7**	**64.7%**
Adjusted Net Income Reconciliation							
Pro Forma Operating Income	(6.2)	77.2	140.2	206.7	264.8	316.6	-319.9%
Interest and Other, Net	(63.8)	(97.5)	(120.8)	(147.7)	(178.8)	(213.1)	
Pretax Income	(70.0)	(20.3)	19.4	59.0	85.9	103.6	-208.2%
GAAP Income Tax Expense (Benefit)	(14.9)	19.7	32.6	46.0	58.6	70.2	-236.3%
Tax Effects of Pro Forma Items	(3.1)	1.2	(2.8)	6.9	4.8	4.6	-208.0%
Total Taxes	(18.0)	20.9	29.8	52.9	63.4	74.7	-232.9%
Pro Forma Net Income	(51.9)	(41.1)	(10.3)	6.0	22.5	28.8	
Adjusted Diluted EPS	**(€ 0.12)**	**(€ 0.09)**	**(€ 0.02)**	**€ 0.01**	**€ 0.05**	**€ 0.06**	
Margins							
Gross Margin	14.1%	15.1%	15.9%	16.5%	16.8%	16.8%	
GAAP Operating Margin	-0.8%	1.5%	2.3%	2.9%	3.1%	3.2%	
Pro Forma Operating Margin	-0.2%	1.6%	2.3%	2.9%	3.1%	3.2%	
Adjusted EBITDA Margin	0.8%	2.4%	3.2%	3.8%	4.0%	4.0%	
Net Income Margin	-2.0%	-0.9%	-0.3%	0.1%	0.3%	0.3%	

Source: Company data, Credit Suisse estimates

Exhibit 14: Cnova N.V. – Balance Sheet
EUR in millions, unless otherwise stated

	2015E	2016E	2017E	2018E	2019E	2020E
Assets:						
Cash and Cash Equivalents	649.9	776.8	968.9	1225.5	1544.5	1909.6
Trade Receivables	172.9	210.4	252.5	300.9	354.9	413.1
Inventories	482.6	579.3	686.9	810.9	951.8	1106.5
Current tax assets	1.4	1.4	1.4	1.4	1.4	1.4
Other current assets	141.0	141.0	141.0	141.0	141.0	141.0
Total current assets	**1447.8**	**1708.8**	**2050.8**	**2479.7**	**2993.5**	**3571.6**
Other non-current assets	81.7	81.7	81.7	81.7	81.7	81.7
Deferred tax assets	61.0	61.0	61.0	61.0	61.0	61.0
Investment in associates	0.0	0.0	0.0	0.0	0.0	0.0
Property and equipment	114.0	196.6	277.1	366.5	461.0	558.9
Intangible assets	121.1	95.1	69.1	43.1	17.0	0.0
Goodwill	465.4	465.4	465.4	465.4	465.4	465.4
Total Assets	**2291.0**	**2608.6**	**3005.1**	**3497.4**	**4079.6**	**4738.6**
Liabilities:						
Current provisions	0.7	0.7	0.7	0.7	0.7	0.7
Trade payables	1266.8	1520.6	1803.2	2128.6	2498.4	2904.6
Current financial debt	366.2	366.2	366.2	366.2	366.2	366.2
Current taxes liabilities	37.6	37.6	37.6	37.6	37.6	37.6
Other current liabilities	70.1	70.1	70.1	70.1	70.1	70.1
Total current liabilities	**1741.4**	**1995.2**	**2277.8**	**2603.2**	**2973.0**	**3379.2**
Non-current provisions	10.3	10.3	10.3	10.3	10.3	10.3
Non-current financial debt	9.9	9.9	9.9	9.9	9.9	9.9
Other non-current liabilities	2.4	2.4	2.4	2.4	2.4	2.4
Deferred tax liabilities	1.6	1.6	1.6	1.6	1.6	1.6
Total Liabilities	**1765.6**	**2019.4**	**2302.0**	**2627.4**	**2997.2**	**3403.4**
Stockholder's Equity:						
Common Stock	0.0	0.0	0.0	0.0	0.0	0.0
Additional Paid-In Capital	164.1	272.8	403.8	560.6	749.1	972.4
Retained Earnings	361.6	316.7	299.7	309.8	333.7	363.2
Equity Attributable to owners of the parent	525.7	589.5	703.4	870.4	1082.8	1335.6
Non-controlling interests	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Total Shareholder's Equity	**525.3**	**589.1**	**703.0**	**870.0**	**1082.4**	**1335.2**
Total Liabilities and Shareholder's Equity	**2291.0**	**2608.6**	**3005.1**	**3497.4**	**4079.6**	**4738.6**

Source: Company data, Credit Suisse estimates

Exhibit 15: Cnova N.V. – Cash Flow Statement
EUR in millions, unless otherwise stated

	2015E	2016E	2017E	2018E	2019E	2020E
Operating Activities:						
Net Income	(81.8)	(44.9)	(17.0)	10.1	24.0	29.5
Depreciation and Amortization Expense	38.9	44.0	53.2	63.6	75.6	80.1
Stock Based Compensation	2.8	5.0	3.9	2.9	3.4	3.9
Gains (losses) on disposal of non-current assets	0.0	0.0	0.0	0.0	0.0	0.0
Share of (profits) losses of associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non-Cash Items	0.0	0.0	0.0	0.0	0.0	0.0
Financial Expense	67.0	103.8	127.1	154.0	185.1	219.3
Current and Deferred Tax (gains) expenses	0.0	0.0	0.0	0.0	0.0	0.0
Income Tax Paid	0.0	0.0	0.0	0.0	0.0	0.0
Inventory	(81.3)	(96.7)	(107.6)	(124.0)	(140.9)	(154.7)
Trade Payables	11.9	253.8	282.6	325.4	369.8	406.2
Trade Receivables	(12.1)	(37.5)	(42.2)	(48.4)	(54.0)	(58.2)
Other	(49.8)	0.0	0.0	0.0	0.0	0.0
Net Cash from Operating Activities	**(110.3)**	**233.7**	**306.1**	**389.9**	**469.2**	**532.3**
Investing Activities:						
Purchase of Property, Equipment and Intangible Assets	(80.4)	(100.6)	(107.7)	(127.0)	(144.0)	(160.9)
Purchase of Non-Current Financial Assets	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from Disposal of PPE	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from Disposal of non-current Financial Assets	0.0	0.0	0.0	0.0	0.0	0.0
Accounting for the Combination of an entity	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition of an Entity net of Cash	0.0	0.0	0.0	0.0	0.0	0.0
Investments in Associates	0.0	0.0	0.0	0.0	0.0	0.0
Change in Loans Granted	0.0	0.0	0.0	0.0	0.0	0.0
Net Cash from Investing Activities	**(13.2)**	**(100.6)**	**(107.7)**	**(127.0)**	**(144.0)**	**(160.9)**
Financing Activities:						
Transaction with Owners of Non-Controlling Interests	0.0	0.0	0.0	0.0	0.0	0.0
Additions to Financial Debt	0.0	0.0	0.0	0.0	0.0	0.0
Repayments of Financial Debt	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from Initial Public Offering, net of issuance costs	0.0	0.0	0.0	0.0	0.0	0.0
Interest Paid, Net	(28.8)	(6.3)	(6.3)	(6.3)	(6.3)	(6.3)
Net Cash from Financing Activities	**229.5**	**(6.3)**	**(6.3)**	**(6.3)**	**(6.3)**	**(6.3)**
Effects of Foreign Currency Translation	(29.2)	0.0	0.0	0.0	0.0	0.0
Net Change in Cash and Cash Equivalents	76.7	126.9	192.1	256.6	319.0	365.1
Cash and Cash Equivalents at the Beginning of Period	573.2	649.9	776.8	968.9	1225.5	1544.5
Cash and Cash Equivalents at the End of Period	**649.9**	**776.8**	**968.9**	**1225.5**	**1544.5**	**1909.6**

Source: Company data, Credit Suisse estimates

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Companies Mentioned *(Price as of 23-Jul-2015)*

Cnova N.V. (CNV.OQ, $5.39, UNDERPERFORM[V], TP $6.0)

Disclosure Appendix

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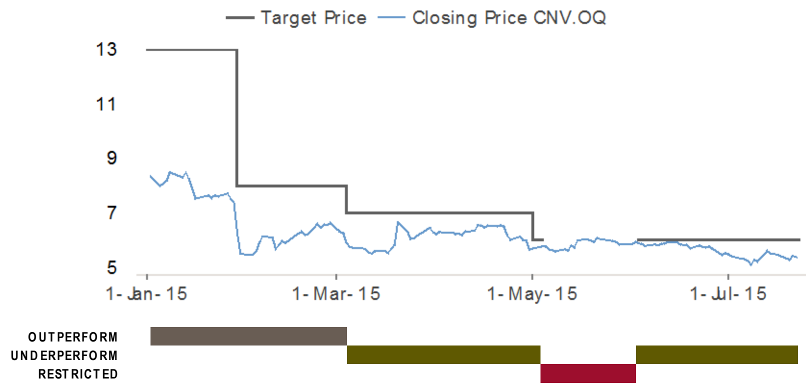
3-Year Price and Rating History for Cnova N.V. (CNV.OQ)

CNV.OQ Date	Closing Price (US$)	Target Price (US$)	Rating
01-Jan-15	7.91	13.00	O *
29-Jan-15	6.28	8.00	
04-Mar-15	5.90	7.00	U
01-May-15	5.70	6.00	
04-May-15	5.77		R
03-Jun-15	5.89	6.00	U

** Asterisk signifies initiation or assumption of coverage.*



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Outperform (O) : The stock's total return is expected to outperform the relevant benchmark*over the next 12 months.

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Neutral/Hold*	36%	(44% banking clients)
Underperform/Sell*	13%	(38% banking clients)
Restricted	3%	

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Price Target: (12 months) for Cnova N.V. (CNV.OQ)

Method: Our $6 target price for Cnova N.V. is calculated using discounted cash flow (DCF). Our weighted average cost of capital is 14% and our terminal growth rate is 3%.

Risk: We see several risks to Cnova N.V. achievement of our $6 target price: (1) Competitive threat from Amazon (in France, Belgium), MercadoLibre (Brazil, Colombia, Ecuador), and likely Alibaba at some point in Southeast Asia. (2) We note that Cnova's marketplaces take rate stands at ~11% versus ~9% for MercadoLibre and ~8% for eBay. (3) Potential government and regulatory risk in Southeast Asia and African operations. (4) Relative exchange movements of each of these currencies against the Euro as well as the Euro's moves against the US dollar may adversely impact our estimates and target price. (5) If Cnova is no longer able to take advantage of its parent company's purchasing power and network of brick-and-mortar stores as pick-up locations, its business could be materially and adversely affected.

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July 29, 2015

Cnova NV

10 Questions for Management

Industry View	Stock Rating
In-Line	**Overweight**

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What's new? Following Cnova's 2Q results, we outline 10 questions we think investors meeting with management may want to ask:

1) Top-line slowdown in 2H: Cnova now expects sales to grow +17.5% YoY in 2H15 at current FX, having previously expected a +19% for the remaining 9 months of the year (sales grew +17.5% in 2Q at constant FX).

Is this more cautious top-line guidance mostly a function of lower than expected growth in Brazil? If so, is this mostly driven by a less promotional strategy or by macro factors?

In 2Q, net sales grew at constant FX by +11% in France and +20.5% in Brazil. Does the company expect more or less similar growth rate by country in 2H?

2) Gross margin contraction in 2Q: GM contracted by -100 bps YoY in 2Q15 in Brazil and France after expanding by +20 bps in 1Q – despite a significant increase in market place penetration, up +810 bps to 18.9% of GMV.

Is it fair to assume that Cnova's GM expanded in France YoY in 2Q? If so, can we assume that Direct Sales (1P) GM will contract meaningfully in Brazil in 2Q, maybe by 500 bps? If so, is it fair to assume a loss at the underlying EBITDA level (i.e. when adding back the cost of discounting receivables of ~2% of sales) of ~3% of sales?

3) Gross margin guidance for 2H: Based on management comments, is it likely that 3Q15 GM in Brazil and France will be around last year's level (i.e. ~13.7%) and that 4Q15 GM could be slightly up YoY? Is lower promotional activity in Brazil the main driver of GM likely being flat to up YoY in 2H15, having been down YoY in 1H15?

4) SG&A increase in 2Q and expectations for 2H: In Brazil and France, SG&A as % of sales increased by +190 bps YoY in 2Q (to 14.9%), more or less in line with 1Q (+180 bps). What is driving this higher than expected increase? In France, is the cost of competing against Amazon impacting SG&A (IT and logistic spend) more than GM (pricing in Direct Sales and commission rates on your Market Place)? What rate of increase should we expect in 2H15?

5) EBIT margin trajectory: EBIT loss amounted to €52m in 1H15 (before Other expenses). Assuming no EBIT contribution in 3Q15, this implies that 4Q15 EBIT would have to reach ~€75m to meet consensus expectations (it stood at €32m in 4Q14, before Other). Is that realistic?

6) Working capital: WC improved 40 days of net revenue in June 2015 vs 29 days in June 2014. What drove this improvement YoY? Should we expect further improvement going forward? How do you benchmark vs. competitors?

Cnova NV (CNV.O, CNV US)

Internet Services / France

Stock Rating	**Overweight**
Industry View	**In-Line**
Shr price, close (Jul 28, 2015)	US$5.08
52-Week Range	US$8.60-4.53
Mkt cap, curr (mn)	€2,027
Net debt (12/15e) (mn)*	€(415)
EV, curr (mn)*	€1,500

* = GAAP or approximated based on GAAP

7) Capex: In 2014, capex equated to 2.2% group sales, a lower level than for peers Amazon (5.5%) and B2W (10.5%). In 1H15, Cnova's spend increased to 2.6% of sales, but is still below peers'. Is this level of capital spend sufficient, particularly in IT? In terms of supply chain, to what extent should Cnova benefit from being part of the Casino Group? Amazon and B2W have recently made some acquisitions of logistics (last mile) and IT companies: is that a strategy Cnova could pursue?

8) Cnova's competitive advantage: 1) Click & Collect: In June 2015, Cnova had ~18,000 pick-up points in France and ~500 in Brazil (from ~100 in December 2014). To what extent is that a competitive advantage? What are your main competitors doing? In France, from how many pick-up points can Amazon products be collected? Click & Collect is almost non-existent in the US: why is this an important channel in France and why should it become one in Brazil? How is Cnova compensating Via Varejo and CBD for the Click & Collect in Brazil? 2) Joint purchasing: is it fair to assume that buying synergies are almost exclusively at the country level (i.e. that cross-border synergies are minimal)? Are buying synergies mostly a reality in Brazil, where Cnova's controller Casino owns the largest consumer electronics retailer (Via Varejo) rather than in France (where Casino has downsized its hypermarket division)? 3) Financing: in France, Cdiscount offers customers who are buying directly from the company or from third-party merchants on Cdiscount's market place the ability to pay in four instalments at no cost. To what extent is that unique in the French market? Are any competitors planning to make a similar offer in France? What about Brazil? To what extent is financing a differentiating feature for Cnova vis a vis merchants and customers?

9) Market places: Is the roll-out so far in France and Brazil in line with Cnova's initial plan at the time of Cnova's IPO last November? Is it fair to assume that the company's average commission rate in France has increased slightly YTD to close to 12%? How have the commission rates of main competitors (Amazon in France and B2W in Brazil) evolved in recent quarters? Growth of market place channel in both France and Brazil has been materially above the growth rate of the eCommerce market in general in recent years: why is that? Does Cnova expect this trend to continue?

10) Competition from Amazon in France: According to Fevad (industry body), Cdiscount’s monthly unique visitors grew a cumulative +18% between 4Q09 and 4Q14, vs. over 60% cumulative at Amazon over the same period. Is this a concern? According to the annual PwC-Toluna survey, Amazon became the largest online seller in France in 2014. In the UK and Germany, Amazon is the only real 'generalist' online retailer (although a number of 'specialised' players are thriving). Given the virtuous cycle dynamic between Direct Sales and the Market Place, is this segment a 'winner takes all market'? In other words, can Amazon and Cnova successfully coexist in France?

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STOCK RATING CATEGORY	COVERAGE UNIVERSE COUNT	COVERAGE UNIVERSE % OF TOTAL	INVESTMENT BANKING CLIENTS (IBC) COUNT	% OF TOTAL IBC	% OF RATING CATEGORY
Overweight/Buy	**1183**	**35%**	**315**	**43%**	**27%**
Equal-weight/Hold	**1456**	**44%**	**336**	**45%**	**23%**
Not-Rated/Hold	**93**	**3%**	**9**	**1%**	**10%**
Underweight/Sell	**613**	**18%**	**79**	**11%**	**13%**
TOTAL	**3,345**		**739**		

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Stock Price, Price Target and Rating History (See Rating Definitions)

Stock Rating History: 9/9/14 : NA/I; 12/30/14 : O/I

Price Target History: 12/30/14 : 11; 2/2/15 : 8.4; 6/17/15 : 7; 7/28/15 : 6.8

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INDUSTRY COVERAGE: Internet Services

COMPANY (TICKER)	RATING (AS OF)	PRICE* (07/28/2015)
Ferraz CFA, Andrea		
Auto Trader Group PLC (AUTOA.L)	O (04/29/2015)	327p
Just Eat PLC (JE.L)	E (06/16/2015)	439p
Lastminute.com NV (LMN.S)	E (05/26/2014)	SFr 15.50
Rightmove Plc (RMV.L)	O (10/30/2014)	3,390p
Zoopla Property Group PLC (ZPLAZ.L)	U (02/17/2015)	246p
Hill-Wood, Edward		
Cnova NV (CNV.O)	O (12/30/2014)	US$5.08
Mail.ru Group Ltd (MAILRq.L)	O (02/28/2013)	US$19.00
Naspers (NPNJn.J)	O (01/23/2012)	ZAc 173,950
Rocket Internet AG (RKET.DE)	O (11/11/2014)	€33.07
Yandex NV (YNDX.O)	E (02/09/2015)	US$14.89
Ugryumova CFA, Polina		
Qiwi PLC (QIWI.O)	E (09/30/2013)	US$28.10

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.

SOCIETE GENERALE
Cross Asset Research

EQUITY
21 September 2015

| Online - Retailing | **12m target downgrade** | United States |

Cnova

Feedback from roadshow with management in the US – Relatively confident despite Brazil

Hold

Price 17/09/15	**$3.88**
12m target	**$4.40**
Upside to TP	**13.4%**
12m f'cast div	**na**
12m TSR	**13.4%**

@ Go to SG website

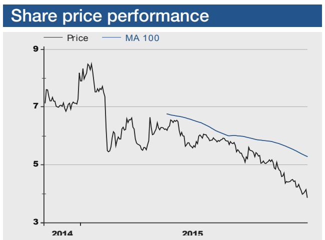
Update On 8/9 September we hosted a roadshow in the US with Cnova Co-CEO Emmanuel Grenier and head of IR Christopher Welton. Key takeaways: **1)** Unsurprisingly, US investors focused hard on Brazil (c.50% Gross Merchandise Volume (GMV)), where they see the environment continuing to deteriorate. France also appears more challenging (gloomy economic backdrop); **2)** Management highlighted the group's key competitive advantages, in particular vs Amazon in France and B2W in Brazil, i.e. purchasing, storage and pick-up points (synergies with the Casino Group in each area). Cnova believes its low capex vs certain competitors is not an obstacle to developing top-line growth. What capex it does expend is focused on IT, a part of the business model necessary for low prices; **3)** Management appears confident it can grow margins on a medium-term horizon thanks to the development of market places (in particular in Brazil) and a favourable product mix (priority is to develop home furniture that generates good margins); **4)** Regarding Cnova's commercial policy in Brazil, management argued that Cnova can set the prices it wants on all products, and in particular those also sold by its Ponto Frio/Casas Bahia stores, with the exception of a few products pushed by Via Varejo in promotional TV and radio campaigns.

SG view As shown on page 2, we have cut our earnings forecasts to reflect unfavourable forex and uncertainties on Brazil. Although we acknowledge that Cnova has an attractive and differentiated business model, we remain concerned by the ongoing lack of visibility on Brazil and on the group's margin trends. We reiterate our Hold rating.

How we value the stock We cut our TP from $6.1 to $4.4 to reflect our cut in estimates. Our TP is still based on the average of NAV ($4.7 vs $6.1, Cdiscount France valued at 0.4x vs 0.5x 2015e sales, Nova Brazil at 0.4x vs 0.6x sales) and a DCF ($4.1 vs $6.1: WACC 12%, perp. growth 3.0%, norm EBIT margin after the cost of selling receivables 2.8% vs 3.1%).

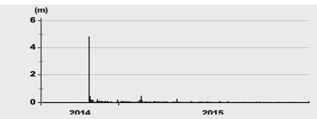
Events, catalysts & risks **On the upside**: a resounding success of the 'market places' e-commerce platform in Brazil, or better-than-expected synergies in purchasing; **On the downside**: pressure on the commission rates from 'market places' in France and Brazil, disappointing development of 'market places' in Brazil, or growing price investment to support traffic in the core business.

Share price performance



Source: SG Cross Asset Research/Equity

Volume



Source: SG Cross Asset Research/Equity

Share data			
RIC CNV.OQ, Bloom CNV US			
52-week range			8.49-3.88
EV 15 (€m)			1,087
Mkt cap. ($m)			1,712
Free float (%)			6.0
Performance (%)	**1m**	**3m**	**12m**
Ordinary shares	-19.7	-33.4	na
Rel. S&P 500	-15.1	-29.8	na

Financial data	12/14	12/15e	12/16e	12/17e
Revenues (€bn)	3.47	3.74	4.04	4.80
EBIT margin (%)	1.0	-0.6	0.9	2.0
Rep. net inc. (€m)	-51.7	-84.2	-29.2	5.85
EPS (adj.) (€)	-0.059	-0.19	-0.066	0.013
Dividend/share (€)	0.00	0.00	0.00	0.00
Payout (%)	nm	nm	nm	0
Interest cover (x)	0.49	na	0.49	1.10
Net debt/equity (%)	nm	nm	nm	nm
Prev. EPS (changed as of 18/09/15)		-0.15	-0.060	0.030

Ratios	12/14	12/15e	12/16e	12/17e
P/E (x)	nm	nm	nm	nm
FCF yield (/EV) (%)	14.8	-9.7	-6.3	4.7
Dividend yield (%)	0.0	0.0	0.0	0.0
Price/book value (x)	3.85	3.04	3.22	3.18
EV/revenues (x)	0.54	0.29	0.29	0.23
EV/EBIT (x)	55.9	nm	32.1	11.4
EV/IC (x)	30.5	13.5	9.3	13.9
ROIC/WACC (x)	1.1	-2.0	2.2	6.0
EPS CAGR 14-17e: nm				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Main changes

Main changes

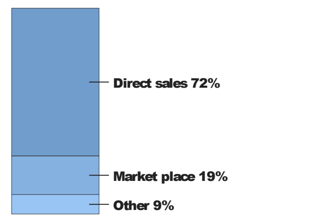
HOLD (unchanged), TP $4.4 (vs $6.1)	2015					2016				
	old	new	%chg.	Cns.	SG vs Cns.	old	new	%chg.	Cns.	SG vs Cns.
Revenues	3,899	3,744	-4%	-	-	4,608	4,036	-12%	-	-
EBIT	2	-23	NM	-	-	60	36	-40%	-	-
EPS	-0.15	-0.19	NM	-	-	-0.06	-0.07	NM	-	-
DPS	0	0	NM	-	-	0	0	NM	-	-

Our new earnings forecasts

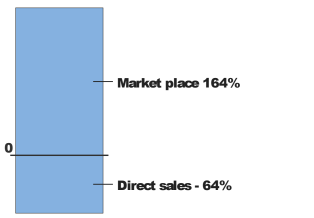
€m		New				Old			
	2014	2015e	2016e	2017e	2018e	2015e	2016e	2017e	2018e
Net sales	**3,474**	**3,744**	**4,036**	**4,804**	**5,756**	**3,899**	**4,608**	**5,618**	**68,93**
% change	*20%*	*8%*	*8%*	*19%*	*20%*	*12%*	*18%*	*22%*	*23%*
Revision (%)	*-*	*-4.0%*	*-12.4%*	*-14.5%*	*-16.5%*	*-*	*-*	*-*	*-*
Recurring EBIT	**33**	**-23**	**36**	**97**	**171**	**2**	**60**	**134**	**231**
% change	*42%*	*-169%*	*-257%*	*169%*	*76%*	*-95%*	*3577%*	*121%*	*73%*
Margin	*0.96%*	*-0.62%*	*0.90%*	*2.03%*	*2.98%*	*0.04%*	*1.31%*	*2.38%*	*3.35%*
Change (bp)	*15*	*-158*	*151*	*113*	*95*	*-92*	*127*	*107*	*97*
Net attributable profit	**-52**	**-84**	**-29**	**6**	**50**	**-65**	**-26**	**12**	**65**
% change	*132%*	*63%*	*NM*	*-120%*	*761%*	*25%*	*NM*	*-145%*	*456%*

Source: SG Cross Asset Research/Equity

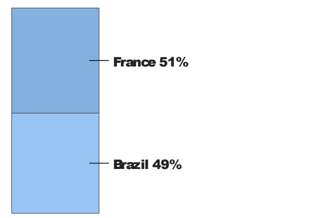
Sales/division 14



EBIT/division 14



Sales/region 14



Cnova

Valuation (€m)	12/10	12/11	12/12	12/13	12/14	12/15e	12/16e	12/17e
Nb. of shares basic year end/outstanding	na	0.00	0.00	0.00	441	441	441	441
Share price (average) ($)					7.21	3.88	3.88	3.88
Average market cap. (SG adjusted) (1)	0	0	0	0	2,396	1,514	1,514	1,514
Restated net debt (-)/cash (+) (2)	na	0	0	0	533	427	354	406
Value of minorities (3)	na							
Value of financial investments (4)	na							
Other adjustment (5)	na							
EV = (1) - (2) + (3) - (4) + (5)	na	na	na	na	1,863	1,087	1,160	1,108
P/E (x)	na	na	na	na	nm	nm	nm	nm
Price/cash flow (x)	na	na	na	na	10.1	nm	42.1	9.2
Price/free cash flow (x)	na	na	na	na	15.5	nm	nm	29.0
Price/book value (x)	na	na	na	na	3.85	3.04	3.22	3.18
EV/revenues (x)	na	na	na	na	0.54	0.29	0.29	0.23
EV/EBITDA (x)	na	na	na	na	28.6	nm	15.9	7.8
Dividend yield (%)	na	na	na	na	0.0	0.0	0.0	0.0
Per share data (€)								
SG EPS (adj.)	na	0.00	0.00	0.00	-0.059	-0.19	-0.066	0.013
Cash flow	na	0.00	0.00	0.00	0.53	-0.047	0.082	0.37
Book value	na	0.00	0.00	0.00	1.41	1.13	1.06	1.08
Dividend	na	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income statement (€m)								
Revenues	na	2,483	2,650	2,899	3,474	3,744	4,036	4,804
Gross income	na	367	396	427	486	539	634	809
EBITDA	na	79	59	50	65	11	73	141
Depreciation and amortisation	na	-14	-21	-27	-32	-34	-37	-44
EBIT	na	65	38	23	33	-23	36	97
Impairment losses	0	0	0	0	0	0	0	0
Net interest income	na	-59	-44	-56	-68	-73	-74	-88
Exceptional & non-operating items	0	0	0	-6	-32	0	0	0
Taxation	na	-5	-11	16	15	10	10	-2
Minority interests	na	0	0	1	3	2	-1	-1
Reported net income	na	0	-17	-22	-52	-84	-29	6
SG adjusted net income	na	0	-17	-23	-24	-84	-29	6
Cash flow statement (€m)								
EBITDA	na	79	59	50	65	11	73	141
Change in working capital	na	0	0	129	241	31	28	114
Other operating cash movements	0	-79	-59	-61	-84	-63	-65	-91
Cash flow from operating activities	na	0	0	118	222	-21	36	164
Net capital expenditure	na	0	0	-54	-77	-85	-109	-112
Free cash flow	na	0	0	64	145	-106	-73	52
Cash flow from investing activities	na	0	0	-1	-11	0	0	0
Cash flow from financing activities	na	0	0	-35	133	0	0	0
Net change in cash resulting from CF	na	0	0	28	267	-106	-73	52
Balance sheet (€m)								
Total long-term assets	na	0	0	635	687	738	810	878
of which intangible	0	0	0	114	147	147	147	147
Working capital	0	0	0	-316	-626	-658	-686	-799
Employee benefit obligations	na			1	1	1	1	1
Shareholders' equity	na	0	0	460	578	494	465	470
Minority interests	na	0	0	18	6	4	5	6
Provisions	na			3	8	8	8	8
Net debt (-)/cash (+)	na	0	0	164	533	427	354	406
Accounting ratios								
ROIC (%)	na	na	na	na	13.2	-24.5	26.4	71.5
ROE (%)	na	na	na	na	-10.0	-15.7	-6.1	1.3
Gross income/revenues (%)	na	14.8	15.0	14.7	14.0	14.4	15.7	16.8
EBITDA margin (%)	na	3.2	2.2	1.7	1.9	0.3	1.8	2.9
EBIT margin (%)	na	2.6	1.4	0.8	1.0	-0.6	0.9	2.0
Revenue yoy growth (%)	na	na	6.7	9.4	19.8	7.8	7.8	19.0
Rev. organic growth (%)	na	0.0	0.0	0.0	24.1	15.4	15.8	19.0
EBITDA yoy growth (%)	na	na	-25.5	-14.1	29.2	-82.9	nm	93.5
EBIT yoy growth (%)	na	na	-41.5	-37.9	41.9	nm	nm	nm
EPS (adj.) yoy growth (%)	na	na	na	na	na	-224.5	65.3	120.0
Dividend growth (%)	na	na	na	na	na	na	na	na
Cash conversion (%)	na	0.0	0.0	nm	nm	nm	nm	53.7
Net debt/equity (%)	na	na	na	nm	nm	nm	nm	nm
FFO/net debt (%)	na	na	na	na	nm	nm	nm	nm
Dividend paid/FCF (%)	na	na	na	0.0	0.0	nm	nm	0.0

Source: SG Cross Asset Research/Equity

APPENDIX

COMPANIES MENTIONED

Amazon (AMZN.OQ, No Reco)
Casino (CASP.PA, Hold)
Cnova (CNV.OQ, Hold)

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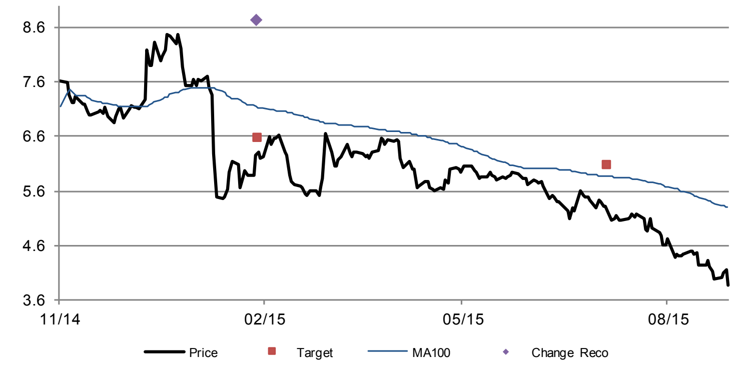
Historical Price: Cnova (CNV.OQ)



Source: SG Cross Asset Research/Equity

2012/2013	Change	2014/2015	Change
		17/02/15	New Rating: Hold
		17/02/15	New Target: 6.6
		24/07/15	New Target: 6.1

SG EQUITY RESEARCH RATINGS on a 12 months period

BUY: absolute total shareholder return forecast of 15% or more over a 12 month period.

HOLD: absolute total shareholder return forecast between 0% and +15% over a 12 month period.

SELL: absolute total shareholder return forecast below 0% over a 12 month period.

Total shareholder return means forecast share price appreciation plus all forecast cash dividend income, including income from special dividends, paid during the 12 month period. Ratings are determined by the ranges described above at the time of the initiation of coverage or a change in rating (subject to limited management discretion). At other times, ratings may fall outside of these ranges because of market price movements and/or other short term volatility or trading patterns. Such interim deviations from specified ranges will be permitted but will become subject to review by research management.

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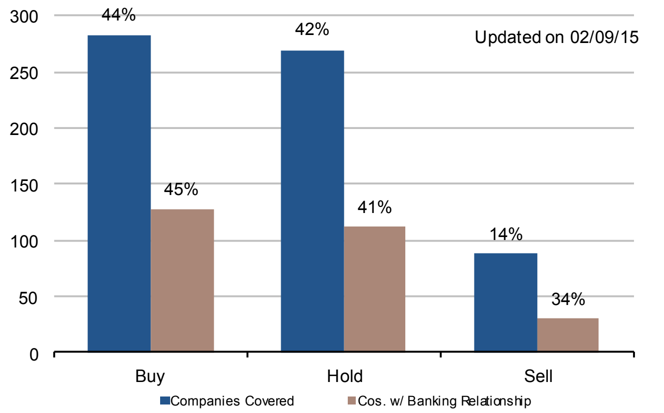
OVERWEIGHT: sector expected to outperform the relevant broad market benchmark over the next 12 months.

NEUTRAL: sector expected to perform in-line with the relevant broad market benchmark over the next 12 months.

UNDERWEIGHT: sector expected to underperform the relevant broad market benchmark over the next 12 months.

Equity rating and dispersion relationship



Source: SG Cross Asset Research/Equity

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Casino	SG acted as a joint bookrunner in Casino's bond issue (10 year)
Casino	SG acted as co-manager in Cnova's IPO, subsidary of Casino Guichard Perrachon.
Cnova	SG acted as co-manager in Cnova's IPO, subsidary of Casino Guichard Perrachon.

SG or its affiliates act as market maker or liquidity provider in the equities securities of Casino.
SG or its affiliates had an investment banking client relationship during the past 12 months with Casino, Cnova.
SG or its affiliates have received compensation for investment banking services in the past 12 months from Casino, Cnova.
SG or its affiliates managed or co-managed in the past 12 months a public offering of securities of Casino, Cnova.
SG received compensation for products and services other than investment banking services in the past 12 months from Casino, Cnova.
SGAS had a non-investment banking non-securities services client relationship during the past 12 months with Casino, Cnova.
SGAS received compensation for products and services other than investment banking services in the past 12 months from Casino, Cnova.

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CREDIT SUISSE

28 October 2015
Europe/Netherlands
Equity Research
Consumer Internet

Cnova N.V. (CNV)

Rating	UNDERPERFORM* [V]
Price (28 Oct 15, US$)	3.41
Target price (US$)	(from 5.00) 4.00[1]
Market cap. (US$ m)	1,504.83
Enterprise value (Eu m)	1,309.5

**Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.*
[1]Target price is for 12 months.
[V] = Stock considered volatile (see Disclosure Appendix).

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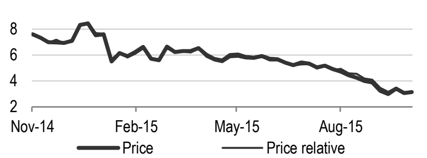
DECREASE TARGET PRICE

Sharpening Focus Around Critical Markets

- **Event:** CNV reported 3Q15 GMV of €1.12b vs. CS €1.31b and Net Sales of €781.4mm vs. cons/CS €934.5mm/€945.8mm. Gross profit was €97.4mm vs. CS €129.4mm due to aggressive promotional activity in Brazil. Mgmt. did not offer 4Q15 guidance, citing Brazil macro environment and lack of near-term visibility. Our FY15 adj. EBITDA/adj. EPS are now (€3.5)mm/(€0.15) vs. prior €17.7m/(€0.14), and our price target decreases to $4 versus prior $5.
- **Investment Case:** For the second straight quarter gross margin improvement in France driven by marketplace growth and favourable mix shift to higher margin verticals was offset by ongoing pricing implementation in Brazil, which contributed to the profit shortfall versus our estimate. The GMV/revenue miss is perhaps not so surprising (given macro) as the gross margin compression in Brazil as this suggests the ongoing need for promotional activity to reach the top line – and as we do not yet believe that downward revisions to our estimates have halted, we maintain our Underperform rating on CNV shares.
- **Changes to Our Estimates:** Our updated FY15 GMV and revenue projections are now €5.1b and €3.6b vs. prior €5.4b and €3.9b respectively; our updated Adj. EBITDA estimate is now (€3.5)mm vs prior €17.7mm. Our FY16 GMV and net revenue projections are now €6.1b and €4.0b vs. prior €6.7b and €4.6b respectively, Adj. EBITDA estimate is now €58.9mm vs. prior €84.3mm
- **Valuation:** Our updated DCF-derived target, which uses a 14% WACC and 3% terminal growth rate, decreases to $4 versus prior $5.

Share price performance



The price relative chart measures performance against the S&P 500 INDEX which closed at 2090.35 on 27/10/15
On 27/10/15 the spot exchange rate was US$1.09/Eu 1. - Eu .92/US$1

Performance Over	1M	3M	12M
Absolute (%)	10.7	-32.7	—
Relative (%)	-0.4	-31.9	—

Financial and valuation metrics

Year	12/14A	12/15E	12/16E	12/17E
Revenue (Eu m)	3,473.8	3,624.4	4,028.1	4,764.2
EBITDA (Eu m)	65.02	-3.52	58.85	103.61
Adjusted Net Income (Eu m)	-24.08	-67.17	-63.43	-45.32
CS adj. EPS (Eu)	-0.06	-0.15	-0.14	-0.10
Prev. EPS (Eu)	—	-0.14	-0.13	-0.09
ROIC (%)	1.03	-20.77	5.70	36.74
P/E (adj., x)	-53.84	-20.57	-21.98	-31.07
P/E rel. (%)	-313.2	-120.4	-139.9	-222.5
EV/EBITDA	14.0	-372.0	21.5	11.4

Dividend (12/15E, Eu)	—	IC (12/15E, Eu m)	287.98
Dividend yield (%)	—	EV/IC	4.5
Net debt (12/15E, Eu m)	-68.3	Current WACC	—
Net debt/equity (12/15E, %)	-19.2	Free float (%)	6.16
BV/share (12/15E, Eu)	0.81	Number of shares (m)	441.30

Source: FTI, Company data, Thomson Reuters, Credit Suisse Securities (EUROPE) LTD. Estimates.

Investment Case

For the second straight quarter gross margin improvement in France driven by faster-than-expected marketplace growth and favourable mix shifts towards home furnishings, outweighed by ongoing pricing implementation in Brazil led to the shortfall versus our estimate.

Macro driven headwinds in Brazil are not a surprise at this point, but this is being paired with incremental gross margin compression in the region on ongoing price implementation – the net result on an absolute basis is lower gross profit euro estimates. While we are encouraged by the move to exit smaller regions (Panama, Ecuador) to increase focus on France but the 3Q15 results did not yet provide us the signal that downward revisions to our estimates have halted. As such we maintain our Underperform rating and our target is now $4 versus prior $5.

Some key catalysts that can prompt us to revisit our investment stance include:

1) Greater-than-expected traction for marketplaces roll out in France and Brazil

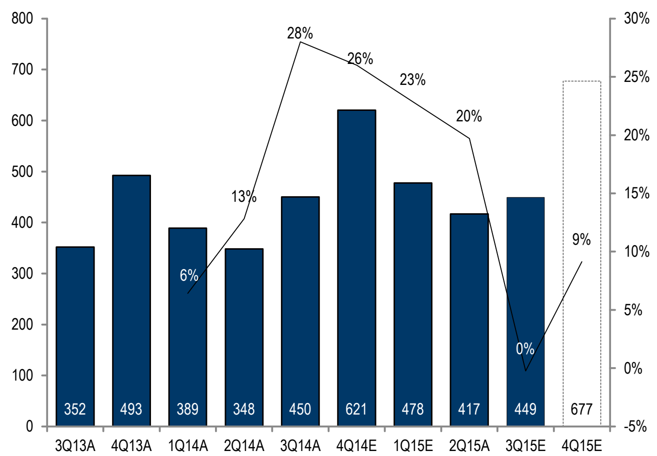
2) Gross margin recovery in the direct sales business

Changes to Estimates

France Market

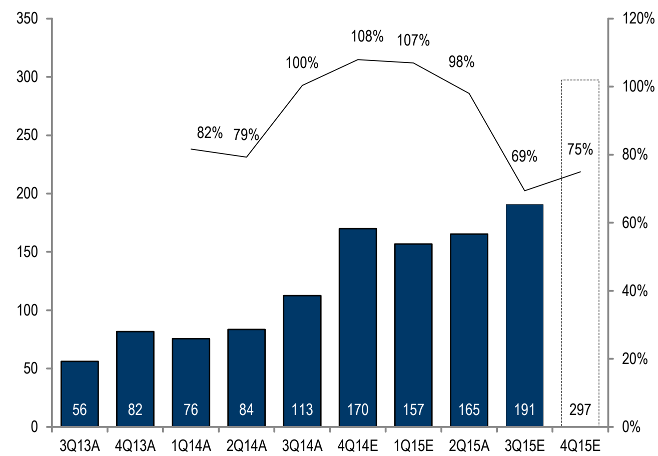
Looking ahead to 4Q15, CS estimates for France Direct GMV and Marketplace GMV are now €677 million and €297 million respectively, with marketplaces segment representing 31% of total France GMV.

Exhibit 1: **Cnova N.V. – Quarterly France Direct Sales and Year Over Year Growth**
EUR in millions, unless otherwise stated



Source: Company data, Credit Suisse estimates

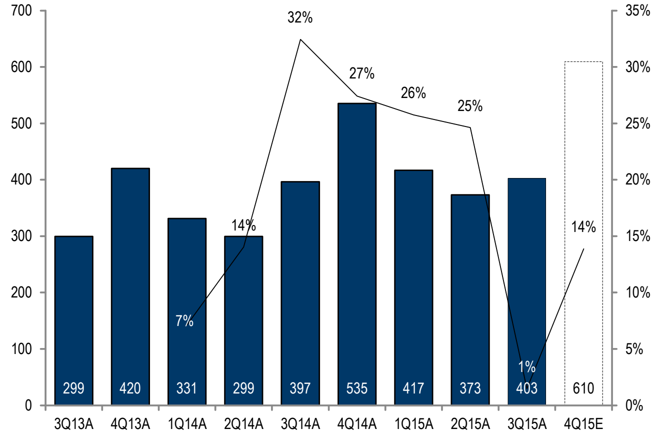
Exhibit 2: **Cnova N.V. – Quarterly France Marketplace GMV and Year Over Year Growth**
EUR in millions, unless otherwise stated



Source: Company data, Credit Suisse estimates

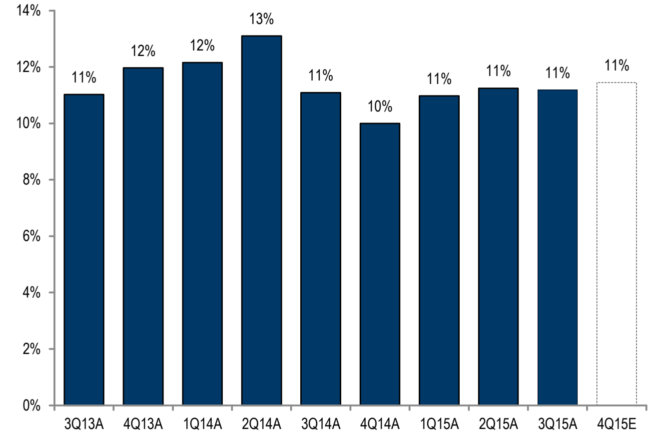
We assume that France Marketplace take rate will remain at ~11% and our estimate for France consolidated revenue is now €610 million.

Exhibit 3: Cnova N.V. – Quarterly France Consolidated Revenue and Year Over Year Growth
EUR in millions, unless otherwise stated



Source: Company data, Credit Suisse estimates

Exhibit 4: Cnova N.V. – Quarterly France Marketplace Take Rate

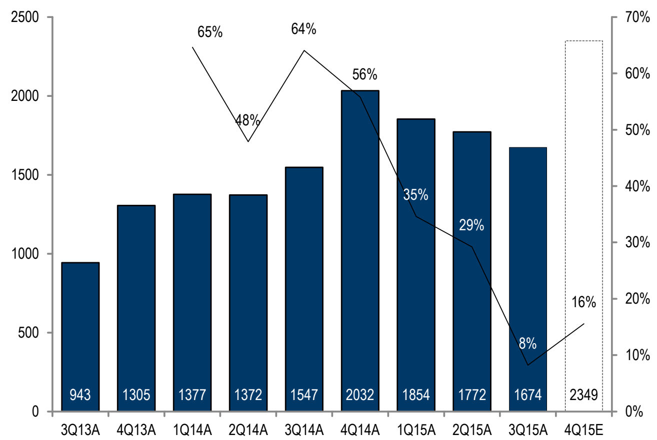


Source: Company data, Credit Suisse estimates

Brazil Market:

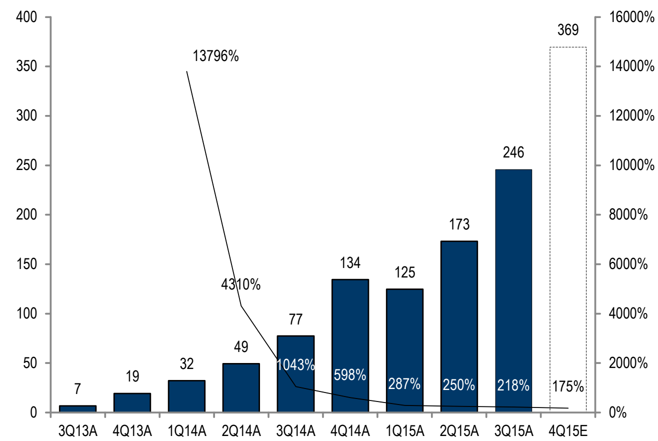
CS 4Q15 estimates for Brazil Direct Sales and Marketplace GMV are at BRL 2.35 billion and BRL 369 million respectively.

Exhibit 5: Cnova N.V. – Quarterly Brazil Direct Sales and Year Over Year Growth
BRL In millions



Source: Company data, Credit Suisse estimates

Exhibit 6: Cnova N.V. – Quarterly Brazil Marketplace GMV and Year Over Year Growth
BRL in millions

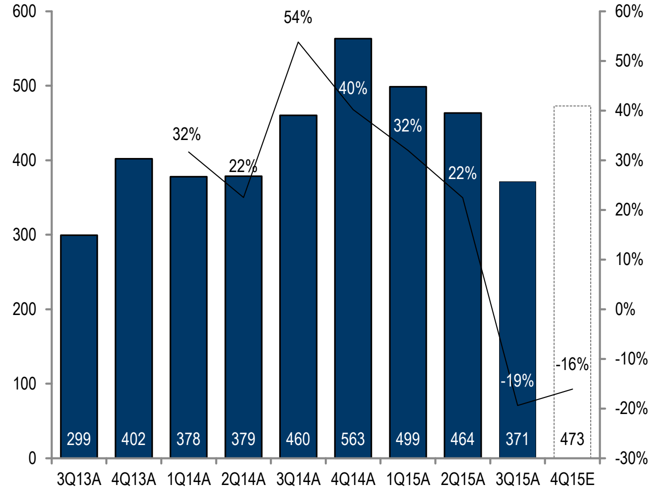


Source: Company data, Credit Suisse estimates

We have assumed a ~11% Take Rate for Brazil Marketplace, which results in Brazil Consolidated Revenue estimate of €473 million.

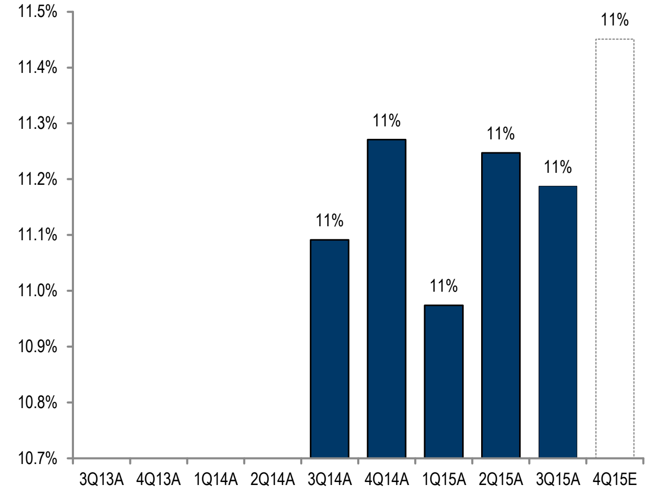
Exhibit 7: Cnova N.V. – Quarterly Brazil Consolidated Revenue and Year Over Year Growth

EUR in millions, unless otherwise stated



Source: Company data, Credit Suisse estimates

Exhibit 8: Cnova N.V. – Quarterly Brazil Marketplace Take Rate



Source: Company data, Credit Suisse estimates

Changes to our 2015 estimates financial and operating metrics are as summarized below:

Exhibit 9: Cnova N.V. – Summary Changes to CS 2015 Estimates

EUR in millions, unless otherwise stated

	2015 Prior	2015 Current	% Δ
France Projections:			
France Direct Sales Value Including Taxes	2165.5	2021.3	-7%
France Marketplace Value Including Taxes	802.3	810.3	1%
France Total GMV Including Taxes	2967.9	2831.6	-5%
Brazil Projections:			
Brazil Direct Sales Value Including Taxes (BRL)	8071.8	7649.4	-5%
Brazil Marketplace Value Including Taxes (BRL)	846.3	913.0	8%
Brazil Total GMV Including Taxes (BRL)	8918.1	8562.4	-4%
Total GMV	**5433.3**	**5118.0**	**-6%**
Direct Sales Excluding Tax	3812.5	3525.0	-8%
Marketplace Sales	97.9	99.5	2%
Net Sales	3910.4	3624.4	-7%
Cost of Sales	3361.4	3132.2	-7%
Gross Profit	549.0	492.2	-10%
Operating Income	(47.7)	(74.4)	-56%
Net Income	(90.1)	(104.3)	-16%
Basic EPS to Common	(€ 0.20)	(€ 0.24)	-16%
Basic Shares Outstanding	443.1	442.6	0%
Diluted EPS	(€ 0.20)	(€ 0.24)	-16%
Diluted Shares Outstanding	444.4	443.9	0%
Adjusted EBITDA	**17.7**	**(3.5)**	**-120%**
Pro Forma Net Income	**(60.5)**	**(67.2)**	**-11%**
Adjusted Diluted EPS	**(€ 0.14)**	**(€ 0.15)**	**-11%**

Source: Company data, Credit Suisse estimates

3Q15 Reported Results

CNV reported 3Q15 GMV of €1.12b vs. CS €1.31b. Net sales were €781.4mm vs. CS €934.5mm. Gross profit of €97.4mm fell short of our €129.4mm as gross margin was again lower than expected. Adjusted EBITDA loss at (€13.0mm) was also lower than our (€1.0mm).

Reported Financials:

As a result, Cnova's P&L variance versus our estimates are as shown below:

Exhibit 10: Cnova N.V. -- 3Q15 Financial Results vs CS Estimates
EUR in millions, unless otherwise stated

	3Q15E	3Q15A	% Δ	Analysis
Net Sales	**934.5**	**781.4**	**-16.4%**	Shortfall in both FR and BR GMV, heavier in FR vs CS estimates
Cost of Sales	805.0	684.0	-15.0%	
Gross Profit	129.4	97.4	-24.7%	Lower than expected GM in direct sales due to ongoing pricing implementation
Gross Margin	*13.9%*	*12.5%*	*-1.4%*	
Fulfillment	75.4	61.0	-19.1%	
Marketing	22.6	18.2	-19.4%	
Technology	26.1	23.4	-10.5%	
General and Administrative	16.5	16.5	-0.1%	
Other Operating Expenses	0.0	7.2	N/A	
Total Operating Expenses	140.7	126.3	-10.2%	
Operating Income	(11.2)	(28.9)	-157.3%	
Financial Expense	17.6	17.0	-3.7%	
Financial Income	1.6	0.0	-100.0%	
Pretax Income	(27.3)	(45.9)	-68.1%	
Share of Profits of Associates	0.0	(0.9)	N/A	
Income and Other Tax	0.0	(10.2)	N/A	
Net Income	**(27.3)**	**(36.6)**	**-34.0%**	
Basic EPS to Common	(€ 0.06)	(€ 0.08)	-34.3%	
Basic Shares Outstanding	443.7	442.6	-0.2%	
Diluted EPS	(€ 0.06)	(€ 0.08)	-34.3%	
Diluted Shares Outstanding	445.0	443.9	-0.2%	
Operating Income	(11.2)	(28.9)	-157.3%	
Nonrecurring Items	0.0	7.3	N/A	One-time restructuring and Exiting Panama/Ecuador cost
Stock-Based Compensation	0.9	0.2	-78.6%	
Pro Forma Operating Income	(10.3)	(21.4)	-107.8%	
Depreciation and Amortization	9.3	8.4	-9.6%	
Adjusted EBITDA	**(1.0)**	(13.0)	**-1193.7%**	Impact of lower than expected gross profit, offset partly by lower OpEx
Pro Forma Operating Income	(10.3)	(21.4)	-107.8%	
Interest and Other, Net	(16.1)	(17.0)	-5.7%	
Pretax Income	(26.4)	(38.4)	-45.6%	
GAAP Income Tax Expense (Benefit)	0.0	(10.2)	N/A	
Tax Effects of Pro Forma Items	0.0	(0.2)	N/A	
Total Taxes	0.0	(10.4)	N/A	
Pro Forma Net Income	**(26.4)**	**(28.0)**	**-6.2%**	
Adjusted Diluted EPS	**(€ 0.06)**	**(€ 0.06)**	**-6.4%**	

Source: Company data, Credit Suisse estimates

Valuation

In-line with the methodology we have used with the rest of the internet sector, we have based our 2016 price target on DCF, which suggests €4. Using EUR/USD 12 month forward exchange rate of 1.00, as forecasted by Credit Suisse global FX strategy team, this yields an $4 price target.

We have used a weighted average cost of capital of 14% and a terminal growth rate expectation of 3%.

Exhibit 11: Cnova N.V. -- Discounted Cash Flow Analysis

EUR in millions, unless otherwise stated

	2016E	2017E	2018E	2019E	2020E	2021E	CAGR 16-'21
EBITDA	58.9	103.6	151.4	198.5	238.2	277.1	36.3%
Net Income	(65.7)	(46.9)	(27.6)	(13.7)	(0.4)	16.1	
Depreciation & Amortization	42.7	50.1	58.3	67.5	68.7	63.0	8.1%
Other Non-Cash Charges (Benefits)	4.0	3.1	2.2	2.6	2.9	3.4	
Interest Expense (Income)	73.1	86.7	100.7	116.0	131.6	149.2	15.4%
Changes in Operating Assets & Liabilities	70.8	77.6	83.9	92.6	98.9	110.2	
Unlevered Cash Flows	**124.9**	**170.6**	**217.5**	**264.9**	**301.8**	**341.9**	22.3%
Capital Expenditures	(81.8)	(86.0)	(99.1)	(109.9)	(120.1)	(136.8)	
Unlevered Free Cash Flows	**43.1**	**84.7**	**118.4**	**155.1**	**181.7**	**205.2**	
Y/Y % Change	114.2%	96.5%	39.9%	30.9%	17.2%	12.9%	
Weighted Average Cost of Capital	14.0%						
Perpetual UFCF Growth Rate ("G")	**3.0%**						

	2016E
NPV of Unlevered Free Cash Flows	527.3
Present Value of Terminal Value	997.8
Enterprise Value	**1525.0**
Off-Balance Sheet Assets	0.0
Adjusted Enterprise Value	**1525.0**
Year End Net Debt (Cash)	(111.4)
Equity Value	**1636.4**
Diluted Shares Outstanding	443.9
Equity Value Per Share (€)	**€ 4**
EUR/USD Exchange Rate	1.00
Equity Value Per Share ($)	**$4**

Source: Company data, Credit Suisse estimates

Exhibit 12: Cnova N.V. – Quarterly Income Statement

EUR in millions, unless otherwise stated

	2015E				2016E				2017E			
	1Q15A	2Q15A	3Q15A	4Q15E	1Q16E	2Q16E	3Q16E	4Q16E	1Q17E	2Q17E	3Q17E	4Q17E
Marketplace Sales	18.0	20.5	24.0	37.0	29.6	33.3	39.5	58.6	43.2	49.1	58.5	85.8
Net Sales	**915.5**	**836.7**	**781.4**	**1090.9**	**957.4**	**883.4**	**892.4**	**1294.8**	**1135.9**	**1052.0**	**1052.9**	**1523.3**
Cost of Sales	802.3	729.1	684.0	916.8	829.4	759.4	770.3	1075.5	976.9	895.9	897.9	1250.7
Gross Profit	113.2	107.6	97.4	174.0	128.0	124.0	122.2	219.3	159.0	156.1	155.0	272.7
Fulfillment	73.2	70.4	61.0	80.4	74.7	73.6	69.7	91.8	89.1	88.1	82.7	109.4
Marketing	20.7	19.9	18.2	24.3	21.7	20.2	20.4	29.0	26.2	24.5	24.6	34.8
Technology	26.5	23.1	23.4	23.1	25.0	26.0	26.2	27.5				
General and Administrative	20.7	17.8	16.5	16.1	18.3	18.8	19.1	19.3	20.1	20.7	21.0	21.2
Other Operating Expenses	14.1	9.8	7.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Operating Expenses	155.3	141.0	126.3	143.9	139.7	138.6	135.5	167.6	166.6	165.6	160.5	199.7
Operating Income	**(42.2)**	**(33.4)**	**(28.9)**	**30.1**	**(11.7)**	**(14.6)**	**(13.3)**	**51.7**	**(7.5)**	**(9.4)**	**(5.6)**	**73.0**
Financial Expense	19.4	23.3	17.0	18.6	17.7	16.9	16.0	22.4	21.0	20.1	19.0	26.6
Financial Income	14.0	8.5	0.0	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Pretax Income	(47.5)	(48.3)	(45.9)	13.1	(27.8)	(30.0)	(27.7)	30.8	(27.0)	(28.0)	(23.0)	47.9
Share of Profits of Associates	0.0	0.0	(0.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income and Other Tax	(6.9)	(8.0)	(10.2)	0.0	0.0	0.0	0.0	11.0	0.0	0.0	0.0	16.9
Net Income	**(40.6)**	**(40.2)**	**(36.6)**	**13.1**	**(27.8)**	**(30.0)**	**(27.7)**	**19.8**	**(27.0)**	**(28.0)**	**(23.0)**	**31.1**
Basic EPS to Common	(€ 0.09)	(€ 0.09)	(€ 0.08)	€ 0.03	(€ 0.06)	(€ 0.07)	(€ 0.06)	€ 0.04	(€ 0.06)	(€ 0.06)	(€ 0.05)	€ 0.07
Basic Shares Outstanding	441.3	442.6	442.6	443.7	444.8	445.9	447.1	448.2	0.0	0.0	0.0	0.0
Diluted EPS	**(€ 0.09)**	**(€ 0.09)**	**(€ 0.08)**	**€ 0.03**	**(€ 0.06)**	**(€ 0.07)**	**(€ 0.06)**	**€ 0.04**	**(€ 0.06)**	**(€ 0.06)**	**(€ 0.05)**	**€ 0.07**
Diluted Shares Outstanding	442.6	443.9	443.9	445.0	446.2	447.3	448.4	449.5	(7.5)	(9.4)	(5.6)	73.0
EBITDA Reconciliation												
Operating Income	(42.2)	(33.4)	(28.9)	30.1	(11.7)	(14.6)	(13.3)	51.7	5.1	3.5	7.8	87.3
Nonrecurring Items	14.1	9.8	7.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stock-Based Compensation	0.2	0.3	0.2	1.1	1.0	0.9	0.9	1.3	0.0	0.0	0.0	0.0
Pro Forma Operating Income	(27.8)	(23.4)	(21.4)	31.2	(10.7)	(13.7)	(12.4)	53.0	(6.8)	(8.7)	(4.9)	74.0
Depreciation and Amortization	9.7	10.2	8.4	9.6	10.0	10.4	10.8	11.4	(19.4)	(18.5)	(17.4)	(25.1)
Adjusted EBITDA	**(18.2)**	**(13.2)**	**(13.0)**	**40.8**	**(0.7)**	**(3.3)**	**(1.6)**	**64.4**	**0.0**	**0.0**	**0.0**	**0.0**
Adjusted Net Income Reconciliation												
Pro Forma Operating Income	(27.8)	(23.4)	(21.4)	31.2	(10.7)	(13.7)	(12.4)	53.0	(6.8)	(8.7)	(4.9)	74.0
Interest and Other, Net	(5.4)	(14.8)	(17.0)	(17.0)	(16.1)	(15.4)	(14.4)	(20.9)	(19.4)	(18.5)	(17.4)	(25.1)
Pretax Income	(33.2)	(38.2)	(38.4)	14.2	(26.8)	(29.1)	(26.8)	32.1	(26.2)	(27.3)	(22.3)	48.9
GAAP Income Tax Expense (Benefit)	(6.9)	(8.0)	(10.2)	0.0	0.0	0.0	0.0	11.0	0.0	0.0	0.0	16.9
Tax Effects of Pro Forma Items	(1.1)	(2.0)	(0.2)	0.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	1.6
Total Taxes	(8.0)	(10.0)	(10.4)	0.0	0.0	0.0	0.0	12.8	0.0	0.0	0.0	18.4
Pro Forma Net Income	(25.2)	(28.2)	(28.0)	14.2	(26.8)	(29.1)	(26.8)	19.3	(26.2)	(27.3)	(22.3)	30.5
Adjusted Diluted EPS	**(€ 0.06)**	**(€ 0.06)**	**(€ 0.06)**	**€ 0.03**	**(€ 0.06)**	**(€ 0.07)**	**(€ 0.06)**	**€ 0.04**	**(€ 0.06)**	**(€ 0.06)**	**(€ 0.05)**	**€ 0.07**
Margins												
Gross Margin	12.4%	12.9%	12.5%	16.0%	13.4%	14.0%	13.7%	16.9%	14.0%	14.8%	14.7%	17.9%
GAAP Operating Margin	-4.6%	-4.0%	-3.7%	2.8%	-1.2%	-1.7%	-1.5%	4.0%	-0.7%	-0.9%	-0.5%	4.8%
Pro Forma Operating Margin	-3.0%	-2.8%	-2.7%	2.9%	-1.1%	-1.6%	-1.4%	4.1%	-0.6%	-0.8%	-0.5%	4.9%
Adjusted EBITDA Margin	-2.0%	-1.6%	-1.7%	3.7%	-0.1%	-0.4%	-0.2%	5.0%	0.0%	0.0%	0.0%	0.0%
Net Income Margin	-4.4%	-4.8%	-4.7%	1.2%	-2.9%	-3.4%	-3.1%	1.5%	-2.4%	-2.7%	-2.2%	2.0%

Source: Company data, Credit Suisse estimates

Exhibit 13: Cnova N.V. – Annual Income Statement

EUR in millions, unless otherwise stated

	2015E	2016E	2017E	2018E	2019E	2020E	2021E	CAGR '16-'21
Marketplace Sales	99.5	160.9	236.6	320.5	400.8	472.4	541.8	
Net Sales	**3624.4**	**4028.1**	**4764.2**	**5568.4**	**6444.8**	**7368.2**	**8389.6**	**15.8%**
Cost of Sales	3132.2	3434.6	4021.4	4661.4	5368.7	6125.5	6971.5	15.2%
Gross Profit	492.2	593.5	742.8	907.0	1076.1	1242.7	1418.1	19.0%
Fulfillment	284.9	309.8	369.3	434.2	504.2	577.5	662.7	16.4%
Marketing	83.2	91.3	110.1	131.2	151.8	168.7	189.9	15.8%
Technology	96.2	104.7	130.1	159.7	191.4	220.6	237.1	
General and Administrative	71.1	75.5	82.9	91.1	100.3	109.3	117.8	9.3%
Other Operating Expenses	31.1	0.0	0.0	0.0	0.0	0.0	0.0	
Total Operating Expenses	566.5	581.3	692.3	816.2	947.7	1076.1	1207.4	15.7%
Operating Income	**(74.4)**	**12.1**	**50.5**	**90.9**	**128.4**	**166.5**	**210.7**	
Financial Expense	78.3	73.1	86.7	100.7	116.0	131.6	149.2	15.4%
Financial Income	24.1	6.3	6.3	6.3	6.3	6.3	6.3	0.0%
Pretax Income	(128.6)	(54.6)	(30.0)	(3.6)	18.7	41.2	67.7	
Share of Profits of Associates	(0.9)	0.0	0.0	0.0	0.0	0.0	0.0	
Income and Other Tax	(25.2)	11.0	16.9	24.0	32.4	41.6	51.6	36.1%
Net Income	**(104.3)**	**(65.7)**	**(46.9)**	**(27.6)**	**(13.7)**	**(0.4)**	**16.1**	
Basic EPS to Common	(€ 0.24)	(€ 0.15)	(€ 0.10)	(€ 0.06)	(€ 0.03)	(€ 0.00)	€ 0.03	
Basic Shares Outstanding	442.6	446.5	451.0	455.5	460.1	464.7	469.4	
Diluted EPS	**(€ 0.24)**	**(€ 0.15)**	**(€ 0.10)**	**(€ 0.06)**	**(€ 0.03)**	**(€ 0.00)**	**€ 0.03**	
Diluted Shares Outstanding	443.9	447.8	452.3	456.8	461.4	466.0	470.7	
EBITDA Reconciliation								
Operating Income	(74.4)	12.1	50.5	90.9	128.4	166.5	210.7	76.9%
Nonrecurring Items	31.2	0.0	0.0	0.0	0.0	0.0	0.0	
Stock-Based Compensation	1.7	4.0	3.1	2.2	2.6	2.9	3.4	
Pro Forma Operating Income	(41.4)	16.2	53.5	93.1	131.0	169.5	214.0	
Depreciation and Amortization	37.9	42.7	50.1	58.3	67.5	68.7	63.0	8.1%
Adjusted EBITDA	**(3.5)**	**58.9**	**103.6**	**151.4**	**198.5**	**238.2**	**277.1**	**36.3%**
Adjusted Net Income Reconciliation								
Pro Forma Operating Income	(41.4)	16.2	53.5	93.1	131.0	169.5	214.0	
Interest and Other, Net	(54.2)	(66.8)	(80.4)	(94.4)	(109.7)	(125.3)	(142.9)	
Pretax Income	(95.6)	(50.6)	(26.9)	(1.4)	21.3	44.1	71.1	
GAAP Income Tax Expense (Benefit)	(25.2)	11.0	16.9	24.0	32.4	41.6	51.6	
Tax Effects of Pro Forma Items	(3.3)	1.8	1.6	1.4	1.2	0.8	(0.4)	
Total Taxes	(28.5)	12.8	18.4	25.5	33.6	42.3	51.2	
Pro Forma Net Income	(67.2)	(63.4)	(45.3)	(26.8)	(12.4)	1.8	19.9	
Adjusted Diluted EPS	**(€ 0.15)**	**(€ 0.14)**	**(€ 0.10)**	**(€ 0.06)**	**(€ 0.03)**	**€ 0.00**	**€ 0.04**	
Margins								
Gross Margin	13.6%	14.7%	15.6%	16.3%	16.7%	16.9%	16.9%	
GAAP Operating Margin	-2.1%	0.3%	1.1%	1.6%	2.0%	2.3%	2.5%	
Pro Forma Operating Margin	-1.1%	0.4%	1.1%	1.7%	2.0%	2.3%	2.6%	
Adjusted EBITDA Margin	-0.1%	1.5%	2.2%	2.7%	3.1%	3.2%	3.3%	
Net Income Margin	-2.9%	-1.6%	-1.0%	-0.5%	-0.2%	0.0%	0.2%	

Source: Company data, Credit Suisse estimates

Exhibit 14: Cnova N.V. – Balance Sheet
EUR in millions, unless otherwise stated

	2015E	2016E	2017E	2018E	2019E	2020E
Assets:						
Cash and Cash Equivalents	448.6	491.7	576.3	694.7	849.8	1031.5
Trade Receivables	143.9	170.7	200.9	233.7	269.2	306.1
Inventories	604.5	709.2	824.6	949.7	1087.0	1232.5
Current tax assets	0.8	0.8	0.8	0.8	0.8	0.8
Other current assets	134.0	134.0	134.0	134.0	134.0	134.0
Total current assets	**1331.7**	**1506.4**	**1736.6**	**2013.0**	**2340.7**	**2704.9**
Other non-current assets	75.5	75.5	75.5	75.5	75.5	75.5
Deferred tax assets	60.3	60.3	60.3	60.3	60.3	60.3
Investment in associates	0.0	0.0	0.0	0.0	0.0	0.0
Property and equipment	109.0	174.1	236.0	302.9	371.3	439.7
Intangible assets	121.1	95.1	69.1	43.1	17.0	0.0
Goodwill	356.4	356.4	356.4	356.4	356.4	356.4
Total Assets	**2054.0**	**2267.7**	**2533.9**	**2851.1**	**3221.2**	**3636.8**
Liabilities:						
Current provisions	3.4	3.4	3.4	3.4	3.4	3.4
Trade payables	1168.7	1371.0	1594.3	1836.2	2101.5	2382.8
Current financial debt	372.6	372.6	372.6	372.6	372.6	372.6
Current taxes liabilities	32.8	32.8	32.8	32.8	32.8	32.8
Other current liabilities	99.8	99.8	99.8	99.8	99.8	99.8
Total current liabilities	**1677.3**	**1879.6**	**2102.9**	**2344.8**	**2610.1**	**2891.4**
Non-current provisions	11.0	11.0	11.0	11.0	11.0	11.0
Non-current financial debt	7.7	7.7	7.7	7.7	7.7	7.7
Other non-current liabilities	1.7	1.7	1.7	1.7	1.7	1.7
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total Liabilities	**1697.7**	**1900.0**	**2123.3**	**2365.2**	**2630.5**	**2911.8**
Stockholder's Equity:						
Common Stock	0.0	0.0	0.0	0.0	0.0	0.0
Equity Attributable to Equity Holders of Cnova	360.4	371.8	414.7	490.1	594.9	729.1
Non-controlling interests	(4.1)	(4.1)	(4.1)	(4.1)	(4.1)	(4.1)
Total Shareholder's Equity	**356.3**	**367.7**	**410.6**	**486.0**	**590.8**	**725.0**
Total Liabilities and Shareholder's Equity	**2054.0**	**2267.7**	**2533.9**	**2851.1**	**3221.2**	**3636.8**

Source: Company data, Credit Suisse estimates

Exhibit 15: Cnova N.V. – Cash Flow Statement
EUR in millions, unless otherwise stated

	2015E	2016E	2017E	2018E	2019E	2020E
Operating Activities:						
Net Income	(104.3)	(65.7)	(46.9)	(27.6)	(13.7)	(0.4)
Depreciation and Amortization Expense	37.9	42.7	50.1	58.3	67.5	68.7
Stock Based Compensation	1.7	4.0	3.1	2.2	2.6	2.9
Gains (losses) on disposal of non-current assets	0.0	0.0	0.0	0.0	0.0	0.0
Share of (profits) losses of associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non-Cash Items	0.0	0.0	0.0	0.0	0.0	0.0
Financial Expense	55.8	73.1	86.7	100.7	116.0	131.6
Current and Deferred Tax (gains) expenses	0.0	0.0	0.0	0.0	0.0	0.0
Income Tax Paid	0.0	0.0	0.0	0.0	0.0	0.0
Inventory	(264.8)	(104.6)	(115.5)	(125.1)	(137.2)	(145.5)
Trade Payables	70.2	202.3	223.2	241.9	265.3	281.3
Trade Receivables	2.9	(26.9)	(30.1)	(32.8)	(35.4)	(36.9)
Other	(28.3)	0.0	0.0	0.0	0.0	0.0
Net Cash from Operating Activities	**(243.4)**	**131.1**	**176.9**	**223.8**	**271.2**	**308.1**
Investing Activities:						
Purchase of Property, Equipment and Intangible Assets	(75.3)	(81.8)	(86.0)	(99.1)	(109.9)	(120.1)
Purchase of Non-Current Financial Assets	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from Disposal of PPE	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from Disposal of non-current Financial Assets	0.0	0.0	0.0	0.0	0.0	0.0
Accounting for the Combination of an entity	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition of an Entity net of Cash	0.0	0.0	0.0	0.0	0.0	0.0
Investments in Associates	0.0	0.0	0.0	0.0	0.0	0.0
Change in Loans Granted	0.0	0.0	0.0	0.0	0.0	0.0
Net Cash from Investing Activities	**(3.1)**	**(81.8)**	**(86.0)**	**(99.1)**	**(109.9)**	**(120.1)**
Financing Activities:						
Transaction with Owners of Non-Controlling Interests	0.0	0.0	0.0	0.0	0.0	0.0
Additions to Financial Debt	0.0	0.0	0.0	0.0	0.0	0.0
Repayments of Financial Debt	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from Initial Public Offering, net of issuance costs	0.0	0.0	0.0	0.0	0.0	0.0
Interest Paid, Net	(42.7)	(6.3)	(6.3)	(6.3)	(6.3)	(6.3)
Net Cash from Financing Activities	**221.4**	**(6.3)**	**(6.3)**	**(6.3)**	**(6.3)**	**(6.3)**
Effects of Foreign Currency Translation	(99.4)	0.0	0.0	0.0	0.0	0.0
Net Change in Cash and Cash Equivalents	(124.6)	43.1	84.7	118.4	155.1	181.7
Cash and Cash Equivalents at the Beginning of Period	573.2	448.6	491.7	576.3	694.7	849.8
Cash and Cash Equivalents at the End of Period	**448.6**	**491.7**	**576.3**	**694.7**	**849.8**	**1031.5**

Source: Company data, Credit Suisse estimates

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Companies Mentioned *(Price as of 28-Oct-2015)*

Cnova N.V. (CNV.OQ, $3.41, UNDERPERFORM[V], TP $4.0)

Disclosure Appendix

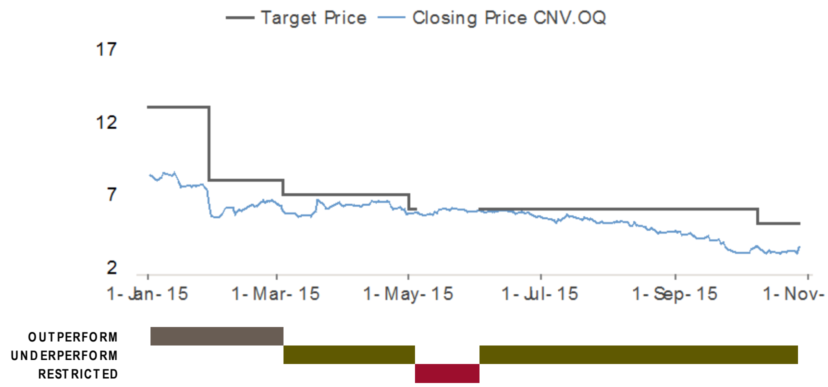
Important Global Disclosures

I, Stephen Ju, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

3-Year Price and Rating History for Cnova N.V. (CNV.OQ)

CNV.OQ Date	Closing Price (US$)	Target Price (US$)	Rating
01-Jan-15	7.91	13.00	O *
29-Jan-15	6.28	8.00	
04-Mar-15	5.90	7.00	U
01-May-15	5.70	6.00	
04-May-15	5.77		R
03-Jun-15	5.89	6.00	U
09-Oct-15	3.40	5.00	

** Asterisk signifies initiation or assumption of coverage.*



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Outperform (O) : The stock's total return is expected to outperform the relevant benchmark*over the next 12 months.

Neutral (N) : The stock's total return is expected to be in line with the relevant benchmark* over the next 12 months.

Underperform (U) : The stock's total return is expected to underperform the relevant benchmark* over the next 12 months.

**Relevant benchmark by region: As of 10th December 2012, Japanese ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. As of 2nd October 2012, U.S. and Canadian as well as European ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. For Latin American and non-Japan Asia stocks, ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark; prior to 2nd October 2012 U.S. and Canadian ratings were based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe. For Australian and New Zealand stocks, the expected total return (ETR) calculation includes 12-month rolling dividend yield. An Outperform rating is assigned where an ETR is greater than or equal to 7.5%; Underperform where an ETR less than or equal to 5%. A Neutral may be assigned where the ETR is between -5% and 15%. The overlapping rating range allows analysts to assign a rating that puts ETR in the context of associated risks. Prior to 18 May 2015, ETR ranges for Outperform and Underperform ratings did not overlap with Neutral thresholds between 15% and 7.5%, which was in operation from 7 July 2011.*

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Market Weight : The analyst's expectation for the sector's fundamentals and/or valuation is neutral over the next 12 months.

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Restricted	2%	

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Price Target: (12 months) for Cnova N.V. (CNV.OQ)

Method: Our $4 target price for Cnova N.V. is calculated using discounted cash flow (DCF). Our weighted average cost of capital is 14% and our terminal growth rate is 3%.

Risk: We see several risks to Cnova N.V. achievement of our $4 target price: (1) Competitive threat from Amazon (in France, Belgium), MercadoLibre (Brazil, Colombia), and likely Alibaba at some point in Southeast Asia. (2) We note that Cnova's marketplaces take rate stands at ~11% versus ~9% for MercadoLibre and ~8% for eBay. (3) Potential government and regulatory risk in Southeast Asia and African operations. (4) Relative exchange movements of each of these currencies against the Euro as well as the Euro's moves against the US dollar may adversely impact our estimates and target price. (5) If Cnova is no longer able to take advantage of its parent company's purchasing power and network of brick-and-mortar stores as pick-up locations, its business could be materially and adversely affected.

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See the Companies Mentioned section for full company names

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Cnova

Negative news with inventory issues in Brazil

Hold

Price 18/12/15	**$2.95**
12m target	**$3.90**
Upside to TP	**32.2%**
12m f'cast div	**na**
12m TSR	**32.2%**

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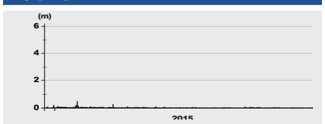
Share price performance

Source: SG Cross Asset Research/Equity

Volume



Source: SG Cross Asset Research/Equity

Update Cnova has started a review of inventory in Brazil following employee misconduct discovered at two distribution centres out of seven in Brazil (end-2014 DC network). The issues identified primarily involve the handling of product returns and damaged product inventory at DCs. The group has not provided any forecasts on potential write-downs.

SG view At this stage it is indeed difficult to assess the potential negative impact and write-downs. All depends on the final number of distribution centres concerned, the extent of inventory concerned (only product returns/product damaged at DCs or the entire inventory?) and for how long the misconduct has been going on. We note that group net inventory stood at €436m at 30 September 2015, up from €417m at end December 2014, o/w c50%e in Brazil. We estimate returned products and products damaged at DCs account for c. 10% of inventory as a rule for such a business. All in all, this is undoubtedly bad news for Cnova as it is likely to raise concerns on Brazil (c. 50% of group sales) which already saw significant deterioration in market conditions and sales growth in Q3. Although we expect France to deliver resilient sales growth in Q4 (noting the November terrorist attack could have diverted business to online players), we remain concerned by Brazil and expect further deterioration in sales trends in Q4.

How we value the stock Our TP is based on the average of and NAV ($4.1, Cdiscount France 0.4x 2015e sales, Nova Brazil 0.4x sales) and a DCF ($3.8: WACC 12%, perp. growth 3.0%, norm EBIT margin 2.8% after the cost of selling receivables).

Events, catalysts & risks to price target, rating & recommendation Q4 15 results in January 2016. **Risks to TP**: upside –the 'marketplace' e-commerce platform in Brazil proves highly successful; downside – pressure on commission rates from its 'marketplace' platforms in France and Brazil; disappointing development of the 'marketplace' platforms in Brazil; while too early to put a figure on, inventory issues in Brazil could prove materially damaging.

Share data			
RIC CNV.OQ, Bloom CNV US			
52-week range			8.49-2.69
EV 15 (€m)			809
Mkt cap. ($m)			1,302
Free float (%)			6.0
Performance (%)	**1m**	**3m**	**12m**
Ordinary shares	6.9	-24.0	-58.7
Rel. S&P 500	9.9	-26.5	-58.0

Financial data	12/14	12/15e	12/16e	12/17e
Revenues (€bn)	3.47	3.66	3.83	4.42
EBIT margin (%)	1.0	-1.7	-0.1	1.1
Rep. net inc. (€m)	-51.7	-102	-55.0	-19.7
EPS (adj.) (€)	-0.059	-0.23	-0.12	-0.045
Dividend/share (€)	0.00	0.00	0.00	0.00
Payout (%)	nm	nm	nm	nm
Interest cover (x)	0.49	na	na	0.67
Net debt/equity (%)	nm	nm	nm	nm

Ratios	12/14	12/15e	12/16e	12/17e
P/E (x)	nm	nm	nm	nm
FCF yield (/EV) (%)	21.7	-17.5	-13.2	-1.1
Dividend yield (%)	0.0	0.0	0.0	0.0
Price/book value (x)	3.85	2.50	2.82	2.95
EV/revenues (x)	0.54	0.22	0.24	0.21
EV/EBIT (x)	55.9	nm	nm	18.7
EV/IC (x)	30.5	8.2	5.6	5.9
ROIC/WACC (x)	1.1	-5.0	-0.2	1.9

EPS CAGR 14-17e: +8.80%

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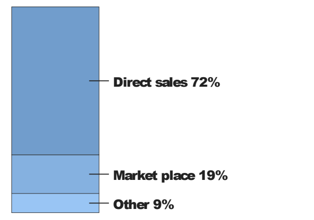
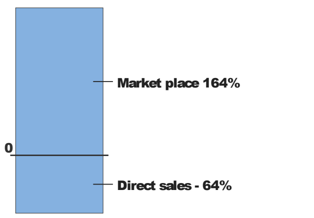
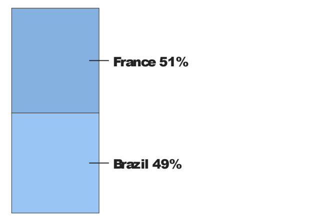
Sales/division 14



EBIT/division 14



Sales/region 14



Cnova

Valuation (€m)	12/10	12/11	12/12	12/13	12/14	12/15e	12/16e	12/17e
Nb. of shares basic year end/outstanding	na	0.00	0.00	0.00	441	441	441	441
Share price (average) ($)					7.21	2.95	2.95	2.95
Average market cap. (SG adjusted) (1)	0	0	0	0	2,396	1,201	1,201	1,201
Restated net debt (-)/cash (+) (2)	na	0	0	0	533	391	268	258
Value of minorities (3)	na							
Value of financial investments (4)	na							
Other adjustment (5)	na							
EV = (1) - (2) + (3) - (4) + (5)	na	na	na	na	1,863	809	933	943
P/E (x)	na	na	na	na	nm	nm	nm	nm
Price/cash flow (x)	na	na	na	na	10.1	nm	nm	11.8
Price/free cash flow (x)	na	na	na	na	15.5	nm	nm	nm
Price/book value (x)	na	na	na	na	3.85	2.50	2.82	2.95
EV/revenues (x)	na	na	na	na	0.54	0.22	0.24	0.21
EV/EBITDA (x)	na	na	na	na	28.6	nm	31.0	10.4
Dividend yield (%)	na	na	na	na	0.0	0.0	0.0	0.0
Per share data (€)								
SG EPS (adj.)	na	0.00	0.00	0.00	-0.059	-0.23	-0.12	-0.045
Cash flow	na	0.00	0.00	0.00	0.53	-0.13	-0.033	0.23
Book value	na	0.00	0.00	0.00	1.41	1.09	0.96	0.92
Dividend	na	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income statement (€m)								
Revenues	na	2,483	2,650	2,899	3,474	3,661	3,834	4,419
Gross income	na	367	396	427	486	486	563	705
EBITDA	na	79	59	50	65	-30	30	91
Depreciation and amortisation	na	-14	-21	-27	-32	-33	-35	-40
EBIT	na	65	38	23	33	-64	-5	50
Impairment losses	0	0	0	0	0	0	0	0
Net interest income	na	-59	-44	-56	-68	-70	-68	-75
Exceptional & non-operating items	0	0	0	-6	-32	0	0	0
Taxation	na	-5	-11	16	15	30	18	6
Minority interests	na	0	0	1	3	2	-1	-1
Reported net income	na	0	-17	-22	-52	-102	-55	-20
SG adjusted net income	na	0	-17	-23	-24	-102	-55	-20
Cash flow statement (€m)								
EBITDA	na	79	59	50	65	-30	30	91
Change in working capital	na	0	0	129	241	14	5	80
Other operating cash movements	0	-79	-59	-61	-84	-40	-50	-69
Cash flow from operating activities	na	0	0	118	222	-56	-15	102
Net capital expenditure	na	0	0	-54	-77	-85	-109	-112
Free cash flow	na	0	0	64	145	-141	-124	-10
Cash flow from investing activities	na	0	0	-1	-11	0	0	0
Cash flow from financing activities	na	0	0	-35	133	0	0	0
Net change in cash resulting from CF	na	0	0	28	267	-141	-124	-10
Balance sheet (€m)								
Total long-term assets	na	0	0	635	687	739	813	885
of which intangible	0	0	0	114	147	147	147	147
Working capital	0	0	0	-316	-626	-641	-646	-726
Employee benefit obligations	na			1	1	1	1	1
Shareholders' equity	na	0	0	460	578	476	421	401
Minority interests	na	0	0	18	6	4	5	6
Provisions	na			3	8	8	8	8
Net debt (-)/cash (+)	na	0	0	164	533	391	268	258
Accounting ratios								
ROIC (%)	na	na	na	na	13.2	-59.9	-2.8	23.2
ROE (%)	na	na	na	na	-10.0	-19.4	-12.3	-4.8
Gross income/revenues (%)	na	14.8	15.0	14.7	14.0	13.3	14.7	16.0
EBITDA margin (%)	na	3.2	2.2	1.7	1.9	-0.8	0.8	2.1
EBIT margin (%)	na	2.6	1.4	0.8	1.0	-1.7	-0.1	1.1
Revenue yoy growth (%)	na	na	6.7	9.4	19.8	5.4	4.7	15.3
Rev. organic growth (%)	na	0.0	0.0	0.0	24.1	12.9	12.5	15.2
EBITDA yoy growth (%)	na	na	-25.5	-14.1	29.2	nm	nm	nm
EBIT yoy growth (%)	na	na	-41.5	-37.9	41.9	nm	92.3	nm
EPS (adj.) yoy growth (%)	na	na	na	na	na	-293.5	46.1	64.3
Dividend growth (%)	na	na	na	na	na	na	na	na
Cash conversion (%)	na	0.0	0.0	nm	nm	nm	nm	-19.7
Net debt/equity (%)	na	na	na	nm	nm	nm	nm	nm
FFO/net debt (%)	na	na	na	na	nm	nm	nm	nm
Dividend paid/FCF (%)	na	na	na	0.0	0.0	nm	nm	nm

Source: SG Cross Asset Research/Equity

APPENDIX

COMPANIES MENTIONED
Cnova (CNV.OQ, Hold)

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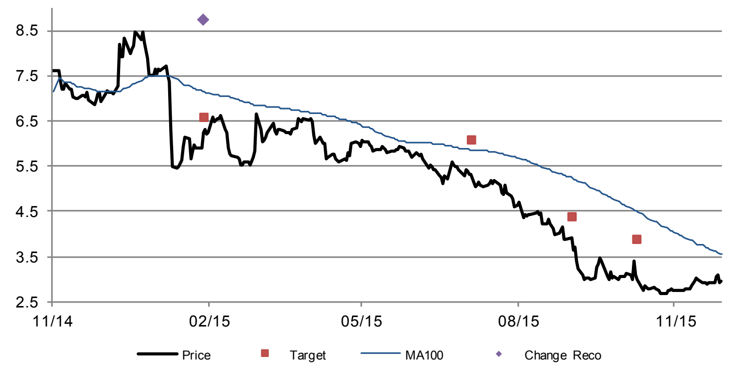

Source: SG Cross Asset Research/Equity

2012/2013	Change	2014/2015	Change
		17/02/15	New Rating: Hold
		17/02/15	New Target: 6.6
		24/07/15	New Target: 6.1
		21/09/15	New Target: 4.4
		29/10/15	New Target: 3.9

SG EQUITY RESEARCH RATINGS on a 12 months period

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HOLD: absolute total shareholder return forecast between 0% and +15% over a 12 month period.

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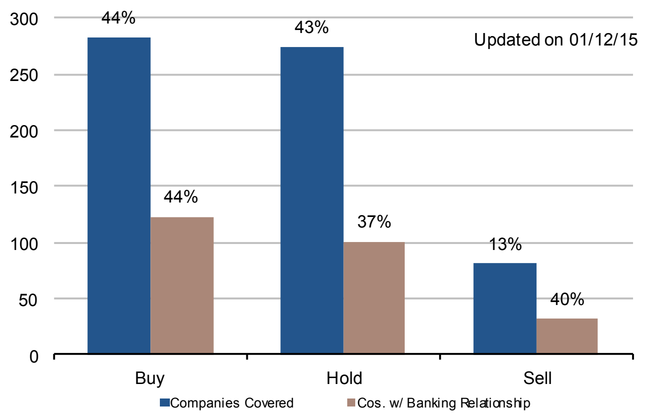
NEUTRAL: sector expected to perform in-line with the relevant broad market benchmark over the next 12 months.

UNDERWEIGHT: sector expected to underperform the relevant broad market benchmark over the next 12 months.

The Preferred and Least preferred stocks are selected by the covering analyst based on the individual analyst's coverage

Equity rating and dispersion relationship



Source: SG Cross Asset Research/Equity

universe and not by the SG Equity Research Strategist.

All pricing information included in this report is as of market close, unless otherwise stated.

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December 21, 2015

Cnova NV

Inventory Investigation

Industry View	Stock Rating
In-Line	**Equal-weight**

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The materiality of a Brazilian inventory investigation is unclear although we tentatively size the initial problem up to €20m (5-10% inventories in Brazil). Our key concern is whether this ultimately widens to include other product categories. There are also wider implications for management oversight, audit and provisions. At this stage there is no indication that current trading is affected but Cnova's investigation is particulary unfortunate as it coincides with a period of very weak trading in Brazil that shows few signs of stabilisation. We expect more clarity in the coming couple of weeks and when Cnova reports 4q revenues around 12th January. We are EW with a $4 target.

On Friday evening Cnova issued a **press release** stating its Board had engaged legal advisors and external forensic accountants to perform a review of issues in connection with employee misconduct related to inventory management for returns and damaged products at its Brazilian subsidiary. The investigation is at an early stage and its impact on accounting and financial statements is being evaluated. The investigation is being aided by the audit committee of controlling shareholder Companhia Brasileira de Distribuição (CBD). Once complete Cnova will update the market.

The scale and implications of this investigation will not be clear until a full inventory assessment has been made over the next couple of weeks. We see two key issues. (1) Materiality in terms of cash flow, inventory, potential provisioning and its impact on earnings; (2) Wider implications for company management, oversight, audit controls and investor confidence. In the absence of more specific information we could point out:

1. At this stage the investigation centers on returned/ damaged goods in 2 warehouses in Brazil. Theoretically, this would account for ~5-10% of net inventories that Cnova reported as €436m at the end of September, assuming average industry metrics. Applying a similar GMV split (due to similar products) implies ~€200m of inventories in Brazil, that would scale this issue up to ~€20m. This is a very preliminary estimate and it is unclear if is would be a (non-)cash event.

2. While we see a reasonable base case as up to a €20m inventory write-down (possibly non-cash), our concern would be if the investigation uncovers more significant/ widespread practices involving 90% of inventory that is not returned/ damaged. There is no indication from the statement.

3. Cnova has a deep relationship with CBD in Brazil which particularly centers on distribution/ fulfillment and is a core part of Cnova's click & collect strategy that extends to 650 pick-up points in Brazil. Again, more detail will be required to ascertain implications but thus far there is no suggestion the practices/ investigation is impacting current trading trends, that we believe remain very

Cnova NV (CNV.O, CNV US)

Internet Services / France

Stock Rating	**Equal-weight**
Industry View	**In-Line**
Shr price, close (Dec 18, 2015)	US$2.95
52-Week Range	US$8.60-2.60
Mkt cap, curr (mn)	€1,202
Net debt (12/15e) (mn)*	€(124)
EV, curr (mn)*	€674

* = GAAP or approximated based on GAAP

weak in Brazil.

Cnova is valued at 0.3x 2016e revenues, 50% below long-term industry average, implying expectations are already very low. Despite this we stay Equal-weight as accumulated EPS downgrades (and a halving of the Real/ Euro rate in last 12 months) has rebalanced the risk-reward profile and the probability of material improvements in Brazil appears low within our investment time frame. This investigation will likely further impact the market's confidence in Cnova's prospects. While we continue to expect robust trading in France (55% GMV) with improving margins, management at our recent conference in Barcelona highlighted that trends in Brazil were still showing no signs of stabilization. While GMV growth through Black Friday is likely positive, adjusting for a higher marketplace component and heavy price discounting to shift inventory, we still expect gross margins in Brazil to be under significant pressure in 4q and into 2016, which also has a knock-on impact on cash control/ working capital. Longer term the recent 3q results showed evidence of progress on strategic initiatives such as a higher weighting to mobile (40% vs 27% in 3q14) and marketplace revenues (22% of GMV vs 12.4% in 3q14). In addition, the current shares essentially imply zero value for Brazil, we estimate. That said, it is unclear whether a bottom will be reached in the next 6 months and so the earnings risks remain downward biased, in our view. Aside from macro/ FX, key risks to forecasts/ valuation include increased competition on pricing, distribution or marketplace fees. We are EW with a $4 target.

Our $4 PT is calculated using a DCF valuation (12% WACC, 4% LT growth).

Base Case – $4 target – driven by marketplace growth and higher active customers. Due to higher investments, gross margin as a percentage of net sales falls from 14.0% in 2014 to 12.7% in 2016.

Bull Case – $5.2 target – Better-than-expected GMV contribution driving 9% revenue CAGR 2014-18. EBITDA margin as a portion of net sales improves to 2% by 2018, 140bps higher than in our base case.

Bear Case – $1.4 target – Greater competition and failure to expand categories result in 3% revenue CAGR 2014-18. EBIT margin only marginally improves to -0.2%% in 2018, 110bps lower than in base case.

Key risks to our price target: Downside: 1) slower-than-expected growth of home appliances and general merchandise business; 2) offline CE retailers initiate price wars, impacting gross margins; 3) negative FX and macroeconomic trends especially in Brazil; 3) operational execution issues in competitive market. Upside: 1) improved internet penetration in Brazil & eCommerce penetration in France; 2) improved gross margin through scale & mix.

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STOCK RATING CATEGORY	COVERAGE UNIVERSE COUNT	COVERAGE UNIVERSE % OF TOTAL	INVESTMENT BANKING CLIENTS (IBC) COUNT	IBC % OF TOTAL IBC	IBC % OF RATING CATEGORY
Overweight/Buy	**1206**	**35%**	**332**	**43%**	**28%**
Equal-weight/Hold	**1469**	**43%**	**347**	**44%**	**24%**
Not-Rated/Hold	**91**	**3%**	**11**	**1%**	**12%**
Underweight/Sell	**648**	**19%**	**91**	**12%**	**14%**
TOTAL	**3,414**		**781**		

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months.

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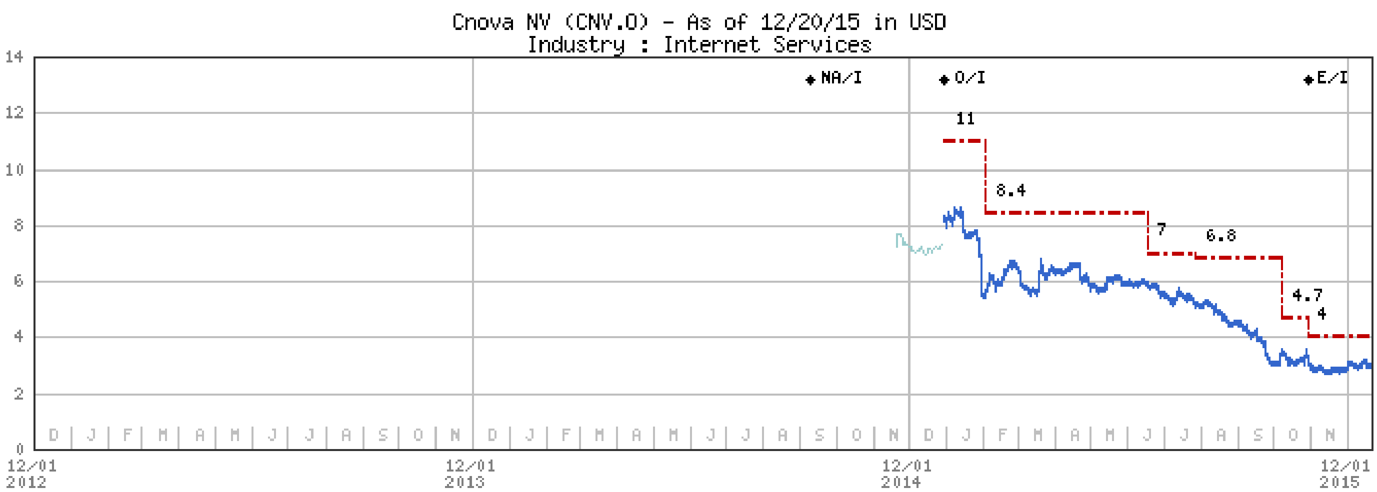
Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 9/9/14 : NA/I; 12/30/14 : O/I; 10/29/15 : E/I

Price Target History: 12/30/14 : 11; 2/2/15 : 8.4; 6/17/15 : 7; 7/28/15 : 6.8; 10/8/15 : 4.7; 10/29/15 : 4

Source: Morgan Stanley Research   Date Format : MM/DD/YY   Price Target   No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst)   Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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INDUSTRY COVERAGE: Internet Services

COMPANY (TICKER)	RATING (AS OF)	PRICE* (12/18/2015)
Andrea Ferraz, CFA		
Auto Trader Group PLC (AUTOA.L)	O (04/29/2015)	421p
Just Eat PLC (JE.L)	E (06/16/2015)	469p
Lastminute.com NV (LMN.S)	E (05/26/2014)	SFr 13.40
Rightmove Plc (RMV.L)	O (10/30/2014)	3,960p
SCOUT24 (G24n.DE)	E (11/10/2015)	€31.90
Zoopla Property Group PLC (ZPLAZ.L)	U (02/17/2015)	235p
Edward Hill-Wood		
Cnova NV (CNV.O)	E (10/29/2015)	US$2.95
Mail.ru Group Ltd (MAILRq.L)	O (02/28/2013)	US$21.70
Naspers (NPNJn.J)	O (01/23/2012)	ZAc 206,700
Rocket Internet AG (RKET.DE)	O (11/11/2014)	€26.33
Yandex NV (YNDX.O)	O (11/17/2015)	US$15.32
Miriam Adisa		
Vostok New Ventures (VNVsdb.ST)	O (10/15/2015)	SKr 51.75
Polina Ugryumova, CFA		
Qiwi PLC (QIWI.O)	E (09/30/2013)	US$17.28

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.

EXHIBIT 3


Cnova N.V. (CNV)
Closing Price and Volume vs. Market
$10.00
$9.00
$8.00
$7.00
$6.00
$5.00
$4.00
$3.00
$2.00
$1.00
$0.00
16,000,000
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
1/28/2015
12/18/2015
2/23/2016
Class Period
Ends
5/12/2016
Tender Offer
Announced
1/20/2016
Suit Date ($2.28)
11/19/2014
12/19/2014
1/19/2015
2/19/2015
3/19/2015
4/19/2015
5/19/2015
6/19/2015
7/19/2015
8/19/2015
9/19/2015
10/19/2015
11/19/2015
12/19/2015
1/19/2016
2/19/2016
3/19/2016
4/19/2016
5/19/2016
6/19/2016
7/19/2016
8/19/2016
9/19/2016
10/19/2016
11/19/2016
12/19/2016
1/19/2017
2/19/2017
Volume
Closing Price
S&P500

EXHIBIT 4

Cnova N.V. (CNV)

Regression Model Output

Regression Statistics	
R-Square	0.0463
Adjusted R-Square	0.0414
Standard Error	0.02905
Observations	198
Durbin-Watson	2.304

ANOVA	*df*	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.00802	0.00802	9.50478	0.00234
Residual	196	0.16540	0.00084		
Total	197	0.17342			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*
Intercept	-0.00377	0.00206	-1.82502	0.06952	-0.00784	0.00030
Market Return	0.66602	0.21603	3.08298	0.00234	0.23997	1.09206

Regression period: 2/19/2015 - 11/30/2015

Expected CNV Return = -0.00377 + (0.66602 * Market Return)

EXHIBIT 5

Cnova N.V. (CNV)

Actual vs. Predicted Returns

Control Period: 2/19/2015 - 11/30/2015

Date	Closing Price	Volume	Actual Return	Market Return	Predicted Return	Company-Specific Return	Company-Specific Change	t-stat	Statistically Significant
11/19/2014	$7.00	IPO	0.0%	-0.14%	-0.47%	0.47%		0.16	
11/20/2014	$7.15	14,051,746	2.1%	0.20%	-0.24%	2.39%	$0.17	0.82	
11/21/2014	$7.61	2,532,489	6.4%	0.54%	-0.02%	6.45%	$0.46	2.21	***
11/24/2014	$7.60	912,882	-0.1%	0.29%	-0.19%	0.05%	$0.00	0.02	
11/25/2014	$7.38	1,111,469	-2.9%	-0.10%	-0.45%	-2.46%	-$0.19	-0.84	
11/26/2014	$7.22	585,813	-2.2%	0.30%	-0.17%	-2.00%	-$0.15	-0.68	
11/28/2014	$7.34	96,560	1.7%	-0.25%	-0.54%	2.22%	$0.16	0.76	
12/1/2014	$7.21	665,497	-1.8%	-0.68%	-0.83%	-0.95%	-$0.07	-0.32	
12/2/2014	$7.21	630,015	0.0%	0.64%	0.05%	-0.05%	$0.00	-0.02	
12/3/2014	$7.04	307,189	-2.4%	0.40%	-0.11%	-2.25%	-$0.16	-0.77	
12/4/2014	$7.01	975,903	-0.4%	-0.11%	-0.45%	0.03%	$0.00	0.01	
12/5/2014	$7.00	262,351	-0.1%	0.17%	-0.27%	0.12%	$0.01	0.04	
12/8/2014	$7.06	361,052	0.9%	-0.71%	-0.85%	1.72%	$0.12	0.59	
12/9/2014	$7.07	297,097	0.1%	-0.02%	-0.39%	0.54%	$0.04	0.18	
12/10/2014	$7.03	155,994	-0.6%	-1.63%	-1.46%	0.91%	$0.06	0.31	
12/11/2014	$7.15	164,365	1.7%	0.48%	-0.06%	1.76%	$0.12	0.61	
12/12/2014	$6.97	356,063	-2.5%	-1.62%	-1.45%	-1.08%	-$0.08	-0.36	
12/15/2014	$6.86	217,670	-1.6%	-0.63%	-0.80%	-0.79%	-$0.05	-0.27	
12/16/2014	$6.96	807,545	1.5%	-0.85%	-0.94%	2.42%	$0.17	0.82	
12/17/2014	$7.10	200,543	2.0%	2.04%	0.98%	1.02%	$0.07	0.35	
12/18/2014	$7.14	348,108	0.6%	2.42%	1.23%	-0.66%	-$0.05	-0.23	
12/19/2014	$6.94	242,742	-2.8%	0.46%	-0.07%	-2.73%	-$0.19	-0.94	
12/22/2014	$7.11	101,622	2.4%	0.40%	-0.11%	2.57%	$0.18	0.88	
12/23/2014	$7.18	20,122	1.0%	0.18%	-0.26%	1.24%	$0.09	0.43	
12/24/2014	$7.14	16,112	-0.6%	-0.01%	-0.38%	-0.17%	-$0.01	-0.06	
12/26/2014	$7.11	42,765	-0.4%	0.33%	-0.16%	-0.26%	-$0.02	-0.09	
12/29/2014	$7.28	220,404	2.4%	0.10%	-0.31%	2.71%	$0.19	0.93	
12/30/2014	$8.19	827,089	12.5%	-0.48%	-0.69%	13.29%	$0.97	4.53	***
12/31/2014	$7.91	182,264	-3.4%	-1.03%	-1.06%	-2.38%	-$0.20	-0.81	
1/2/2015	$8.34	393,687	5.4%	-0.02%	-0.39%	5.85%	$0.46	2.00	***
1/5/2015	$7.98	362,074	-4.3%	-1.82%	-1.59%	-2.77%	-$0.23	-0.93	
1/6/2015	$8.09	323,396	1.4%	-0.89%	-0.97%	2.37%	$0.19	0.80	
1/7/2015	$8.18	236,084	1.1%	1.19%	0.42%	0.69%	$0.06	0.24	
1/8/2015	$8.49	243,256	3.8%	1.79%	0.82%	2.95%	$0.24	1.01	
1/9/2015	$8.44	199,724	-0.6%	-0.84%	-0.94%	0.35%	$0.03	0.12	
1/12/2015	$8.30	172,849	-1.7%	-0.81%	-0.92%	-0.75%	-$0.06	-0.25	
1/13/2015	$8.49	431,689	2.3%	-0.25%	-0.54%	2.85%	$0.24	0.97	
1/14/2015	$8.23	273,620	-3.1%	-0.58%	-0.76%	-2.32%	-$0.20	-0.79	
1/15/2015	$7.89	139,835	-4.1%	-0.92%	-0.99%	-3.17%	-$0.26	-1.08	
1/16/2015	$7.53	175,268	-4.6%	1.34%	0.52%	-5.05%	-$0.40	-1.74	
1/20/2015	$7.64	186,766	1.5%	0.16%	-0.27%	1.74%	$0.13	0.59	
1/21/2015	$7.55	114,895	-1.2%	0.49%	-0.05%	-1.12%	-$0.09	-0.39	
1/22/2015	$7.65	117,917	1.3%	1.53%	0.64%	0.68%	$0.05	0.23	
1/23/2015	$7.61	148,385	-0.5%	-0.55%	-0.74%	0.22%	$0.02	0.08	
1/26/2015	$7.72	257,189	1.4%	0.26%	-0.21%	1.65%	$0.13	0.57	
1/27/2015	$7.51	131,964	-2.7%	-1.34%	-1.27%	-1.47%	-$0.11	-0.50	
1/28/2015	$7.37	372,484	-1.9%	-1.34%	-1.27%	-0.60%	-$0.05	-0.20	
1/29/2015	$6.28	506,203	-14.8%	0.96%	0.26%	-15.01%	-$1.11	-5.16	***
1/30/2015	$5.50	2,971,581	-12.4%	-1.30%	-1.24%	-11.32%	-$0.71	-3.82	***

Date	Closing Price	Volume	Actual Return	Market Return	Predicted Return	Company-Specific Return	Company-Specific Change	t-stat	Statistically Significant
2/2/2015	$5.46	549,814	-0.7%	1.30%	0.49%	-1.21%	-$0.07	-0.42	
2/3/2015	$5.49	129,142	0.5%	1.45%	0.59%	-0.04%	$0.00	-0.01	
2/4/2015	$5.63	99,793	2.6%	-0.39%	-0.63%	3.20%	$0.18	1.09	
2/5/2015	$5.94	135,569	5.5%	1.05%	0.32%	5.17%	$0.29	1.77	
2/6/2015	$6.15	173,996	3.5%	-0.31%	-0.59%	4.15%	$0.25	1.41	
2/9/2015	$6.10	237,418	-0.8%	-0.42%	-0.66%	-0.16%	-$0.01	-0.05	
2/10/2015	$5.67	201,337	-7.0%	1.07%	0.34%	-7.36%	-$0.45	-2.53	***
2/11/2015	$5.85	183,857	3.2%	0.03%	-0.36%	3.54%	$0.20	1.21	
2/12/2015	$5.97	395,777	2.1%	0.99%	0.28%	1.76%	$0.10	0.61	
2/13/2015	$5.90	92,946	-1.2%	0.42%	-0.10%	-1.07%	-$0.06	-0.37	
2/17/2015	$6.25	254,339	5.9%	0.18%	-0.26%	6.21%	$0.37	2.13	***
2/18/2015	$6.31	242,485	1.0%	-0.03%	-0.39%	1.36%	$0.09	0.47	
2/19/2015	$6.21	431,423	-1.6%	-0.09%	-0.44%	-1.15%	-$0.07	-0.40	
2/20/2015	$6.23	194,948	0.3%	0.62%	0.04%	0.28%	$0.02	0.10	
2/23/2015	$6.60	255,105	5.9%	-0.03%	-0.40%	6.36%	$0.40	2.18	***
2/24/2015	$6.47	199,667	-2.0%	0.28%	-0.19%	-1.78%	-$0.12	-0.61	
2/25/2015	$6.57	244,840	1.5%	-0.06%	-0.42%	1.97%	$0.13	0.68	
2/26/2015	$6.56	116,601	-0.2%	-0.13%	-0.46%	0.31%	$0.02	0.11	
2/27/2015	$6.63	119,536	1.1%	-0.29%	-0.57%	1.65%	$0.11	0.56	
3/2/2015	$6.31	166,269	-4.8%	0.62%	0.03%	-4.86%	-$0.32	-1.67	
3/3/2015	$6.25	106,003	-1.0%	-0.45%	-0.68%	-0.27%	-$0.02	-0.09	
3/4/2015	$5.90	183,814	-5.6%	-0.42%	-0.66%	-4.98%	-$0.31	-1.70	
3/5/2015	$5.76	110,422	-2.4%	0.12%	-0.29%	-2.08%	-$0.12	-0.72	
3/6/2015	$5.72	77,161	-0.7%	-1.40%	-1.31%	0.63%	$0.04	0.21	
3/9/2015	$5.70	74,797	-0.3%	0.40%	-0.11%	-0.24%	-$0.01	-0.08	
3/10/2015	$5.67	22,838	-0.5%	-1.69%	-1.50%	0.99%	$0.06	0.34	
3/11/2015	$5.54	48,549	-2.3%	-0.18%	-0.49%	-1.81%	-$0.10	-0.62	
3/12/2015	$5.51	172,529	-0.5%	1.29%	0.48%	-1.02%	-$0.06	-0.35	
3/13/2015	$5.61	91,628	1.8%	-0.61%	-0.78%	2.62%	$0.14	0.89	
3/16/2015	$5.60	122,331	-0.2%	1.36%	0.53%	-0.70%	-$0.04	-0.24	
3/17/2015	$5.53	101,005	-1.3%	-0.33%	-0.60%	-0.66%	-$0.04	-0.22	
3/18/2015	$5.70	754,718	3.1%	1.22%	0.43%	2.63%	$0.15	0.91	
3/19/2015	$5.84	62,960	2.5%	-0.49%	-0.70%	3.18%	$0.18	1.09	
3/20/2015	$6.65	930,303	13.9%	0.90%	0.22%	13.62%	$0.80	4.70	***
3/23/2015	$6.31	90,559	-5.1%	-0.17%	-0.49%	-4.64%	-$0.31	-1.59	
3/24/2015	$6.05	71,163	-4.1%	-0.61%	-0.78%	-3.37%	-$0.21	-1.15	
3/25/2015	$6.07	47,379	0.3%	-1.45%	-1.34%	1.70%	$0.10	0.58	
3/26/2015	$6.16	55,650	1.5%	-0.24%	-0.53%	2.03%	$0.12	0.69	
3/27/2015	$6.24	42,513	1.3%	0.26%	-0.21%	1.51%	$0.09	0.52	
3/30/2015	$6.46	90,718	3.5%	1.23%	0.44%	3.07%	$0.19	1.06	
3/31/2015	$6.29	56,308	-2.6%	-0.87%	-0.96%	-1.69%	-$0.11	-0.58	
4/1/2015	$6.22	66,563	-1.1%	-0.38%	-0.63%	-0.48%	-$0.03	-0.17	
4/2/2015	$6.30	73,620	1.3%	0.36%	-0.14%	1.43%	$0.09	0.49	
4/6/2015	$6.28	50,092	-0.3%	0.66%	0.06%	-0.38%	-$0.02	-0.13	
4/7/2015	$6.23	100,126	-0.8%	-0.20%	-0.51%	-0.28%	-$0.02	-0.10	
4/8/2015	$6.25	57,836	0.3%	0.31%	-0.17%	0.49%	$0.03	0.17	
4/9/2015	$6.20	345,276	-0.8%	0.45%	-0.08%	-0.72%	-$0.05	-0.25	
4/10/2015	$6.31	113,890	1.8%	0.52%	-0.03%	1.81%	$0.11	0.62	
4/13/2015	$6.35	148,004	0.6%	-0.45%	-0.68%	1.32%	$0.08	0.45	
4/14/2015	$6.56	88,931	3.3%	0.16%	-0.27%	3.58%	$0.23	1.23	
4/15/2015	$6.53	27,853	-0.5%	0.52%	-0.03%	-0.42%	-$0.03	-0.15	
4/16/2015	$6.47	49,777	-0.9%	-0.08%	-0.43%	-0.49%	-$0.03	-0.17	
4/17/2015	$6.54	67,858	1.1%	-1.13%	-1.13%	2.24%	$0.14	0.76	
4/20/2015	$6.51	63,750	-0.5%	0.93%	0.24%	-0.70%	-$0.05	-0.24	
4/21/2015	$6.55	143,605	0.6%	-0.15%	-0.47%	1.09%	$0.07	0.37	

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4/22/2015	$6.50	105,503	-0.8%	0.51%	-0.04%	-0.73%	-$0.05	-0.25	
4/23/2015	$6.19	1,201,327	-4.8%	0.25%	-0.21%	-4.57%	-$0.30	-1.57	
4/24/2015	$5.97	81,532	-3.6%	0.23%	-0.23%	-3.34%	-$0.21	-1.15	
4/27/2015	$6.13	224,444	2.7%	-0.41%	-0.65%	3.35%	$0.20	1.15	
4/28/2015	$6.01	32,554	-2.0%	0.29%	-0.19%	-1.77%	-$0.11	-0.61	
4/29/2015	$6.00	199,940	-0.2%	-0.37%	-0.62%	0.46%	$0.03	0.16	
4/30/2015	$5.65	368,500	-5.8%	-1.01%	-1.05%	-4.84%	-$0.29	-1.65	
5/1/2015	$5.70	110,143	0.9%	1.09%	0.35%	0.53%	$0.03	0.18	
5/4/2015	$5.77	161,726	1.2%	0.29%	-0.18%	1.41%	$0.08	0.49	
5/5/2015	$5.77	81,484	0.0%	-1.17%	-1.16%	1.17%	$0.07	0.40	
5/6/2015	$5.67	152,447	-1.7%	-0.41%	-0.65%	-1.09%	-$0.06	-0.37	
5/7/2015	$5.64	67,220	-0.5%	0.40%	-0.11%	-0.42%	-$0.02	-0.14	
5/8/2015	$5.59	49,185	-0.9%	1.35%	0.52%	-1.40%	-$0.08	-0.48	
5/11/2015	$5.67	64,396	1.4%	-0.49%	-0.70%	2.15%	$0.12	0.73	
5/12/2015	$5.62	45,529	-0.9%	-0.29%	-0.57%	-0.31%	-$0.02	-0.11	
5/13/2015	$5.81	93,451	3.4%	-0.01%	-0.38%	3.78%	$0.21	1.30	
5/14/2015	$5.74	75,040	-1.2%	1.09%	0.35%	-1.55%	-$0.09	-0.53	
5/15/2015	$6.00	106,038	4.5%	0.09%	-0.32%	4.86%	$0.28	1.67	
5/18/2015	$6.04	377,660	0.7%	0.31%	-0.17%	0.84%	$0.05	0.29	
5/19/2015	$5.98	198,521	-1.0%	-0.04%	-0.41%	-0.59%	-$0.04	-0.20	
5/20/2015	$5.93	48,745	-0.8%	-0.08%	-0.43%	-0.41%	-$0.02	-0.14	
5/21/2015	$6.07	29,631	2.4%	0.25%	-0.21%	2.58%	$0.15	0.89	
5/22/2015	$6.05	74,947	-0.3%	-0.22%	-0.52%	0.20%	$0.01	0.07	
5/26/2015	$5.97	30,917	-1.3%	-1.03%	-1.06%	-0.26%	-$0.02	-0.09	
5/27/2015	$5.89	15,523	-1.3%	0.93%	0.24%	-1.58%	-$0.09	-0.55	
5/28/2015	$5.86	85,767	-0.6%	-0.11%	-0.45%	-0.15%	-$0.01	-0.05	
5/29/2015	$5.86	167,710	0.1%	-0.63%	-0.80%	0.89%	$0.05	0.30	
6/1/2015	$5.86	65,163	0.0%	0.22%	-0.23%	0.23%	$0.01	0.08	
6/2/2015	$5.94	156,897	1.4%	-0.10%	-0.44%	1.81%	$0.11	0.62	
6/3/2015	$5.87	51,629	-1.2%	0.23%	-0.22%	-0.96%	-$0.06	-0.33	
6/4/2015	$5.86	23,859	-0.2%	-0.86%	-0.95%	0.79%	$0.05	0.27	
6/5/2015	$5.80	53,076	-1.0%	-0.14%	-0.47%	-0.56%	-$0.03	-0.19	
6/8/2015	$5.85	57,760	0.9%	-0.63%	-0.80%	1.67%	$0.10	0.57	
6/9/2015	$5.81	59,321	-0.7%	0.04%	-0.35%	-0.34%	-$0.02	-0.12	
6/10/2015	$5.87	40,584	1.0%	1.21%	0.43%	0.60%	$0.03	0.21	
6/11/2015	$5.88	34,080	0.2%	0.20%	-0.24%	0.41%	$0.02	0.14	
6/12/2015	$5.93	52,428	0.9%	-0.69%	-0.84%	1.70%	$0.10	0.58	
6/15/2015	$5.92	53,058	-0.2%	-0.46%	-0.68%	0.52%	$0.03	0.18	
6/16/2015	$5.85	135,272	-1.2%	0.57%	0.00%	-1.19%	-$0.07	-0.41	
6/17/2015	$5.83	17,469	-0.3%	0.20%	-0.24%	-0.10%	-$0.01	-0.03	
6/18/2015	$5.83	47,635	-0.1%	1.00%	0.29%	-0.38%	-$0.02	-0.13	
6/19/2015	$5.71	64,413	-2.0%	-0.53%	-0.73%	-1.25%	-$0.07	-0.43	
6/22/2015	$5.81	73,542	1.8%	0.61%	0.03%	1.72%	$0.10	0.59	
6/23/2015	$5.76	61,717	-0.9%	0.07%	-0.33%	-0.53%	-$0.03	-0.18	
6/24/2015	$5.74	72,772	-0.3%	-0.73%	-0.86%	0.52%	$0.03	0.18	
6/25/2015	$5.78	28,996	0.7%	-0.29%	-0.57%	1.28%	$0.07	0.44	
6/26/2015	$5.68	53,393	-1.7%	-0.02%	-0.39%	-1.34%	-$0.08	-0.46	
6/29/2015	$5.46	113,767	-3.9%	-2.08%	-1.76%	-2.15%	-$0.12	-0.73	
6/30/2015	$5.53	30,926	1.3%	0.27%	-0.20%	1.48%	$0.08	0.51	
7/1/2015	$5.48	119,773	-0.9%	0.72%	0.10%	-1.00%	-$0.06	-0.35	
7/2/2015	$5.41	53,768	-1.3%	-0.03%	-0.40%	-0.88%	-$0.05	-0.30	
7/6/2015	$5.30	70,880	-2.0%	-0.38%	-0.63%	-1.41%	-$0.08	-0.48	
7/7/2015	$5.24	129,575	-1.1%	0.61%	0.03%	-1.16%	-$0.06	-0.40	
7/8/2015	$5.10	226,019	-2.7%	-1.64%	-1.47%	-1.22%	-$0.06	-0.41	
7/9/2015	$5.28	89,971	3.5%	0.23%	-0.23%	3.76%	$0.19	1.29	

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7/10/2015	$5.22	59,332	-1.1%	1.23%	0.44%	-1.57%	-$0.08	-0.54	
7/13/2015	$5.61	82,146	7.5%	1.12%	0.37%	7.08%	$0.37	2.45	***
7/14/2015	$5.51	13,821	-1.8%	0.45%	-0.08%	-1.70%	-$0.10	-0.59	
7/15/2015	$5.50	78,485	-0.2%	-0.07%	-0.42%	0.24%	$0.01	0.08	
7/16/2015	$5.48	67,034	-0.4%	0.80%	0.16%	-0.52%	-$0.03	-0.18	
7/17/2015	$5.43	37,805	-0.9%	0.11%	-0.30%	-0.61%	-$0.03	-0.21	
7/20/2015	$5.29	33,268	-2.6%	0.08%	-0.32%	-2.26%	-$0.12	-0.78	
7/21/2015	$5.43	26,674	2.6%	-0.42%	-0.66%	3.33%	$0.18	1.14	
7/22/2015	$5.39	25,861	-0.7%	-0.23%	-0.53%	-0.21%	-$0.01	-0.07	
7/23/2015	$5.35	27,607	-0.7%	-0.56%	-0.75%	0.01%	$0.00	0.00	
7/24/2015	$5.33	21,484	-0.4%	-1.07%	-1.09%	0.72%	$0.04	0.25	
7/27/2015	$5.06	43,822	-5.1%	-0.58%	-0.76%	-4.34%	-$0.23	-1.48	
7/28/2015	$5.08	34,224	0.4%	1.24%	0.45%	-0.05%	$0.00	-0.02	
7/29/2015	$5.14	28,769	1.2%	0.74%	0.12%	1.06%	$0.05	0.37	
7/30/2015	$5.07	18,425	-1.4%	0.01%	-0.37%	-1.00%	-$0.05	-0.34	
7/31/2015	$5.05	20,212	-0.4%	-0.23%	-0.53%	0.13%	$0.01	0.05	
8/3/2015	$5.09	10,984	0.8%	-0.28%	-0.56%	1.36%	$0.07	0.47	
8/4/2015	$5.12	24,731	0.6%	-0.22%	-0.52%	1.12%	$0.06	0.38	
8/5/2015	$5.18	24,382	1.2%	0.35%	-0.14%	1.32%	$0.07	0.45	
8/6/2015	$5.12	171,476	-1.2%	-0.75%	-0.87%	-0.29%	-$0.01	-0.10	
8/7/2015	$5.18	9,351	1.2%	-0.28%	-0.57%	1.75%	$0.09	0.60	
8/10/2015	$5.09	84,191	-1.7%	1.28%	0.48%	-2.20%	-$0.11	-0.76	
8/11/2015	$4.90	37,499	-3.7%	-0.94%	-1.00%	-2.76%	-$0.14	-0.94	
8/12/2015	$4.86	18,412	-0.8%	0.12%	-0.30%	-0.52%	-$0.03	-0.18	
8/13/2015	$5.09	26,637	4.7%	-0.11%	-0.45%	5.21%	$0.25	1.78	
8/14/2015	$4.92	57,462	-3.3%	0.39%	-0.12%	-3.23%	-$0.16	-1.11	
8/17/2015	$4.83	28,561	-1.8%	0.54%	-0.02%	-1.81%	-$0.09	-0.62	
8/18/2015	$4.76	20,414	-1.4%	-0.24%	-0.54%	-0.91%	-$0.04	-0.31	
8/19/2015	$4.60	33,319	-3.4%	-0.82%	-0.92%	-2.46%	-$0.12	-0.84	
8/20/2015	$4.62	236,112	0.4%	-2.11%	-1.78%	2.26%	$0.10	0.76	
8/21/2015	$4.72	27,814	2.2%	-3.17%	-2.49%	4.77%	$0.22	1.60	
8/24/2015	$4.37	100,440	-7.4%	-3.94%	-3.00%	-4.55%	-$0.21	-1.52	
8/25/2015	$4.43	23,278	1.4%	-1.35%	-1.28%	2.68%	$0.12	0.91	
8/26/2015	$4.41	77,733	-0.6%	3.91%	2.23%	-2.73%	-$0.12	-0.96	
8/27/2015	$4.42	104,257	0.3%	2.44%	1.25%	-0.90%	-$0.04	-0.31	
8/28/2015	$4.43	44,961	0.2%	0.07%	-0.33%	0.56%	$0.02	0.19	
8/31/2015	$4.48	10,910	1.1%	-0.83%	-0.93%	2.08%	$0.09	0.71	
9/1/2015	$4.50	48,045	0.4%	-2.95%	-2.34%	2.86%	$0.13	0.96	
9/2/2015	$4.43	23,865	-1.6%	1.85%	0.85%	-2.39%	-$0.11	-0.83	
9/3/2015	$4.45	9,773	0.5%	0.12%	-0.30%	0.75%	$0.03	0.26	
9/4/2015	$4.24	71,915	-4.7%	-1.53%	-1.39%	-3.37%	-$0.15	-1.15	
9/8/2015	$4.33	58,967	2.1%	2.52%	1.30%	0.81%	$0.03	0.28	
9/9/2015	$4.21	27,109	-2.8%	-1.38%	-1.30%	-1.49%	-$0.06	-0.51	
9/10/2015	$4.12	17,282	-2.1%	0.54%	-0.02%	-2.12%	-$0.09	-0.73	
9/11/2015	$3.99	30,879	-3.2%	0.48%	-0.06%	-3.10%	-$0.13	-1.07	
9/14/2015	$4.02	10,128	0.6%	-0.40%	-0.64%	1.28%	$0.05	0.44	
9/15/2015	$4.08	11,432	1.6%	1.28%	0.48%	1.13%	$0.05	0.39	
9/16/2015	$4.15	41,141	1.7%	0.87%	0.21%	1.51%	$0.06	0.52	
9/17/2015	$3.88	231,043	-6.5%	-0.24%	-0.54%	-6.00%	-$0.25	-2.05	***
9/18/2015	$3.88	96,536	0.0%	-1.62%	-1.45%	1.47%	$0.06	0.50	
9/21/2015	$3.91	27,466	0.8%	0.46%	-0.07%	0.85%	$0.03	0.29	
9/22/2015	$3.63	80,410	-7.2%	-1.23%	-1.20%	-6.04%	-$0.24	-2.05	***
9/23/2015	$3.71	32,522	2.2%	-0.20%	-0.51%	2.73%	$0.10	0.93	
9/24/2015	$3.39	170,035	-8.6%	-0.34%	-0.60%	-8.07%	-$0.30	-2.76	***
9/25/2015	$3.24	84,673	-4.4%	-0.05%	-0.41%	-4.03%	-$0.14	-1.38	

Date	Closing Price	Volume	Actual Return	Market Return	Predicted Return	Company-Specific Return	Company-Specific Change	t-stat	Statistically Significant
9/28/2015	$3.08	153,466	-4.9%	-2.54%	-2.07%	-2.93%	-$0.09	-0.99	
9/29/2015	$3.01	132,961	-2.4%	0.13%	-0.29%	-2.15%	-$0.07	-0.74	
9/30/2015	$3.02	252,793	0.5%	1.91%	0.90%	-0.40%	-$0.01	-0.14	
10/1/2015	$3.02	65,783	0.0%	0.20%	-0.24%	0.24%	$0.01	0.08	
10/2/2015	$2.99	21,504	-1.0%	1.44%	0.58%	-1.57%	-$0.05	-0.54	
10/5/2015	$3.03	396,479	1.3%	1.83%	0.84%	0.49%	$0.01	0.17	
10/6/2015	$3.28	40,069	8.3%	-0.36%	-0.62%	8.92%	$0.27	3.05	***
10/7/2015	$3.34	97,173	1.8%	0.84%	0.18%	1.64%	$0.05	0.57	
10/8/2015	$3.47	69,859	3.9%	0.88%	0.21%	3.67%	$0.12	1.27	
10/9/2015	$3.40	41,650	-2.0%	0.08%	-0.33%	-1.70%	-$0.06	-0.58	
10/12/2015	$3.06	77,430	-10.1%	0.13%	-0.29%	-9.88%	-$0.34	-3.39	***
10/13/2015	$3.01	75,153	-1.6%	-0.67%	-0.82%	-0.82%	-$0.03	-0.28	
10/14/2015	$3.14	81,593	4.5%	-0.47%	-0.69%	5.22%	$0.16	1.78	
10/15/2015	$3.04	28,455	-3.2%	1.49%	0.62%	-3.78%	-$0.12	-1.31	
10/16/2015	$3.08	24,598	1.3%	0.46%	-0.07%	1.39%	$0.04	0.48	
10/19/2015	$3.01	12,234	-2.3%	0.03%	-0.36%	-1.92%	-$0.06	-0.66	
10/20/2015	$3.05	12,715	1.3%	-0.14%	-0.47%	1.81%	$0.05	0.62	
10/21/2015	$3.05	48,085	0.0%	-0.57%	-0.76%	0.76%	$0.02	0.26	
10/22/2015	$3.05	92,020	0.0%	1.67%	0.73%	-0.73%	-$0.02	-0.25	
10/23/2015	$3.15	28,548	3.3%	1.10%	0.36%	2.91%	$0.09	1.01	
10/26/2015	$3.12	24,646	-1.0%	-0.19%	-0.50%	-0.45%	-$0.01	-0.16	
10/27/2015	$3.02	76,334	-3.2%	-0.26%	-0.55%	-2.67%	-$0.08	-0.91	
10/28/2015	$3.41	115,013	12.9%	1.19%	0.42%	12.44%	$0.38	4.30	***
10/29/2015	$3.10	49,827	-9.1%	-0.03%	-0.40%	-8.73%	-$0.30	-2.99	***
10/30/2015	$3.00	32,283	-3.2%	-0.48%	-0.70%	-2.55%	-$0.08	-0.87	
11/2/2015	$2.75	120,896	-8.3%	1.19%	0.41%	-8.71%	-$0.26	-3.01	***
11/3/2015	$2.85	34,738	3.6%	0.27%	-0.19%	3.84%	$0.11	1.32	
11/4/2015	$2.82	49,218	-1.1%	-0.32%	-0.59%	-0.47%	-$0.01	-0.16	
11/5/2015	$2.77	30,394	-1.8%	-0.09%	-0.44%	-1.34%	-$0.04	-0.46	
11/6/2015	$2.77	24,495	0.0%	-0.02%	-0.39%	0.39%	$0.01	0.14	
11/9/2015	$2.83	15,590	2.2%	-0.96%	-1.02%	3.22%	$0.09	1.10	
11/10/2015	$2.79	48,453	-1.4%	0.18%	-0.26%	-1.16%	-$0.03	-0.40	
11/11/2015	$2.76	14,659	-1.1%	-0.32%	-0.59%	-0.49%	-$0.01	-0.17	
11/12/2015	$2.70	49,554	-2.2%	-1.38%	-1.30%	-0.89%	-$0.02	-0.30	
11/13/2015	$2.70	13,253	0.0%	-1.12%	-1.12%	1.14%	$0.03	0.39	
11/16/2015	$2.69	11,705	-0.4%	1.51%	0.63%	-0.99%	-$0.03	-0.34	
11/17/2015	$2.74	12,842	1.9%	-0.11%	-0.45%	2.32%	$0.06	0.80	
11/18/2015	$2.76	11,051	0.7%	1.62%	0.71%	0.02%	$0.00	0.01	
11/19/2015	$2.77	40,109	0.4%	-0.11%	-0.45%	0.81%	$0.02	0.28	
11/20/2015	$2.76	24,541	-0.4%	0.40%	-0.11%	-0.25%	-$0.01	-0.09	
11/23/2015	$2.76	49,396	0.0%	-0.12%	-0.46%	0.46%	$0.01	0.16	
11/24/2015	$2.74	49,409	-0.7%	0.13%	-0.29%	-0.43%	-$0.01	-0.15	
11/25/2015	$2.75	18,086	0.4%	0.00%	-0.38%	0.75%	$0.02	0.26	
11/27/2015	$2.77	15,353	0.7%	0.08%	-0.32%	1.05%	$0.03	0.36	
11/30/2015	$2.77	27,488	0.0%	-0.46%	-0.68%	0.69%	$0.02	0.23	
12/1/2015	$2.87	51,602	3.6%	1.08%	0.34%	3.26%	$0.09	1.12	
12/2/2015	$2.97	28,564	3.5%	-1.08%	-1.09%	4.63%	$0.13	1.57	
12/3/2015	$3.01	28,909	1.3%	-1.43%	-1.33%	2.71%	$0.08	0.91	
12/4/2015	$2.98	37,190	-1.0%	2.05%	0.99%	-1.97%	-$0.06	-0.67	
12/7/2015	$2.94	27,996	-1.3%	-0.69%	-0.84%	-0.51%	-$0.02	-0.17	
12/8/2015	$2.93	30,039	-0.3%	-0.64%	-0.80%	0.47%	$0.01	0.16	
12/9/2015	$2.93	21,450	0.0%	-0.77%	-0.89%	0.90%	$0.03	0.30	
12/10/2015	$2.89	15,874	-1.4%	0.24%	-0.22%	-1.15%	-$0.03	-0.39	
12/11/2015	$2.91	17,363	0.7%	-1.93%	-1.66%	2.39%	$0.07	0.80	
12/14/2015	$2.93	13,768	0.7%	0.48%	-0.06%	0.74%	$0.02	0.25	

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12/15/2015	$3.06	23,720	4.4%	1.06%	0.33%	4.09%	$0.12	1.41	
12/16/2015	$3.11	339,330	1.6%	1.46%	0.60%	1.03%	$0.03	0.35	
12/17/2015	$2.92	46,498	-6.1%	-1.49%	-1.37%	-4.81%	-$0.15	-1.62	
12/18/2015	$2.95	316,082	1.0%	-1.78%	-1.56%	2.63%	$0.08	0.88	
12/21/2015	$2.42	982,433	-18.0%	0.79%	0.15%	-18.09%	-$0.53	-6.21	***
12/22/2015	$2.28	254,203	-5.9%	0.89%	0.22%	-6.09%	-$0.15	-2.09	***
12/23/2015	$2.40	102,814	5.4%	1.25%	0.46%	4.90%	$0.11	1.68	
12/24/2015	$2.42	2,399	0.8%	-0.16%	-0.48%	1.32%	$0.03	0.45	
12/28/2015	$2.38	18,374	-1.7%	-0.22%	-0.52%	-1.14%	-$0.03	-0.39	
12/29/2015	$2.39	129,897	0.4%	1.08%	0.34%	0.08%	$0.00	0.03	
12/30/2015	$2.41	19,155	0.8%	-0.71%	-0.85%	1.70%	$0.04	0.58	
12/31/2015	$2.41	16,174	0.0%	-0.94%	-1.00%	1.01%	$0.02	0.34	
1/4/2016	$2.38	87,063	-1.2%	-1.51%	-1.38%	0.14%	$0.00	0.05	
1/5/2016	$2.39	58,939	0.4%	0.20%	-0.24%	0.66%	$0.02	0.23	
1/6/2016	$2.44	59,559	2.1%	-1.28%	-1.23%	3.36%	$0.08	1.13	
1/7/2016	$2.31	63,584	-5.3%	-2.37%	-1.95%	-3.44%	-$0.08	-1.14	
1/8/2016	$2.41	56,469	4.3%	-1.08%	-1.10%	5.49%	$0.13	1.86	
1/11/2016	$2.33	44,893	-3.3%	0.09%	-0.32%	-3.01%	-$0.07	-1.03	
1/12/2016	$2.35	125,571	0.9%	0.78%	0.14%	0.71%	$0.02	0.25	
1/13/2016	$2.34	78,277	-0.4%	-2.49%	-2.03%	1.64%	$0.04	0.54	
1/14/2016	$2.25	83,753	-3.8%	1.67%	0.74%	-4.55%	-$0.11	-1.56	
1/15/2016	$2.18	21,413	-3.1%	-2.16%	-1.81%	-1.32%	-$0.03	-0.44	
1/19/2016	$2.26	33,705	3.7%	0.05%	-0.34%	4.02%	$0.09	1.38	
1/20/2016	$2.28	189,889	0.9%	-1.15%	-1.15%	2.05%	$0.05	0.69	
1/21/2016	$2.31	29,458	1.3%	0.52%	-0.03%	1.34%	$0.03	0.46	
1/22/2016	$2.27	384,612	-1.7%	2.03%	0.97%	-2.68%	-$0.06	-0.92	
1/25/2016	$2.27	392,498	0.0%	-1.56%	-1.42%	1.44%	$0.03	0.48	
1/26/2016	$2.18	49,763	-4.0%	1.41%	0.57%	-4.50%	-$0.10	-1.55	
1/27/2016	$2.18	20,206	0.0%	-1.08%	-1.10%	1.11%	$0.02	0.38	
1/28/2016	$2.20	16,567	0.9%	0.56%	0.00%	0.92%	$0.02	0.32	
1/29/2016	$2.33	1,408,202	5.9%	2.48%	1.27%	4.58%	$0.10	1.57	
2/1/2016	$2.37	119,196	1.7%	-0.04%	-0.40%	2.13%	$0.05	0.73	
2/2/2016	$2.34	660,761	-1.3%	-1.87%	-1.62%	0.36%	$0.01	0.12	
2/3/2016	$2.32	93,334	-0.9%	0.53%	-0.02%	-0.83%	-$0.02	-0.29	
2/4/2016	$2.35	107,189	1.3%	0.17%	-0.26%	1.56%	$0.04	0.53	
2/5/2016	$2.31	368,543	-1.7%	-1.84%	-1.60%	-0.10%	$0.00	-0.03	
2/8/2016	$2.32	255,072	0.4%	-1.41%	-1.31%	1.77%	$0.04	0.60	
2/9/2016	$2.35	531,758	1.3%	-0.05%	-0.41%	1.71%	$0.04	0.58	
2/10/2016	$2.41	91,528	2.6%	0.02%	-0.37%	2.93%	$0.07	1.00	
2/11/2016	$2.44	147,564	1.2%	-1.21%	-1.18%	2.46%	$0.06	0.83	
2/12/2016	$2.41	14,202	-1.2%	1.96%	0.93%	-2.14%	-$0.05	-0.73	
2/16/2016	$2.32	17,588	-3.7%	1.69%	0.75%	-4.45%	-$0.11	-1.53	
2/17/2016	$2.50	77,104	7.8%	1.66%	0.73%	6.99%	$0.16	2.40	***
2/18/2016	$2.54	40,115	1.6%	-0.46%	-0.68%	2.29%	$0.06	0.78	
2/19/2016	$2.54	65,766	0.0%	0.01%	-0.37%	0.37%	$0.01	0.13	
2/22/2016	$2.54	259,325	0.0%	1.45%	0.59%	-0.58%	-$0.01	-0.20	
2/23/2016	$2.55	181,596	0.4%	-1.24%	-1.20%	1.62%	$0.04	0.55	
2/24/2016	$2.37	39,429	-7.1%	0.45%	-0.08%	-6.99%	-$0.18	-2.40	***
2/25/2016	$2.29	138,919	-3.4%	1.16%	0.40%	-3.76%	-$0.09	-1.29	
2/26/2016	$2.27	237,149	-0.9%	-0.18%	-0.49%	-0.38%	-$0.01	-0.13	
2/29/2016	$2.20	375,348	-3.1%	-0.80%	-0.91%	-2.19%	-$0.05	-0.74	
3/1/2016	$2.15	34,803	-2.3%	2.39%	1.21%	-3.45%	-$0.08	-1.18	
3/2/2016	$2.24	351,404	4.2%	0.43%	-0.09%	4.28%	$0.09	1.47	
3/3/2016	$2.24	53,722	0.0%	0.36%	-0.14%	0.14%	$0.00	0.05	
3/4/2016	$2.36	100,202	5.4%	0.33%	-0.16%	5.52%	$0.12	1.89	

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3/7/2016	$2.58	129,502	9.3%	0.10%	-0.31%	9.67%	$0.23	3.31	***
3/8/2016	$2.43	20,545	-5.8%	-1.11%	-1.11%	-4.75%	-$0.12	-1.61	
3/9/2016	$2.44	6,912	0.4%	0.52%	-0.03%	0.44%	$0.01	0.15	
3/10/2016	$2.27	7,789	-7.0%	0.02%	-0.36%	-6.63%	-$0.16	-2.27	***
3/11/2016	$2.35	20,092	3.5%	1.67%	0.73%	2.77%	$0.06	0.95	
3/14/2016	$2.29	75,775	-2.6%	-0.12%	-0.46%	-2.11%	-$0.05	-0.72	
3/15/2016	$2.28	41,136	-0.4%	-0.18%	-0.50%	0.06%	$0.00	0.02	
3/16/2016	$2.29	145,651	0.4%	0.57%	0.00%	0.44%	$0.01	0.15	
3/17/2016	$2.30	46,423	0.4%	0.66%	0.06%	0.37%	$0.01	0.13	
3/18/2016	$2.48	464,560	7.8%	0.44%	-0.08%	7.92%	$0.18	2.71	***
3/21/2016	$2.62	89,071	5.6%	0.10%	-0.31%	5.97%	$0.15	2.05	***
3/22/2016	$2.81	57,985	7.3%	-0.07%	-0.42%	7.71%	$0.20	2.64	***
3/23/2016	$2.69	20,025	-4.3%	-0.64%	-0.80%	-3.50%	-$0.10	-1.19	
3/24/2016	$2.72	17,524	1.1%	-0.04%	-0.40%	1.52%	$0.04	0.52	
3/28/2016	$2.62	2,497	-3.7%	0.06%	-0.34%	-3.35%	-$0.09	-1.15	
3/29/2016	$2.77	26,408	5.7%	0.90%	0.22%	5.49%	$0.14	1.88	
3/30/2016	$2.98	53,321	7.6%	0.45%	-0.08%	7.67%	$0.21	2.63	***
3/31/2016	$3.00	46,643	0.7%	-0.20%	-0.51%	1.19%	$0.04	0.41	
4/1/2016	$3.03	33,753	1.0%	0.63%	0.05%	0.95%	$0.03	0.33	
4/4/2016	$3.02	54,448	-0.3%	-0.30%	-0.58%	0.25%	$0.01	0.08	
4/5/2016	$2.99	47,606	-1.0%	-1.01%	-1.05%	0.06%	$0.00	0.02	
4/6/2016	$3.00	3,379	0.3%	1.09%	0.35%	-0.01%	$0.00	0.00	
4/7/2016	$2.97	1,461	-1.0%	-1.19%	-1.17%	0.19%	$0.01	0.06	
4/8/2016	$3.05	10,207	2.7%	0.28%	-0.19%	2.87%	$0.09	0.98	
4/11/2016	$2.99	94,526	-2.0%	-0.27%	-0.56%	-1.42%	-$0.04	-0.48	
4/12/2016	$2.97	5,676	-0.7%	0.97%	0.27%	-0.94%	-$0.03	-0.32	
4/13/2016	$2.97	172,154	0.0%	1.02%	0.30%	-0.30%	-$0.01	-0.10	
4/14/2016	$3.00	335,785	1.0%	0.03%	-0.36%	1.37%	$0.04	0.47	
4/15/2016	$3.27	498,927	9.0%	-0.10%	-0.44%	9.48%	$0.28	3.24	***
4/18/2016	$3.41	736,723	4.3%	0.66%	0.06%	4.22%	$0.14	1.45	
4/19/2016	$3.20	55,229	-6.2%	0.31%	-0.17%	-6.00%	-$0.20	-2.06	***
4/20/2016	$3.25	12,129	1.6%	0.08%	-0.32%	1.89%	$0.06	0.65	
4/21/2016	$3.26	36,818	0.3%	-0.52%	-0.72%	1.04%	$0.03	0.35	
4/22/2016	$3.24	4,850	-0.6%	0.01%	-0.37%	-0.24%	-$0.01	-0.08	
4/25/2016	$3.23	8,402	-0.3%	-0.18%	-0.50%	0.19%	$0.01	0.06	
4/26/2016	$3.27	10,084	1.1%	0.19%	-0.25%	1.34%	$0.04	0.46	
4/27/2016	$3.03	33,166	-7.2%	0.17%	-0.26%	-6.95%	-$0.23	-2.38	***
4/28/2016	$3.40	185,519	12.0%	-0.92%	-0.99%	13.16%	$0.40	4.46	***
4/29/2016	$3.50	76,724	3.1%	-0.51%	-0.71%	3.83%	$0.13	1.31	
5/2/2016	$3.57	47,360	2.0%	0.78%	0.14%	1.85%	$0.06	0.64	
5/3/2016	$3.41	4,586	-4.5%	-0.87%	-0.95%	-3.56%	-$0.13	-1.21	
5/4/2016	$3.37	37,087	-1.2%	-0.57%	-0.76%	-0.42%	-$0.01	-0.14	
5/5/2016	$3.31	8,830	-1.8%	0.00%	-0.38%	-1.41%	-$0.05	-0.48	
5/6/2016	$3.54	16,962	6.9%	0.33%	-0.16%	7.12%	$0.24	2.44	***
5/9/2016	$3.60	65,391	1.7%	0.08%	-0.33%	2.03%	$0.07	0.69	
5/10/2016	$3.39	70,289	-5.8%	1.25%	0.46%	-6.26%	-$0.23	-2.15	***
5/11/2016	$3.40	20,077	0.3%	-0.90%	-0.98%	1.29%	$0.04	0.44	
5/12/2016	$5.03	352,704	47.9%	-0.01%	-0.38%	48.51%	$1.65	16.59	***
5/13/2016	$4.98	50,255	-1.0%	-0.84%	-0.94%	-0.06%	$0.00	-0.02	
5/16/2016	$5.01	31,961	0.6%	0.99%	0.28%	0.32%	$0.02	0.11	
5/17/2016	$4.97	151,809	-0.8%	-0.91%	-0.98%	0.19%	$0.01	0.06	
5/18/2016	$5.00	68,912	0.6%	0.04%	-0.35%	0.96%	$0.05	0.33	
5/19/2016	$4.99	109,632	-0.2%	-0.37%	-0.62%	0.43%	$0.02	0.15	
5/20/2016	$5.03	57,577	0.8%	0.62%	0.03%	0.77%	$0.04	0.26	
5/23/2016	$5.06	101,800	0.6%	-0.20%	-0.51%	1.12%	$0.06	0.38	

Date	Closing Price	Volume	Actual Return	Market Return	Predicted Return	Company-Specific Return	Company-Specific Change	t-stat	Statistically Significant
5/24/2016	$5.10	16,204	0.8%	1.37%	0.54%	0.25%	$0.01	0.09	
5/25/2016	$5.09	157,711	-0.2%	0.70%	0.09%	-0.29%	-$0.01	-0.10	
5/26/2016	$5.16	9,610	1.4%	-0.01%	-0.38%	1.76%	$0.09	0.60	
5/27/2016	$5.06	79,255	-1.9%	0.45%	-0.08%	-1.86%	-$0.10	-0.64	
5/31/2016	$5.19	16,773	2.6%	-0.09%	-0.44%	3.02%	$0.15	1.03	
6/1/2016	$5.18	23,064	-0.2%	0.13%	-0.29%	0.10%	$0.01	0.03	
6/2/2016	$5.20	5,577	0.4%	0.29%	-0.18%	0.57%	$0.03	0.19	
6/3/2016	$5.19	60,244	-0.2%	-0.29%	-0.57%	0.38%	$0.02	0.13	
6/6/2016	$5.15	229,829	-0.8%	0.49%	-0.05%	-0.72%	-$0.04	-0.25	
6/7/2016	$5.15	49,024	0.0%	0.13%	-0.29%	0.29%	$0.01	0.10	
6/8/2016	$5.20	120,354	1.0%	0.35%	-0.14%	1.12%	$0.06	0.38	
6/9/2016	$5.16	110,102	-0.8%	-0.17%	-0.49%	-0.28%	-$0.01	-0.10	
6/10/2016	$5.15	55,948	-0.2%	-0.92%	-0.99%	0.80%	$0.04	0.27	
6/13/2016	$5.07	9,303	-1.6%	-0.78%	-0.90%	-0.66%	-$0.03	-0.22	
6/14/2016	$5.10	106,384	0.6%	-0.17%	-0.49%	1.09%	$0.06	0.37	
6/15/2016	$5.09	165,300	-0.2%	-0.18%	-0.49%	0.30%	$0.02	0.10	
6/16/2016	$5.06	13,420	-0.6%	0.33%	-0.16%	-0.43%	-$0.02	-0.15	
6/17/2016	$5.07	1,955	0.2%	-0.33%	-0.59%	0.80%	$0.04	0.27	
6/20/2016	$5.10	4,461	0.6%	0.58%	0.01%	0.58%	$0.03	0.20	
6/21/2016	$5.07	9,418	-0.6%	0.28%	-0.19%	-0.40%	-$0.02	-0.14	
6/22/2016	$5.05	15,853	-0.5%	-0.16%	-0.49%	-0.01%	$0.00	0.00	
6/23/2016	$5.07	14,784	0.5%	1.34%	0.51%	-0.02%	$0.00	-0.01	
6/24/2016	$4.98	17,171	-1.8%	-3.59%	-2.77%	1.02%	$0.05	0.33	
6/27/2016	$5.03	7,629	1.0%	-1.81%	-1.58%	2.63%	$0.13	0.88	
6/28/2016	$4.97	52,709	-1.2%	1.80%	0.82%	-2.00%	-$0.10	-0.69	
6/29/2016	$4.98	5,081	0.2%	1.72%	0.77%	-0.56%	-$0.03	-0.19	
6/30/2016	$4.95	65,754	-0.6%	1.36%	0.53%	-1.12%	-$0.06	-0.39	
7/1/2016	$4.98	8,656	0.6%	0.21%	-0.23%	0.84%	$0.04	0.29	
7/5/2016	$4.98	10,229	0.0%	-0.68%	-0.83%	0.84%	$0.04	0.28	
7/6/2016	$5.08	2,229	2.0%	0.57%	0.00%	2.00%	$0.10	0.69	
7/7/2016	$4.98	77,502	-2.0%	-0.08%	-0.43%	-1.55%	-$0.08	-0.53	
7/8/2016	$4.99	15,567	0.2%	1.53%	0.64%	-0.44%	-$0.02	-0.15	
7/11/2016	$5.05	17,954	1.2%	0.34%	-0.15%	1.35%	$0.07	0.46	
7/12/2016	$5.00	16,876	-1.0%	0.70%	0.09%	-1.08%	-$0.05	-0.37	
7/13/2016	$5.00	117,701	0.0%	0.02%	-0.36%	0.36%	$0.02	0.12	
7/14/2016	$4.90	5,847	-2.0%	0.53%	-0.03%	-1.98%	-$0.10	-0.68	
7/15/2016	$4.89	10,956	-0.2%	-0.09%	-0.44%	0.24%	$0.01	0.08	
7/18/2016	$5.00	90,361	2.2%	0.24%	-0.22%	2.47%	$0.12	0.85	
7/19/2016	$5.00	8,778	0.0%	-0.14%	-0.47%	0.48%	$0.02	0.16	
7/20/2016	$4.99	1,065	-0.2%	0.44%	-0.08%	-0.12%	-$0.01	-0.04	
7/21/2016	$4.93	51,907	-1.2%	-0.36%	-0.62%	-0.59%	-$0.03	-0.20	
7/22/2016	$4.95	14,810	0.4%	0.46%	-0.07%	0.48%	$0.02	0.16	
7/25/2016	$4.93	6,994	-0.4%	-0.30%	-0.58%	0.17%	$0.01	0.06	
7/26/2016	$4.98	23,457	1.0%	0.04%	-0.35%	1.37%	$0.07	0.47	
7/27/2016	$4.96	60,746	-0.4%	-0.12%	-0.45%	0.05%	$0.00	0.02	
7/28/2016	$4.99	81,693	0.6%	0.17%	-0.26%	0.87%	$0.04	0.30	
7/29/2016	$4.90	64,725	-1.8%	0.16%	-0.27%	-1.54%	-$0.08	-0.53	
8/1/2016	$4.96	134,326	1.2%	-0.13%	-0.46%	1.69%	$0.08	0.58	
8/2/2016	$4.93	160,641	-0.6%	-0.63%	-0.80%	0.20%	$0.01	0.07	
8/3/2016	$4.86	111,624	-1.4%	0.34%	-0.15%	-1.27%	-$0.06	-0.44	
8/4/2016	$4.85	31,996	-0.2%	0.05%	-0.35%	0.14%	$0.01	0.05	
8/5/2016	$4.85	17,039	0.0%	0.86%	0.20%	-0.20%	-$0.01	-0.07	
8/8/2016	$4.76	9,611	-1.9%	-0.08%	-0.43%	-1.43%	-$0.07	-0.49	
8/9/2016	$5.20	422,233	9.2%	0.04%	-0.35%	9.63%	$0.46	3.29	***
8/10/2016	$5.22	25,385	0.4%	-0.25%	-0.54%	0.93%	$0.05	0.32	

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8/11/2016	$5.23	36,264	0.2%	0.49%	-0.05%	0.24%	$0.01	0.08	
8/12/2016	$5.25	34,764	0.4%	-0.07%	-0.43%	0.81%	$0.04	0.28	
8/15/2016	$5.29	78,870	0.8%	0.29%	-0.18%	0.95%	$0.05	0.32	
8/16/2016	$5.28	21,311	-0.2%	-0.53%	-0.73%	0.54%	$0.03	0.19	
8/17/2016	$5.24	334,024	-0.9%	0.21%	-0.24%	-0.62%	-$0.03	-0.21	
8/18/2016	$5.28	15,193	0.9%	0.22%	-0.23%	1.09%	$0.06	0.37	
8/19/2016	$5.27	1,840	-0.2%	-0.13%	-0.46%	0.28%	$0.01	0.09	
8/22/2016	$5.25	33,111	-0.4%	-0.05%	-0.41%	0.04%	$0.00	0.01	
8/23/2016	$5.28	790,674	0.6%	0.20%	-0.25%	0.82%	$0.04	0.28	
8/24/2016	$5.27	78,459	-0.2%	-0.52%	-0.72%	0.54%	$0.03	0.18	
8/25/2016	$5.26	16,349	-0.2%	-0.13%	-0.47%	0.28%	$0.01	0.10	
8/26/2016	$5.25	13,819	-0.2%	-0.16%	-0.48%	0.29%	$0.02	0.10	
8/29/2016	$5.30	17,367	0.9%	0.54%	-0.02%	0.88%	$0.05	0.30	
8/30/2016	$5.23	443,095	-1.2%	-0.18%	-0.50%	-0.74%	-$0.04	-0.25	
8/31/2016	$5.26	74,855	0.6%	-0.22%	-0.52%	1.11%	$0.06	0.38	
9/1/2016	$5.27	43,376	0.2%	0.00%	-0.38%	0.56%	$0.03	0.19	
9/2/2016	$5.27	47,246	0.0%	0.43%	-0.09%	0.09%	$0.00	0.03	
9/6/2016	$5.29	27,395	0.4%	0.30%	-0.18%	0.56%	$0.03	0.19	
9/7/2016	$5.29	61,056	0.0%	0.01%	-0.37%	0.37%	$0.02	0.13	
9/8/2016	$5.29	7,260	0.0%	-0.22%	-0.52%	0.52%	$0.03	0.18	
9/9/2016	$5.29	233,326	0.0%	-2.45%	-2.01%	2.05%	$0.11	0.68	
9/12/2016	$5.28	15,639	-0.2%	1.47%	0.60%	-0.79%	-$0.04	-0.27	
9/13/2016	$5.28	1,023,164	0.0%	-1.45%	-1.34%	1.36%	$0.07	0.46	
9/14/2016	$5.31	19,728	0.6%	-0.05%	-0.41%	0.98%	$0.05	0.34	
9/15/2016	$5.34	20,514	0.6%	1.03%	0.31%	0.26%	$0.01	0.09	
9/16/2016	$5.29	311,337	-0.9%	-0.38%	-0.63%	-0.31%	-$0.02	-0.11	
9/19/2016	$5.32	16,241	0.6%	0.00%	-0.38%	0.95%	$0.05	0.32	
9/20/2016	$5.32	15,436	0.0%	0.03%	-0.36%	0.36%	$0.02	0.12	
9/21/2016	$5.30	154,606	-0.4%	1.09%	0.35%	-0.72%	-$0.04	-0.25	
9/22/2016	$5.30	53,538	0.0%	0.65%	0.06%	-0.06%	$0.00	-0.02	
9/23/2016	$5.31	31,623	0.2%	-0.57%	-0.76%	0.95%	$0.05	0.33	
9/26/2016	$5.35	30,782	0.8%	-0.85%	-0.94%	1.71%	$0.09	0.58	
9/27/2016	$5.38	5,381	0.6%	0.65%	0.06%	0.50%	$0.03	0.17	
9/28/2016	$5.37	7,105	-0.2%	0.55%	-0.01%	-0.18%	-$0.01	-0.06	
9/29/2016	$5.34	6,241	-0.6%	-0.93%	-1.00%	0.44%	$0.02	0.15	
9/30/2016	$5.37	27,689	0.6%	0.80%	0.15%	0.41%	$0.02	0.14	
10/3/2016	$5.37	26,747	0.0%	-0.31%	-0.59%	0.59%	$0.03	0.20	
10/4/2016	$5.37	26,145	0.0%	-0.49%	-0.70%	0.71%	$0.04	0.24	
10/5/2016	$5.35	28,669	-0.4%	0.47%	-0.06%	-0.31%	-$0.02	-0.11	
10/6/2016	$5.37	40,318	0.4%	0.05%	-0.34%	0.72%	$0.04	0.25	
10/7/2016	$5.39	5,668	0.4%	-0.32%	-0.59%	0.97%	$0.05	0.33	
10/10/2016	$5.40	8,134	0.4%	0.46%	-0.07%	0.44%	$0.02	0.15	
10/11/2016	$5.38	49,891	-0.4%	-1.24%	-1.21%	0.85%	$0.05	0.29	
10/12/2016	$5.38	23,444	0.0%	0.12%	-0.29%	0.30%	$0.02	0.10	
10/13/2016	$5.39	1,604	0.2%	-0.31%	-0.58%	0.75%	$0.04	0.26	
10/14/2016	$5.40	22,798	0.2%	0.02%	-0.36%	0.55%	$0.03	0.19	
10/17/2016	$5.39	16,115	-0.2%	-0.30%	-0.58%	0.42%	$0.02	0.14	
10/18/2016	$5.38	104,661	-0.2%	0.62%	0.03%	-0.22%	-$0.01	-0.08	
10/19/2016	$5.37	2,127	-0.2%	0.23%	-0.22%	0.04%	$0.00	0.01	
10/20/2016	$5.36	214,571	-0.2%	-0.13%	-0.46%	0.28%	$0.01	0.10	
10/21/2016	$5.36	122,916	0.0%	-0.01%	-0.38%	0.38%	$0.02	0.13	
10/24/2016	$5.36	36,210	0.0%	0.48%	-0.06%	0.06%	$0.00	0.02	
10/25/2016	$5.37	57,215	0.2%	-0.38%	-0.63%	0.82%	$0.04	0.28	
10/26/2016	$5.37	1,277,689	0.0%	-0.17%	-0.49%	0.49%	$0.03	0.17	
10/27/2016	$5.37	900,825	0.0%	-0.30%	-0.57%	0.58%	$0.03	0.20	

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10/28/2016	$5.36	2,390,460	-0.2%	-0.31%	-0.58%	0.40%	$0.02	0.14	
10/31/2016	$5.36	539,526	0.0%	-0.01%	-0.38%	0.39%	$0.02	0.13	
11/1/2016	$5.46	779,600	1.9%	-0.68%	-0.83%	2.72%	$0.15	0.92	
11/2/2016	$5.42	50,073	-0.7%	-0.64%	-0.80%	0.07%	$0.00	0.02	
11/3/2016	$5.44	28,710	0.4%	-0.41%	-0.65%	1.02%	$0.06	0.35	
11/4/2016	$5.45	277,464	0.2%	-0.16%	-0.49%	0.67%	$0.04	0.23	
11/7/2016	$5.46	24,046	0.2%	2.22%	1.10%	-0.91%	-$0.05	-0.31	
11/8/2016	$5.46	57,453	0.0%	0.43%	-0.09%	0.09%	$0.01	0.03	
11/9/2016	$5.45	144,689	-0.2%	1.11%	0.37%	-0.55%	-$0.03	-0.19	
11/10/2016	$5.45	2,546,604	0.0%	0.20%	-0.24%	0.24%	$0.01	0.08	
11/11/2016	$5.46	19,399	0.2%	-0.14%	-0.47%	0.66%	$0.04	0.22	
11/14/2016	$5.46	29,318	0.0%	0.00%	-0.37%	0.38%	$0.02	0.13	
11/15/2016	$5.46	40,043	0.0%	0.77%	0.14%	-0.14%	-$0.01	-0.05	
11/16/2016	$5.47	57,763	0.2%	-0.13%	-0.46%	0.65%	$0.04	0.22	
11/17/2016	$5.45	42,608	-0.4%	0.47%	-0.06%	-0.30%	-$0.02	-0.10	
11/18/2016	$5.47	110,369	0.4%	-0.22%	-0.53%	0.90%	$0.05	0.31	
11/21/2016	$5.45	74,181	-0.4%	0.75%	0.12%	-0.49%	-$0.03	-0.17	
11/22/2016	$5.45	5,421	0.0%	0.22%	-0.23%	0.23%	$0.01	0.08	
11/23/2016	$5.47	75,066	0.4%	0.08%	-0.32%	0.69%	$0.04	0.24	
11/25/2016	$5.46	8,444	-0.2%	0.39%	-0.11%	-0.07%	$0.00	-0.02	
11/28/2016	$5.46	131,170	0.0%	-0.51%	-0.72%	0.72%	$0.04	0.25	
11/29/2016	$5.46	19,172	0.0%	0.16%	-0.27%	0.27%	$0.01	0.09	
11/30/2016	$5.47	250,228	0.2%	-0.24%	-0.54%	0.73%	$0.04	0.25	
12/1/2016	$5.47	524,941	0.0%	-0.35%	-0.61%	0.61%	$0.03	0.21	
12/2/2016	$5.46	112,054	-0.2%	0.04%	-0.35%	0.17%	$0.01	0.06	
12/5/2016	$5.46	17,887	0.0%	0.59%	0.02%	-0.02%	$0.00	-0.01	
12/6/2016	$5.47	1,396,517	0.2%	0.34%	-0.15%	0.33%	$0.02	0.11	
12/7/2016	$5.48	255,065	0.2%	1.34%	0.51%	-0.33%	-$0.02	-0.11	
12/8/2016	$5.48	65,910	0.0%	0.23%	-0.23%	0.23%	$0.01	0.08	
12/9/2016	$5.48	36,243	0.0%	0.59%	0.02%	-0.02%	$0.00	-0.01	
12/12/2016	$5.46	23,609	-0.4%	-0.11%	-0.45%	0.08%	$0.00	0.03	
12/13/2016	$5.47	40,921	0.2%	0.67%	0.07%	0.11%	$0.01	0.04	
12/14/2016	$5.48	174,309	0.2%	-0.81%	-0.91%	1.11%	$0.06	0.38	
12/15/2016	$5.47	558,229	-0.2%	0.39%	-0.12%	-0.07%	$0.00	-0.02	
12/16/2016	$5.48	216,822	0.2%	-0.17%	-0.49%	0.68%	$0.04	0.23	
12/19/2016	$5.48	30,615	0.0%	0.20%	-0.24%	0.24%	$0.01	0.08	
12/20/2016	$5.48	305,596	0.0%	0.38%	-0.12%	0.13%	$0.01	0.04	
12/21/2016	$5.48	42,620	0.0%	-0.24%	-0.54%	0.54%	$0.03	0.18	
12/22/2016	$5.48	1,202,429	0.0%	-0.17%	-0.49%	0.49%	$0.03	0.17	
12/23/2016	$5.48	22,611	0.0%	0.14%	-0.29%	0.29%	$0.02	0.10	
12/27/2016	$5.48	35,560	0.0%	0.23%	-0.23%	0.23%	$0.01	0.08	
12/28/2016	$5.48	41,523	0.0%	-0.82%	-0.92%	0.93%	$0.05	0.32	
12/29/2016	$5.49	38,717	0.2%	-0.02%	-0.39%	0.58%	$0.03	0.20	
12/30/2016	$5.48	56,363	-0.2%	-0.46%	-0.68%	0.50%	$0.03	0.17	
1/3/2017	$5.48	89,050	0.0%	0.85%	0.19%	-0.19%	-$0.01	-0.07	
1/4/2017	$5.48	400,128	0.0%	0.59%	0.02%	-0.02%	$0.00	-0.01	
1/5/2017	$5.48	3,086,504	0.0%	-0.08%	-0.43%	0.43%	$0.02	0.15	
1/6/2017	$5.49	173,660	0.2%	0.38%	-0.12%	0.30%	$0.02	0.10	
1/9/2017	$5.49	46,026	0.0%	-0.35%	-0.61%	0.62%	$0.03	0.21	
1/10/2017	$5.50	16,886	0.2%	0.00%	-0.38%	0.56%	$0.03	0.19	
1/11/2017	$5.50	64,083	0.0%	0.29%	-0.18%	0.18%	$0.01	0.06	
1/12/2017	$5.49	33,111	-0.2%	-0.21%	-0.52%	0.34%	$0.02	0.12	
1/13/2017	$5.48	26,401	-0.2%	0.18%	-0.25%	0.07%	$0.00	0.02	
1/17/2017	$5.49	20,483	0.2%	-0.30%	-0.57%	0.76%	$0.04	0.26	
1/18/2017	$5.48	22,475	-0.2%	0.19%	-0.25%	0.07%	$0.00	0.02	

Date	Closing Price	Volume	Actual Return	Market Return	Predicted Return	Company-Specific Return	Company-Specific Change	t-stat	Statistically Significant
1/19/2017	$5.49	28,521	0.2%	-0.36%	-0.62%	0.80%	$0.04	0.27	
1/20/2017	$5.49	10,776	0.0%	0.34%	-0.15%	0.15%	$0.01	0.05	
1/23/2017	$5.49	277,246	0.0%	-0.27%	-0.55%	0.56%	$0.03	0.19	
1/24/2017	$5.50	43,351	0.2%	0.66%	0.06%	0.12%	$0.01	0.04	
1/25/2017	$5.50	81,199	0.0%	0.80%	0.16%	-0.16%	-$0.01	-0.05	
1/26/2017	$5.39	24,368	-2.0%	-0.07%	-0.42%	-1.58%	-$0.09	-0.54	
1/27/2017	$5.28	2,044	-2.0%	-0.08%	-0.43%	-1.62%	-$0.09	-0.55	
1/30/2017	$5.38	2,357	1.9%	-0.60%	-0.77%	2.69%	$0.14	0.92	
1/31/2017	$5.45	19,880	1.3%	-0.09%	-0.44%	1.74%	$0.09	0.60	
2/1/2017	$5.33	25,909	-2.2%	0.05%	-0.34%	-1.87%	-$0.10	-0.64	
2/2/2017	$5.41	5,882	1.5%	0.06%	-0.33%	1.84%	$0.10	0.63	
2/3/2017	$5.48	23,159	1.3%	0.74%	0.11%	1.18%	$0.06	0.40	
2/6/2017	$5.49	13,076	0.2%	-0.21%	-0.52%	0.70%	$0.04	0.24	
2/7/2017	$5.49	2,851	0.0%	0.03%	-0.36%	0.36%	$0.02	0.12	
2/8/2017	$5.34	11,226	-2.7%	0.10%	-0.31%	-2.43%	-$0.13	-0.83	
2/9/2017	$5.36	56,417	0.4%	0.59%	0.02%	0.36%	$0.02	0.12	
2/10/2017	$5.37	3,701	0.2%	0.36%	-0.14%	0.32%	$0.02	0.11	
2/13/2017	$5.47	27,967	1.9%	0.55%	-0.01%	1.87%	$0.10	0.64	
2/14/2017	$5.34	16,089	-2.4%	0.43%	-0.09%	-2.29%	-$0.13	-0.78	
2/15/2017	$5.38	410	0.7%	0.51%	-0.03%	0.78%	$0.04	0.27	
2/16/2017	$5.36	1,090	-0.4%	-0.08%	-0.43%	0.05%	$0.00	0.02	
2/17/2017	$5.38	467	0.4%	0.17%	-0.26%	0.62%	$0.03	0.21	
2/21/2017	$5.37	4,419	-0.2%	0.60%	0.03%	-0.19%	-$0.01	-0.07	
2/22/2017	$5.37	5,064	0.0%	-0.10%	-0.44%	0.44%	$0.02	0.15	
2/23/2017	$5.32	7,043	-0.9%	0.05%	-0.34%	-0.59%	-$0.03	-0.20	
2/24/2017	$5.30	9,858	-0.4%	0.17%	-0.26%	-0.11%	-$0.01	-0.04	
2/27/2017	$5.27	5,172	-0.6%	0.12%	-0.30%	-0.27%	-$0.01	-0.09	
2/28/2017	$5.25	5,394	-0.4%	-0.25%	-0.55%	0.17%	$0.01	0.06	
3/1/2017	$5.33	4,539	1.5%	1.39%	0.55%	0.95%	$0.05	0.33	
3/2/2017	$5.30	1,984	-0.5%	-0.58%	-0.76%	0.22%	$0.01	0.07	

EXHIBIT 6

Cnova N.V. (CNV)

Summary of Corrective Disclosure Impact Dates

Corrective Disclosure Impact Date	Previous Closing Price	Actual Return	Predicted Return	Company-Specific Return	Company-Specific Share Price Decline	Statistically Significant	Confidence Level
1/29/2015	$7.72	-14.8%	0.3%	-15.0%	$1.11	Yes	100.0%
1/30/2015	$6.28	-12.4%	-1.2%	-11.3%	$0.71	Yes	100.0%
12/21/2015	$2.95	-18.0%	0.1%	-18.1%	$0.53	Yes	100.0%
12/22/2015	$2.42	-5.9%	0.2%	-6.1%	$0.15	Yes	96.2%
2/24/2016	$2.55	-7.1%	-0.1%	-7.0%	$0.18	Yes	98.2%
				Total:	**$2.68**		

EXHIBIT 7

Cnova N.V. (CNV)

Quarterly Institutional Holdings

Source: Thomson Reuters Eikon; Company SEC Filings

Shares Outstanding	29,157,327	29,157,327	29,157,327	29,157,327	29,157,327	29,157,327	29,157,327	29,157,327	29,157,327
Shares Held by Insiders	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Shares Held by Institutions	17,776,070	15,198,064	17,352,253	15,605,540	15,059,694	11,795,507	11,208,482	12,227,338	12,908,763
Number of Institutions With Holdings	44	46	51	47	36	27	30	32	40

Institution	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/30/2016
Insiders	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Acadian Asset Management LLC	0	0	210	210	210	0	0	0	0
Alyeska Investment Group, L.P.	700,000	0	0	0	0	0	0	0	0
Amundi Asset Management	102,103	103,435	121,288	121,288	121,288	121,288	121,288	121,288	0
Apricus Finance SA	0	0	26,500	26,500	26,500	26,500	26,500	26,500	26,500
Bank of America Merrill Lynch (US)	27,062	4,520	3,520	1,750	2,650	2,650	1,000	1,000	1,000
Barclays Capital	0	0	3,374	300	0	64,295	39,822	33,167	9,693
BBR Partners LLC	15,000	20,000	0	0	0	0	0	0	0
BNP Paribas Securities Corp. North America	0	0	0	0	298	139	141	141	1
Boardman Bay Capital Management LLC	108,722	147,063	188,878	82,612	0	0	0	0	0
Bogle Investment Management, L.P.	0	86,290	0	0	0	0	0	0	0
Boussard & Gavaudan Investment Management LLP	720,514	653,623	767,892	767,892	767,892	767,892	1,830,594	2,454,675	2,612,675
California Public Employees' Retirement System	75,000	75,000	75,000	72,500	72,500	68,300	66,200	61,900	58,900
Carmignac Gestion	930,300	1,508,973	1,732,000	1,730,600	1,831,217	2,331,217	2,331,217	2,331,217	0
Citadel LLC	0	61,614	16,552	0	0	0	0	0	0
Citi Investment Research (US)	0	552	271	1	2,357	630	630	0	0
Credit Suisse Securities (USA) LLC	22,679	43,058	53,578	66,345	72,212	101,410	179,431	186,818	179,400
Cubist Systematic Strategies, LLC	12,365	10,659	0	0	0	0	0	0	0
Cutler Group, LP	0	0	0	0	0	1,513	500	0	0
Delta Lloyd Asset Management N.V.	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	0
Deutsche Asset Management Americas	129,629	0	0	0	0	0	0	0	25,089
Deutsche Bank Securities Inc.	0	0	600	0	0	0	0	0	0
DNCA Investments	0	0	0	0	0	0	0	214,026	214,026
Exane Asset Management	0	0	373,843	373,843	123,246	0	0	0	0
Exane Derivatives	0	0	0	0	0	0	0	0	1,616
Federated Equity Management Company of Pennsylvania	45,400	34,086	18,482	2,015	2,015	2,015	2,015	2,015	2,015
Federated Global Investment Management Corp.	2,491,200	1,988,773	1,163,828	456,952	0	0	0	0	0
Federated Investment Management Company	45,400	34,086	18,482	2,015	0	0	0	0	0
Fidelity Institutional Asset Management	13,414	8,156	7,737	8,730	15,308	13,042	1,981	1,806	0
Fidelity Management & Research Company	2,296,560	1,253,990	1,421,572	1,385,171	1,984,152	1,650,473	1,729,633	1,702,889	0
First New York Capital Corp.	0	0	0	0	0	0	29	3,229	0
FNY Partners Fund LP	0	0	0	0	0	0	0	0	0
GAM Capital Management (Switzerland) AG	0	0	0	0	0	0	0	0	377,360
Generali Investments Europe S.p.A. SGR	0	66,700	80,703	80,703	80,703	0	0	0	0
Geode Capital Management, L.L.C.	118,204	132,836	143,870	154,125	168,873	177,102	183,725	184,913	208,708
Gesiuris Asset Management S.G.I.I.C., S.A.	0	0	0	0	13,566	13,338	13,331	13,094	0
Gestion Valor	0	0	0	35,000	35,000	0	0	0	0
GNB Gestão de Ativos	0	0	0	0	0	0	5,500	11,800	11,800

Cnova N.V. (CNV)

Quarterly Institutional Holdings

Source: Thomson Reuters Eikon; Company SEC Filings

Shares Outstanding	29,157,327	29,157,327	29,157,327	29,157,327	29,157,327	29,157,327	29,157,327	29,157,327	29,157,327
Shares Held by Insiders	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Shares Held by Institutions	17,776,070	15,198,064	17,352,253	15,605,540	15,059,694	11,795,507	11,208,482	12,227,338	12,908,763
Number of Institutions With Holdings	44	46	51	47	36	27	30	32	40

Institution	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/30/2016
Goldman Sachs & Company, Inc.	17,657	23,496	19,814	15,423	0	27,873	29,330	287,227	299,935
Hatteras Funds, LP	43,016	0	0	0	0	0	0	0	0
Indus Capital Partners, LLC	22,274	40,974	0	0	0	0	0	0	0
Invesco Advisers, Inc.	0	150,000	191,132	0	48,793	48,793	48,793	48,793	48,793
INVESCO Asset Management Limited	0	0	423,554	2,482,246	2,794,897	2,969,897	2,968,649	1,788,746	0
Invesco Canada Ltd.	0	0	34,526	0	0	0	0	0	0
Invesco Management Group, Inc.	0	1,000,000	1,833,034	0	0	0	0	0	0
Invesco PowerShares Capital Management LLC	0	195,808	176,755	204,841	259,733	0	0	0	0
J.P. Morgan Securities LLC	14,611	22,631	96,987	97,246	97,246	0	0	0	0
J.P. Morgan Securities plc	0	0	0	0	0	0	84,465	84,465	84,465
JPMorgan Asset Management U.K. Limited	0	0	0	0	0	0	0	0	15,821
Kerrisdale Capital Management, LLC	254,816	0	0	0	0	0	0	0	0
La Banque Postale Asset Management	255,691	405,691	405,691	405,691	405,691	0	0	0	0
La Banque Postale Structured Asset Management	0	0	180,000	180,000	175,216	0	0	0	0
La Française AM	57,000	320,000	329,200	259,200	0	0	0	0	0
Laurion Capital Management LP	150,000	0	0	0	0	0	0	0	0
Levin Capital Strategies, L.P.	180,000	135,000	0	0	0	0	0	0	0
Longfellow Investment Management Co. LLC	0	0	0	0	0	0	0	0	448,695
Marshall Wace LLP	426,982	0	0	0	0	0	0	0	0
Millennium Management LLC	286,013	271,541	190,176	155,773	97,907	11,408	0	0	0
Moon Capital Management LP	49,100	49,100	0	0	0	0	0	0	0
Moore Capital Management, LP	1,550,000	228,982	193,478	0	0	0	0	0	0
Morgan Stanley & Co. LLC	611,005	162,961	131,642	78,324	91,543	181,739	633,126	1,676,954	3,475,953
Morgan Stanley Investment Management Inc. (US)	0	0	0	4,404	3,700	0	0	0	0
Morgan Stanley Wealth Management	44,801	32,916	19,989	29,500	3,750	3,500	3,500	2,500	2,500
Nuveen LLC	4,681,285	4,128,572	2,775,171	2,744,199	2,456,861	0	0	0	0
Oddo BHF Asset Management GmbH	0	0	705,889	705,889	698,839	698,839	0	0	0
Oddo BHF Asset Management S.A.S	0	0	1,102,500	1,274,663	1,274,663	1,274,663	0	0	0
Omni Partners LLP	0	0	0	0	0	0	0	0	448,695
OppenheimerFunds, Inc.	131,510	164,710	570,400	0	0	0	0	0	0
Peak 6 Capital Management, LLC	5,500	15,021	15,238	0	0	0	0	0	0
PSquared Asset Management AG	512,547	0	0	0	0	0	0	42,911	591,059
Quinn Opportunity Partners LLC	14,400	190,980	190,980	190,980	0	0	0	0	0
RBC Capital Partners	0	0	0	0	0	0	0	0	38
Renaissance Capital LLC	0	4,324	4,255	3,732	0	0	0	0	0
Renaissance Technologies LLC	0	0	0	0	0	0	0	0	51,800
SG Americas Securities, L.L.C.	0	0	0	0	0	0	0	0	1,318,208
Simplex Trading, LLC	0	32	25	0	0	0	381	476	276

Cnova N.V. (CNV)

Quarterly Institutional Holdings

Source: Thomson Reuters Eikon; Company SEC Filings

Shares Outstanding	29,157,327	29,157,327	29,157,327	29,157,327	29,157,327	29,157,327	29,157,327	29,157,327	29,157,327
Shares Held by Insiders	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Shares Held by Institutions	17,776,070	15,198,064	17,352,253	15,605,540	15,059,694	11,795,507	11,208,482	12,227,338	12,908,763
Number of Institutions With Holdings	44	46	51	47	36	27	30	32	40

Institution	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/30/2016
Spark Investment Management LLC	0	0	0	13,800	77,800	0	0	25,400	0
Susquehanna Financial Group, LLLP	0	0	21,913	13,713	0	0	0	0	0
Sylebra HK Co Ltd	196,682	1,141,387	1,170,799	1,170,799	1,170,799	1,153,101	821,886	821,886	784,947
Syquant Capital	0	0	0	0	0	0	0	0	945,000
TFS Capital LLC	0	0	0	0	0	0	0	15,310	38,797
Tower Research Capital LLC	10	0	0	5,292	359	0	540	16	0
Two Sigma Investments, LP	0	0	0	0	0	0	0	0	11,633
U.S. Bancorp Asset Management, Inc.	0	0	0	0	0	0	0	100	100
UBS Financial Services, Inc.	2,172	2,611	114,808	2,409	1,910	3,890	2,782	2,076	63
Varenne Capital Partners	0	0	0	0	0	0	0	0	359,000
Virtu Americas LLC	0	0	0	0	0	0	0	0	11,948
Wellington Management Company, LLP	0	120,486	68,412	24,955	0	0	0	0	0
Wolverine Trading, LLC	0	0	0	0	0	0	1,493	0	0

EXHIBIT 8

Cnova N.V. (CNV)

Summary of Damages

IPO Date: 11/19/2014
IPO Price: $7.00
Suit Date: 1/20/2016
Suit Price: $2.28

Corrective Disclosure Date	Corrective Disclosure Impact Date	Damages
After market close January 28, 2015	January 29-30, 2015	$31.02 million
After market close December 18, 2015	December 21-22, 2015	$13.72 million
Pre-market open February 24, 2016	February 24, 2016	$0.85 million
	Total Damages:	**$45.59 million**

Number of Damaged Shares:	**25,157,327**

EXHIBIT C

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE CNOVA N.V. SECURITIES LITIGATION This Document Relates To: All Actions	MASTER FILE 16 CV 444-LTS

DECLARATION OF GEOFFREY P. MILLER

I, GEOFFREY P. MILLER, declare under penalty of perjury as follows:

1. I am over 18 years of age, I am competent to make this declaration, and I have personal knowledge of the matters and facts recited herein.

Scope of Retention

2. I have been retained by Lead Counsel in the above-entitled matter (the "Action") to analyze the requested attorneys' fee award of one-third of the Settlement Fund recovered in the Action, or $9,500,000 (the "Fee Motion"), and to opine as to its reasonableness of the Fee Motion under the law of the Second Circuit and other federal jurisdictions that apply the same standards.

Qualifications

3. A copy of my resume is attached as Exhibit 1. I am the Stuyvesant P. Comfort Professor of Law at the New York University Law School. I am a 1978 graduate of the Columbia Law School where I was Editor-in-Chief of the Law Review and a *magna cum laude* graduate of Princeton University. In addition to my teaching experience, I served as a law clerk to the Honorable Carl McGowan of the United States Court of Appeals for the District of Columbia Circuit and to the Honorable Byron R. White, Associate Justice of the United States Supreme Court. I was an attorney-adviser at the Office of Legal Counsel in the United States

Department of Justice from 1980-1982. After practicing civil litigation with a Washington D.C. law firm, I joined the faculty of the University of Chicago Law School in 1983, where I served as Kirkland & Ellis Professor and Associate Dean. I moved to New York University in 1995. I am a co-founder and former co-president of the Society for Empirical Legal Studies, an organization of professors in the fields of law, economics, sociology, psychology, business, and political science whose work examines the statistical and empirical bases of legal rules.

4. As my attached resume demonstrates, I have written extensively over the years on issues relating to attorneys' fees, particularly in class action cases. As part of my research for my writings, I have extensively analyzed attorney staffing and billing practices in large complex cases, particularly securities fraud and other class action cases. My empirical studies on class action cases (co-authored with Professor Theodore Eisenberg of Cornell University) have been cited by courts around the country and are a leading authority on that topic.[1]

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[1] *See, e.g.*, *Silverman v. Motorola Solutions, Inc*., 739 F.3d 956, 958 (7th Cir. 2013); *In re Trans Union Corp. Privacy Litig.*, 629 F.3d 741, 744 (7th Cir. 2011); *Allapattah Servs., Inc. v. Exxon Corp.*, 362 F.3d 739, 760 (11th Cir. 2004) (Judges Tjoflat and Birch, dissenting from denial of en banc review); *In re Polyurethane Foam Antitrust Litig.*, 135 F. Supp. 3d 679, 692 (N.D. Ohio Nov. 19, 2015); *Behzadi v. Int'l Creative Mgmt. Partners, LLC*, No. 14-cv-4382, 2015 U.S. Dist. LEXIS 90117, at *7 (S.D.N.Y. July 9, 2015); *Craftwood Lumber Co. v. Interline Brands, Inc*., No. 11-cv-4462, 2015 U.S. Dist. LEXIS 35421, *8-*9 (N.D. Ill. Mar. 23, 2015); *In re Capital One Tel. Consumer Prot. Act Litig*., 80 F. Supp. 3d 781, 797 (N.D. Ill. 2015); *In re Colgate-Palmolive Co. ERISA Litig*., 36 F. Supp. 3d 344, 349 (S.D.N.Y. 2014); *Boyd v. Coventry Health Care, Inc*., 299 F.R.D. 451, 465 (D. Md. 2014); *In re Amaranth Natural Gas Commodities Litig.*, No. 07-6377, 2012 U.S. Dist. LEXIS 82599, at *7 n.12 (S.D.N.Y. June 11, 2012); *Board of Trustees of AFTRA Ret. Fund v. JPMorgan Chase Bank, N.A.*, No. 09-686, 2012 U.S. Dist. LEXIS 79418, at *5 n.12 (S.D.N.Y. June 7, 2012); *Lane v. Page*, No. 06-1071, 2012 U.S. Dist. LEXIS 74273, at *161 (D.N.M. May 22, 2012); *Silverman v. Motorola, Inc.*, No. 07-4507, 2012 U.S. Dist. LEXIS 63477, at *15 (N.D. Ill. May 7, 2012); *In re Heartland Payment Sys., Inc.*, MDL No. 09-2046, 2012 U.S. Dist. LEXIS 37326, at *94, *116 (S.D. Tex. Mar. 20, 2012) ("The tables included in the [Eisenberg and Miller] study are good indicators of what the market would pay for class counsel's services because the tables show what attorneys have been paid in similar cases, and thus what class counsel could have expected when they decided to invest their resources in this case."); *Walsh v. Popular, Inc.*, No. 09-1552, 2012 U.S. Dist. LEXIS 32991, at *24 (D.P.R. Mar. 12, 2012); *Am. Int'l Group, Inc. v. Ace Ina Holdings, Inc.*, No. 07-2898, 2012 U.S. Dist. LEXIS 25265, at *59 (N.D. Ill. Feb. 28, 2012); *Ebbert v. Nassau County*, 05-5445, 2011 U.S. Dist. LEXIS 150080, at *41 (E.D.N.Y. Dec. 22, 2011); *In re Checking Account Overdraft Litig.*, 830 F. Supp. 2d 1330, 1336 n.4 (S.D. Fla. 2011); *Latorraca v. Centennial Techs., Inc.*, No. 97-10304, 2011 U.S. Dist. LEXIS 135435, at *11 (D. Mass. Nov. 22, 2011); *In re Ky. Grilled Chicken Coupon Mktg. & Sales Litig.*, 2011 WL 5599129 (N.D. Ill. Nov. 16, 2011);

5. Based upon my education, experience and my peer-reviewed writings, I believe I am qualified to opine on the comparability and reasonableness of Lead Counsel's requested percentage of the Settlement Fund in attorneys' fees, as well as the reasonableness of Lead Counsel's billing rates and the hours Lead Counsel devoted to the Action.

6. I am being compensated for my services in this matter on an hourly basis at my usual billing rate.

Materials Relied Upon

7. In the course of my research as part of my engagement, I have reviewed the

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Pavlik v. FDIC, No. 10-816, 2011 U.S. Dist. LEXIS 126016, at *11 (N.D. Ill. Nov. 1, 2011); *In re Puerto Rican Cabotage Antitrust Litig.*, 815 F. Supp. 2d 448, 461 (D.P.R. 2011); *In re AT & T Mobility Wireless Data Servs. Sales Tax Litig.*, 792 F. Supp. 2d 1028, 1033 (N.D. Ill. 2011); *In re Vioxx Prods. Liab. Litig.*, 760 F. Supp. 2d 640, 652 (E.D. La. 2010); *Velez v. Novartis Pharms Corp.*, 04-09194, 2010 U.S. Dist. LEXIS 125945, at *60-*61 (S.D.N.Y. Nov. 30, 2010); *Braud v. Transport Serv. Co. of Illinois,* No. 05-1898, 2010 U.S. Dist. LEXIS 93433, at *27-*30 (E.D. La. Aug. 17, 2010); *In re Lawnmower Engine Horsepower Mktg. & Sales Prac. Litig.*, 733 F. Supp. 2d 997, 1013 (E.D. Wis. 2010); *Klein v. O'Neal, Inc.*, 705 F. Supp. 2d 632, 675 (N.D. Tex. 2010); *Fiala v. Metro. Life Ins. Co.*, 899 N.Y.S.2d 531, 541 (N.Y. Sup. Ct. 2010); *In re Metlife Demutualization Litig.*, 689 F. Supp. 2d 297, 359 (E.D.N.Y. 2010); *In re Marsh Erisa Litig.*, 265 F.R.D. 128, 149 (S.D.N.Y. 2010); *Strawn v. Farmers Ins. Co.*, 226 P.3d 86, 99 (Or. Ct. App. 2010); *Hall v. Children's Place Retail Stores, Inc.*, 669 F. Supp. 2d 399, 403 n.35 (S.D.N.Y. 2009); *In re Trans Union Corp. Privacy Litig.*, No. 00-4729, 2009 U.S. Dist. LEXIS 116934, at *22-*25, *39 (N.D. Ill. Dec. 9, 2009); *Loudermilk Serv., Inc. v. Marathon Petroleum Co. LLC*, 623 F. Supp. 2d 713, 724 (S.D. W.Va. 2009) ("Because the Eisenberg and Miller study was a far more comprehensive analysis of similar cases than this Court could hope to achieve in a reasonable time, the Court accepts their results as a benchmark on which to judge a reasonable fee in this case."); *Rodriguez v. West Publ'g Co.*, 563 F.3d 948, 958 (9th Cir. 2009); *In re OCA, Inc. Sec. and Deriv. Litig.*, No. 05-2165, 2009 U.S. Dist. LEXIS 19210, at *63-*66 (E.D. La. Mar. 2, 2009); *In re Enron Corp. Secs., Deriv. & ERISA Litig.*, 586 F. Supp. 2d 732, 800 (S.D. Tex. 2008); *In re Cardinal Health Inc. Sec. Litig.*, 528 F. Supp. 2d 752, 755 n.2 (S.D. Ohio 2007); *In re Tyco Int'l., Ltd. Multidistrict Litig.*, 535 F. Supp. 2d 249, 269 (D.N.H. 2007); *Acosta v. Trans Union, LLC*, 243 F.R.D. 377, 388 (C.D. Cal. 2007); *Turner v. Murphy Oil USA, Inc.*, 472 F. Supp. 2d 830, 853, 862-64, 866, 870 (E.D. La. 2007) ("[T]he Court will look to Eisenberg and Miller's data sets to determine an average percentage for cases of similar magnitude"); *Silberblatt v. Morgan Stanley*, 524 F. Supp. 2d 425, 435 n.6 (S.D.N.Y. 2007); *Fireside Bank v. Superior Court*, 155 P.3d 268, 281 n.7 (Cal. 2007); *In re Cabletron Sys., Inc. Sec. Litig.*, 239 F.R.D. 30, 38, 42 (D.N.H. 2006); *Allapattah Servs., Inc. v. Exxon Corp.*, 454 F. Supp. 2d 1185, 1209, 1211 (S.D. Fla. 2006); *In re Educ. Testing Serv. Praxis Principles of Learning and Teaching Grades 7-12 Litig.*, 447 F. Supp. 2d 612, 629-32 (E.D. La. 2006); *Hicks v. Morgan Stanley*, No. 01-10071, 2005 U.S. Dist. LEXIS 24890, at *25 (S.D.N.Y. Oct. 24, 2005); *In re Lupron Mktg. and Sales Prac. Litig.*, 01-10861, 2005 U.S. Dist. LEXIS 17456, at *18 (D. Mass. Aug. 17, 2005); *In re HPL Techs., Inc. Sec. Litig.*, 366 F.Supp.2d 912, 914 (N.D. Cal. 2005); *In re Relafen Antitrust Litig.*, 231 F.R.D. 52, 80-81 (D. Mass. 2005); *In re Relafen Antitrust Litig.*, 221 F.R.D. 260, 286 (D. Mass. 2004).

following documents:

A. Amended Class Action Complaint, Dkt. No. 24 (dated June 13, 2016);

B. Amended and Supplemental Consolidated Class Action Complaint, Dkt. No. 65 (dated Aug. 16, 2016) ("Complaint");

C. The docket entries in *In Re Cnova N.V. Sec. Litig.*, No. 1:16-cv-00444-LTS-AJP (S.D.N.Y.);

D. Answer to the Complaint by Cnova, N.V., Dkt. No. 67 (dated Sept. 15, 2016);

E. Underwriter Defendants' Answer to Amended and Supplemental Consolidated Class Action Complaint, Dkt. No. 68 (dated Sept. 15, 2016);

F. Notice of Motion to Dismiss; Memorandum of Law in Support of their Motion to Dismiss; and Declarations of Colin T. West, Steven Geers, Professor Arnoldo Wald, Paul Anthony Key, Professor Antonius Ignatius Maria van Mierlo, and Professor Mathias, Dkt. Nos. 74-81 (dated Sept. 15, 2016);

G. Notice of Motion to Dismiss; Memorandum of Law in Support of Motion to Dismiss; and the Declaration of Defendant German Quiroga, Dkt. Nos. 97-99 (dated Feb. 13, 2017);

H. The mediation statements and replies by all Parties, and the exhibits thereto.

I. Cnova Securities Litigation Settlement Term Sheet (dated May 22, 2017), which details the discovery that was to be conducted;

J. Stipulation and Agreement of Settlement, Dkt. No. 127-1 (dated Sept. 20, 2017);

K. Order Granting Preliminary Approval of Proposed Settlement, Granting Conditional Class Certification, and Providing for Notice to the Class, Dkt. No. 131 (dated Oct. 11, 2017) ("Preliminary Approval Order");

L. Notice of Pendency of Class Action and Proposed Settlement, Dkt. No. 127-3;

M. Summary Publication Notice of Proposed Settlement of Class Action and Final Settlement Hearing, Dkt. No. 127-5;

N. Declaration of David A.P. Brower In Support Of Lead Plaintiffs' Motions For Final Certification of the Class, Final Approval Of Class Notice, Final

Approval Of The Proposed Settlement, Final Approval Of The Proposed Plan Of Allocation And Lead Counsel's Motion For An Award Of Attorneys' Fees And Reimbursement Of Litigation Expenses ("Brower Decl.");

O. Report on damages provided by the Stanford Consulting Group, Inc.; and

P. Draft Declaration of Zachary Nye, Ph.D. In Support of the Settlement and Proposed Plan of Allocation.

8. In addition to reviewing the documents listed in paragraph 7, *supra*, I had discussions with Lead Counsel regarding the issues in the case and the extent of the work undertaken in connection with this matter. I believe that, based upon the foregoing, I have sufficiently familiarized myself with the theory of the Action, its procedural history and the Settlement to provide the opinion stated below.

9. I also reviewed certain statistical reports surveying class action legal fee awards:

A. Theodore Eisenberg, Geoffrey Miller & Roy Germano, Attorneys' Fees in Class Actions: 2009-2013, 92 NYU Law Review 937 (2017);

B. Theodore Eisenberg & Geoffrey Miller, "Attorney Fees and Expenses in Class Action Settlements: 1993-2008," 7 Journal of Empirical Studies 248-281 (2010) ("Eisenberg & Miller 2010");

C. Theodore Eisenberg, Geoffrey Miller & Michael Perino, A New Look at Judicial Impact: Attorneys' Fees in Securities Class Action After *Goldberger v. Integrated Resources, Inc.*, 29 Washington University Journal of Law & Policy 5 (2009);

D. Theodore Eisenberg & Geoffrey Miller, "Attorneys' Fees in Class Action Settlements: An Empirical Study," 1 Journal of Empirical Legal Studies 27 (2004);

E. Logan, Stuart J., Moshman, Jack & Moore, Beverly C., Jr., Attorney Fee Awards In Common Fund Class Actions, 24 Class Action Rep. 167 (2003) ("Logan");

F. Palank, Jacqueline, "Bankruptcy Provides Window Into Law Firm Billing Practices." Wall Street Journal. 16 Feb. 2016, available at https://blogs.wsj.com/bankruptcy/2016/02/08/bankruptcy-provides-window-into-law-firm-billing-practices/;

G. Palank, Jacqueline, *et al*., "Legal Fees Cross New Mark: $1,500 an Hour." Wall Street Journal. 9 Feb. 2016, available at https://www.wsj.com/articles/legal-fees-reach-new-pinnacle-1-500-an-hour-1454960708;

H. Neil, Martha, "Top Partner Billing Rates At BigLaw Firms approach $1,500 Per Hour." ABA Journal. 8 Feb. 2016, available at http://www.abajournal.com/news/article/top_partner_billing_rates_at_biglaw_firms_nudge_1500_per_hour;

I. National Law Journal, "2016 NLJ Billing Report";

J. Bower, Ward. Pricing Legal Services. Report to Legal Management. Newtown Square: Altman Weil, Inc., 2004, available at www.altmanweil.com/.../ce653539-fd49-4cfa-a6fe-2c68136304c3_document.pdf;

K. Brennan, William. New Survey Focuses on Law Firm Economics. Report to Legal Management. Newtown Square: Altman Weil, Inc., 2008, available at www.altmanweil.com/.../41ff6ad2-da67-406e-9999-ca2aaae63539_document.pdf;

L. Laarni T. Bulan, Ellen M. Ryan & Laura E. Simmons, Securities Class Action Settlements – 2016 Review and Analysis, (Cornerstone Research, 2017), available at http://securities.stanford.edu/research-reports/1996-2016/Settlements-Through-12-2016-Review.pdf;

M. Laarni T. Bulan, Ellen M. Ryan & Laura E. Simmons, Securities Class Action Settlements – 2015 Review and Analysis, (Cornerstone Research, 2016), available at https://www.cornerstone.com/Publications/Reports/Securities-Class-Action-Settlements%E2%80%942015-Review-an;

N. Thomas E. Willging, Laura L. Hooper & Robert J. Niemic, Empirical Study of Class Actions in Four Federal District Courts; Final Report to the Advisory Committee on Civil Rules 69 (Federal Judicial Center 1996);

O. Stefan Boettrich and Svetlana Starykh, Recent Trends in Securities Class Action Litigation: 2016 Full-Year Review Record Number of Cases Filed, Led By Growth in Merger Objections Highest Number of Dismissals in the Shortest Amount of Time (NERA, Jan 2017), available at: https://www.supremecourt.gov/opinions/URLs_Cited/OT2016/16-373/16-373-1.pdf;

P. Ronald I. Miller, Ph.D., Todd Foster, Elaine Buckberg, Ph.D., Recent Trends in Shareholder Class Action Litigation: Beyond the Mega-Settlement, Is Stabilization Ahead? (NERA Apr. 2006); and

Q. Todd S. Foster, Denise N. Martin, Vinita M. Juneja, Frederick C. Dunbar, Trends in Securities Litigation and the Impact of PSLRA, Figure 12 (June 1999).

Summary Of Opinions

10. Based on the percentage-of-the-recovery method, it is my opinion that:

(a) the requested 33.33% of the common fund recovered reasonably reflects what Lead Counsel would have been paid if they had been retained on a percentage basis in the private marketplace for the services they provided to the class in the Action and the results achieved;

(b) based on the applicable authorities, including precedent in the Second Circuit and district courts in the Second Circuit, given the extraordinary large percentage of class members' individual potential compensable losses recovered in the Action, which is the overriding factor in setting an attorneys' fee award under the percentage-of-the-recovery method, Lead Counsel's 33.33% fee request, is within the range of reason;

(c) based on the factors applicable to attorney fee awards in securities class actions under Fed. R. Civ. P. 23 as set forth in *Goldberger v. Integrated Res., Inc.*, 209 F.3d 43, 47 (2d Cir. 2000) ("*Goldberger*"), *Detroit v. Grinnell Corp.*, 495 F.2d 448 (2d Cir. 1974) ("*Grinnell*"), their progeny, and other relevant federal case law and authorities relevant to the percentage fee setting process, Lead Counsel's requested 33.33% fee award, particularly given the risks of litigation and the contingent nature of their employment, is within the ordinary range for awards in this Circuit.

11. It is also my opinion that:

(a) the rates charged by Lead Counsel in the Action are commensurate with, and in many cases lower than, the rates charged by attorneys at New York firms that represent hourly paying clients in similar securities litigations;

(b) the rates charged by Lead Counsel in the Action are commensurate with, and in some cases lower than, the rates prevailing in their respective communities for attorneys who practice in the same field in which these attorneys specialize or concentrate; and

(c) the number of hours billed were not only necessary to accomplish the work performed in the Action in the time period required, but Lead Counsel accomplished their tasks efficiently given the scope and complexity of the issues in the Action, and the result achieved.

12. It is further my opinion, based on the factors applicable to attorneys' fees as set forth in *Goldberger*, *Grinnell*, and other relevant federal case law and authorities concerning the setting of attorneys' fees for successful plaintiff's counsel in securities class actions under Fed. R. Civ. P. 23 that, under a lodestar/multiplier analysis, Lead Counsel is entitled to a substantial risk/result multiplier for their highly successful efforts in the Action.

13. Based upon the foregoing, I believe the 3.79 multiplier requested by Lead Counsel is appropriate under applicable law and under the circumstances in the Action.

The Equitable Foundation For Awards Of
Attorneys' Fees In Representative Actions

14. Granting a successful plaintiff's attorneys' fees and costs in representative actions is anchored in long standing principles of equity and public policy.[2] While the historical foundation of awarding successful plaintiff's counsel attorneys' fees "derives from the equitable power of the Courts under the doctrines of *quantum meruit*, unjust enrichment, . . . [m]ore

[2] *See, e.g.*, *Boeing Co. v. Van Gemert*, 444 U.S. 472, 478 (1980); *Mills v. Electric Auto-Lite Co.*, 396 U.S. 375 (1970); *Central R.R. & Banking Co. v. Pettus*, 113 U.S. 116 (1885); *Trustees v. Greenough*, 105 U.S. 527, 536 (1882).

recently, courts also have acknowledged the economic reality that in order to encourage 'private attorney general' class actions brought to enforce the securities laws on behalf of persons with small individual losses, a financial incentive is necessary to entice capable attorneys, who otherwise could be paid regularly by hourly-rate clients, to devote their time to complex, time-consuming cases for which they may never be paid." *Mashburn v. National Healthcare, Inc.*, 684 F. Supp. 679, 686-87 (M.D. Ala. 1988) (cited with approval in *Maley v. Del Global Techs. Corp.*, 186 F. Supp. 2d 358, 373 (S.D.N.Y. 2002)).

15. Thus, in determining fees in cases such as this, courts have consistently recognized that the practice of incentivizing fees induces attorneys to undertake, on a contingency basis, risky and expensive representation of public investors to secure redress for injuries sustained that simultaneously benefit the general public by discouraging future misconduct of a similar nature.[3]

<u>Methodologies For Determination of A Reasonable Attorneys' Fee Award In Class Actions</u>

16. The method for awarding fees in class actions and shareholder litigation has evolved over the past century. Until the early 1970s, most courts calculated fee awards based on

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[3] *See, e.g.*, *Mills*, 396 U.S. at 396 (holding that important public policy considerations justified the award of a legal fee to petitioners' counsel even though the lawsuit did not result in a pecuniary benefit); *Deposit Guaranty Nat. Bank v. Roper*, 445 U.S. 326, 328 (1980) (recognizing that the financial inducements offered by the class action procedure have played an important role "in vindicating the rights of individuals who otherwise not consider it worth the candle to embark on litigation in which the optimum result might be more than consumed by the cost"); *J.I. Case Co. v. Borak*, 377 U.S. 426, 427-28 (1964); *Grace v. Ludwig*, 484 F.2d 1262, 1267 (2d Cir. 1973), *cert. denied*, 416 U.S. 905 (1974) (courts favor rewarding counsel in cases brought to vindicate the rights of shareholders to "encourage the vigilance of private attorneys general to provide corporate therapy protecting the public investor who might otherwise be victimized."); *Dolgow v. Anderson*, 43 F.R.D. 472, 487, 494 (E.D.N.Y. 1968) (attorneys' fees "duly rewarded encourages other suits to redress misconduct and by the same token discourages misconduct which would occasion suit. . . . In some areas of the law, society is dependent upon the initiative of lawyers. . . . for the assertion of rights . . . and the maintenance of desired standards of conduct. The prospect of handsome compensations is held out as an inducement to encourage lawyers to bring such suits.") (citations omitted).

a "reasonable percentage" of the amount recovered.[4] As representative litigation increased, however, fee award jurisprudence became more complex. While the percentage method continued to be used, an alternative lodestar/multiplier approach was adopted, which was originally devised by the United States Court of Appeals for the Third Circuit in *Lindy Brothers Builders, Inc. v. American Radiator & Standard Sanitary Corp.*, 487 F.2d 161 (3d Cir. 1973) ("*Lindy I*"), *appeal following remand*, 540 F.2d 102, 116-18 (3d Cir. 1976) ("*Lindy II*"). The lodestar/multiplier approach entails determining the lodestar based on the number of hours reasonably expended and then adjusting that figure based on factors reflecting the results achieved, and the risks undertaken by counsel. *See, e.g.*, *Goldberger*, 209 F.3d at 47; *Grinnell*, 495 F.2d at 455-56.[5]

17. Beginning in the 1980s, courts moved away from the use of the lodestar/multiplier analysis in the wake of growing criticism of the approach due to practical considerations with its application. This movement was encouraged by the United States Supreme Court's pronouncement in 1984 that "under the 'common fund doctrine.' . . . a reasonable [attorneys'] fee is based on a percentage of the fund bestowed on the class." *Blum v. Stenson*, 465 U.S. 886, 900 n.16 (1984). Following the Supreme Court's pronouncement in *Blum*, the award of attorneys' fees in so-called "common fund" cases based on a percentage of the fund recovered found increased favor with the overwhelming majority of courts and commentators. In 1985, shortly after *Blum* was decided, Chief Judge Aldisert of the Third

[4] *See, e.g.*, *Alyeska Pipeline Serv. Co., v. Wilderness Soc'y*, 421 U.S. 240, 257 (1975); *Camden I Condo. Ass'n v. Dunkle*, 946 F.2d 768, 771-72 (11th Cir. 1991) ("From the time of the *Pettus* decision in 1885 until 1973, fee awards granted pursuant to the common fund exception were computed as a percentage of the fund"); *see also* H. Newberg, *Newberg On Class Actions*, § 2.02, at 31 (2d ed. 1986).

[5] *See also Paul, Johnson, Alston & Hunt v. Graulty*, 856 F. 2d 268, 272 (9th Cir. 1989) ("enhancing the [lodestar] figure, if necessary, to account for the risks associated with the representation") (citations omitted); *Johnson v. Georgia Highway Exp., Inc.*, 488 F. 2d 714, 717 (5th Cir. 1974); *Skelton v. General Motors Corp.*, 860 F.2d 250, 255 (7th Cir. 1988) (lodestar enhanced for risk); *Lindy I*, 487 F.2d at 167-69; *Lindy II*, 540 F.2d at 116-18.

Circuit, the author of *Lindy*, convened a Task Force of prominent judges and practitioners to reconsider *Lindy* because "a number of difficulties [had] been encountered in applying the [lodestar method]." *See* Court Awarded Attorneys Fees, Report of the Third Circuit Task Force, Oct. 8, 1985 (Arthur R. Miller, Reporter), reprinted in 108 F.R.D. 237, 242 (1985) (the "Task Force Report").

18. Since the Supreme Court's decision in *Blum*, and the Task Force Report, two Circuits (the Eleventh and the D.C. Circuits) now require the use of the percentage method in common fund cases,[6] and every other Circuit has endorsed the use of the percentage method but most recommend that courts considering fees based on the percentage method also conduct a lodestar/multiplier analysis as a "cross-check" to evaluate whether the fee is too large or small based on the percentage method.[7] Professor John C. Coffee, Jr., a Professor at Columbia Law School and a recognized leading authority on private securities litigation, has argued that a percentage of the recovery is the only reasonable method of awarding fees in common fund cases:

> If one wishes to economize on the judicial time that is today invested in monitoring class and derivative litigation, the highest priority should be given to those reforms that restrict collusion and are essentially self policing. The percentage of the recovery fee award formula is such a "deregulatory" reform

[6] *See Swedish Hospital Corp. v. Shalal*, 1 F.3d 1261, 1271 (D.C. Cir. 1993); *Camden I Condo. Ass'n*, 946 F.2d at 774.

[7] *See Union Assets Mgmt. Holding A.G. v. Dell, Inc.*, 669 F.3d 632, 644 (5th Cir. 2012); *Goldberger*, 209 F.3d at 50; *Petrovic v. Amoco Oil Co.*, 200 F.3d 1140, 1157 (8th Cir. 1999); *General Motors Corp. Pick-Up Truck Tank Prod. Liab. Litig.*, 55 F.3d 768, 821-22 (3d Cir. 1995); *In re Thirteen Appeals Arising Out of the San Juan DuPont Plaza Hotel Fire Litig.*, 56 F.3d 295, 307 (1st Cir. 1995); *In re Washington Pub. Power Supply Sys. Sec. Litig.*, 19 F.3d 1291, 1296 (9th Cir. 1994); *Rawlings v. Prudential-Bache Props.*, 9 F.3d 513, 515-17 (6th Cir. 1993); *Harman v. Lyphomed, Inc.*, 945 F.2d 969, 974-75 (7th Cir. 1991); *Brown v. Phillips Petroleum Co.*, 838 F.2d 451, 454 (10th Cir. 1988). "The Fourth Circuit has not determined the preferred method for calculating attorneys' fees where the common fund has been generated on behalf of a class," but "District courts within the Fourth Circuit have consistently endorsed the percentage method." *Archbold v. Wells Fargo Bank, N.A.*, No. 3:13-cv-24599, 2015 U.S. Dist. LEXIS 92855, at *9-*10 (S.D. W.Va. July 14, 2015).

> because it relies on incentives rather than costly monitoring. Ultimately, this "deregulatory" approach is the only alternative . . . .[8]

19. The lodestar/multiplier approach, however, continues to be used in the federal courts in statutory fee shifting cases, *see* Task Force Report, 108 F.R.D. at 254-59, and in cases resulting primarily in injunctive or other non-pecuniary relief. *See, e.g.*, Class Action Fairness Act of 2005, 28 U.S.C. §1712(b)(2). The lodestar/multiplier method is also frequently used as a cross-check to the reasonableness of a percentage fee award in representative common fund litigation.

20. Whether a court uses the lodestar/multiplier method to award a fee or uses that method to conduct a "cross-check," the process involves the same two-step process. In the first step, the Court determines the "lodestar." The lodestar is derived by multiplying the number of hours reasonably spent on the case by each attorney's reasonable customary current hourly rate. Thus, the lodestar figure seeks to replicate what a plaintiff would have been required to pay if counsel of similar experience, expertise and standing were retained on an hourly basis and paid on a current basis. In the second step, the court may augment the lodestar with a multiplier, by considering such factors as : (1) the time and labor expended by counsel; (2) the magnitude and complexities of the litigation; (3) the risk of the litigation; (4) the quality of representation; (5) the requested fee in relation to the settlement; and (6) public policy considerations. *See, e.g.*, *Goldberger*, 209 F.3d at 50 (summarizing *Grinnell*).[9]

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[8] John C. Coffee, Jr., *Understanding the Plaintiff's Attorney: The Implications of Economic Theory for Private Enforcement of Law Through Class and Derivative Actions*, 86 Colum. L. Rev. 669, 724-25 (1986).

[9] Although they may use different language, the factors set forth by the Second Circuit in *Goldberger/ Grinnell* are functionally the same factors used in the other Circuits, and all Circuits have applied those factors similarly. *See, e.g., Johnson*, 488 F.2d 714; *Lindy I*, 487 F.2d at 167-69; and *Lindy II*, 540 F.2d at 116-18.

Class Action Fee Awards Under Second Circuit and Federal Law

21. In *Goldberger*, the Second Circuit confirmed that the district court has discretion to apply "either the lodestar or percentage of the recovery methods . . . to calculate fees in common fund cases." 209 F.3d at 45. However, while the court has discretion to use either method, the Second Circuit has expressly approved the "percentage-of-the-fund" method for awards of fees in common fund cases and has recognized that "the lodestar method proved vexing" and had resulted in "an inevitable waste of judicial resources." *Id*. at 49; *see also Wal-Mart Stores, Inc. v. Visa U.S.A. Inc*., 396 F.3d 96, 121 (2d Cir. 2005) (stating that the percentage method "directly aligns the interests of the class and its counsel and provides a powerful incentive for the efficient prosecution and early resolution of litigation" and noting that the "trend in this Circuit is toward the percentage method") (citation omitted); *Savoie v. Merchs. Bank*, 166 F.3d 456, 460 (2d Cir. 1999) ("percentage-of-the-fund method has been deemed a solution to certain problems that may arise when the lodestar method is used in common fund cases"); *Fogarazzo v. Lehman Bros., Inc*., No. 03 Civ. 5194 (SAS), 2011 U.S. Dist. LEXIS 17747, at *6 (S.D.N.Y. Feb. 23, 2011) ("The trend in this Circuit is toward the percentage method, which directly aligns the interests of the class and its counsel and provides a powerful incentive for the efficient prosecution and early resolution of litigation."); *In re Marsh & McLennan Cos., Inc. Sec. Litig.*, No. 04 Civ. 8144 (CM), 2009 U.S. Dist. LEXIS 120953, at *43 (S.D.N.Y. Dec. 23, 2009) ("the percentage method continues to be the trend of district courts in this Circuit and has been expressly adopted in the vast majority of circuits").

22. Under either the percentage method or the lodestar/multiplier approach, the factors set forth in *Goldberger/Grinnell* for courts to consider in this Circuit when analyzing fee applications in a common fund case are used, which include the requested fee in relation to the settlement, the quality of representation, the magnitude and complexities of the litigation, the risk

of the litigation, the time and labor expended, and the public policy considerations. *See Wal-Mart Stores*, 396 F.3d at 121 ("Irrespective of which method is used, the '*Goldberger* factors' ultimately determine the reasonableness of a common fund fee."). The applicability of the *Goldberger/Grinnell* factors is discussed at length in the Fee Motion and the Brower Declaration. I, therefore, will only summarize below my view of their applicability to the work of Lead Counsel in this case.

<u>Results Achieved</u>

23. Further, whether conducting a percentage-setting or lodestar/multiplier analysis, the "key consideration required by the PSLRA 'is the result actually achieved for class members, a basic consideration in any case in which fees are sought on the basis of a benefit achieved for class members.'" *Masters v. Wilhelmina Model Agency, Inc*., 473 F.3d 423, 438 (2d Cir. 2007) (quoting Advisory Comm. Notes to FED. R. CIV. P. 23, 2003 Amendments). In determining the appropriate percentage fee award to successful counsel, the "most critical factor is the degree of success obtained," *i.e*., the result achieved. *Hensley v. Eckerhart*, 461 U.S. 424, 436 (1983). The results achieved subsumes all of the other factors as it is the key measure for determining the fee award, such as the quality of counsel, the difficulty of the claims asserted, and the time and effort needed to attain the result. *See Blum*, 465 U.S. at 900 ("acknowledgment of the 'results obtained' generally will be subsumed within other factors used to calculate a reasonable fee."); *see also Lindy Brothers Builders, Inc. v. American Radiator & Standard Sanitary Corp.,* 540 F.2d 102, 118 (3d Cir. 1976) (the court should consider the results obtained in its analysis of the fee petition).

24. Because the results obtained factor is the most important factor, it will be discussed first. According to Lead Plaintiffs' damages expert here, Lead Plaintiffs have obtained a Settlement that, taking into account the statutory limitations on damages dictated by Section 11

of the Securities Act, 15 U.S.C. §77k(e), including Defendants' anticipated statutory negative causation defense, and the factual risks to proving the existence of claims of Class Members during certain times during the Class Period, will result, before attorneys' fees and expenses, in participating Class Members who held their ordinary shares on December 21, 2015 (when Cnova announced that it had retained legal advisors and external forensic accountants to review issues related to potential accounting irregularities at its Brazilian subsidiary), and February 24, 2016 (when Cnova announced that its prior financial statements, including those in the Registration Statement, would need adjustment and could no longer be relied upon), recovering approximately 100% of their most likely recoverable damages at trial, and those who held Cnova ordinary shares on January 29, 2015 (when Cnova released disappointing results for its fourth quarter of 2014) recovering approximately 50% of their most likely recoverable damages based on the assumption that those results were the partial materialization of the undisclosed risk that the financial statements in the Registration Statement and Prospectus were materially inaccurate for the purposes of loss causation (a position Defendants strenuously dispute). Further, based on aggregate Section 11 damages, which Lead Plaintiffs' expert estimates at $45.6 million, the Settlement represents a an overall 62.5% recovery of Class Mmebers most likely recoverable damages at trial.

25. Based upon available statistical data, a recovery through settlement of class members' individual recoverable losses (*i.e.*, each class members' damages) in these ranges may be unprecedented. Given the importance of the result achieved to the percentage fee setting process (and to the risk multiplier), it follows that the percentage fee award will increase as the percentage of compensable individual class members' damages recovered increases (and the risk

multiplier will, therefore, increase as well).[10]

26. To compare the result in this Action to the results in other federal securities class actions, reference to the various studies have been conducted analyzing the percentage recovery by plaintiffs in securities class actions is instructive. All indicate that the recovery in this Action is unusually high.

27. A 2016 Cornerstone Report on securities class action settlements found that the median securities class action settlement amount for the 80 court-approved settlements in 2015 was $6.1 million, or 1.8% of "estimated damages" that investors incurred.[11] Nearly 50% of settlements approved in 2015 settled for less than $5 million and 80 percent settled for less than $25 million.[12] Further, in 2015, "median 'estimated damages' and median settlements as a percentage of 'estimated damages' both decreased compared to 2014."[13] For settlements with damages that were less than $50 million, the median settlement as a percentage of "estimated damages" was 6.7% in 2015 and 11.4% between 2006-2014.[14]

28. A 2017 Cornerstone Report on securities class action settlements found that the median securities class action settlement amount for the 85 court-approved settlements in 2016 was $8.6 million, or 8% of "estimated damages" that investors incurred. For the years 1996-2016 the median settlement, as a percentage of "estimated damages," was 7.4% for Section 11

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[10] It is well-settled that "[t]he fact that a proposed settlement may only amount to a fraction of the potential recovery does not, in and of itself, mean that the proposed settlement is grossly inadequate and should be disapproved," *Grinnell*, 495 F.2d at 455, and "[i]nherent in compromise is a yielding of absolutes and an abandoning of highest hopes." *United States v. General Adjustment Bureau, Inc.*, 357 F. Supp. 426, 430 (S.D.N.Y. 1973) (internal quotations omitted).

[11] *See* Laarni T. Bulan, Ellen M. Ryan & Laura E. Simmons, *Securities Class Action Settlements – 2015 Review and Analysis*, at 1, 8 (Cornerstone Research, 2016).

[12] *Id.*, at 6.

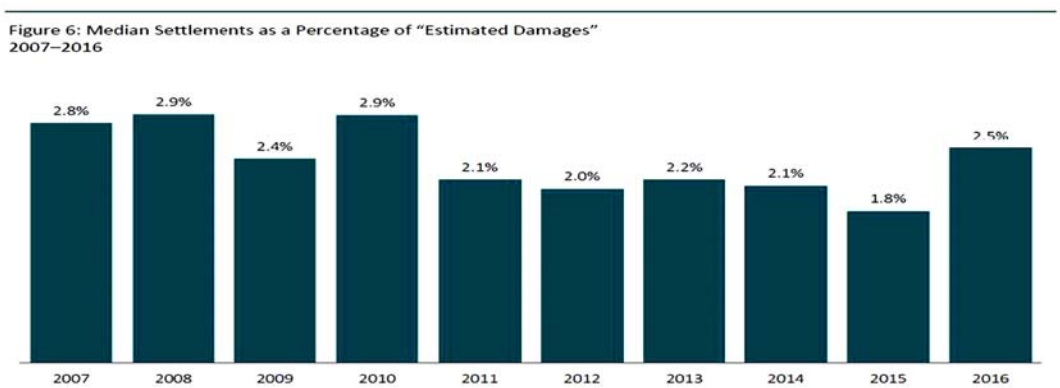
[13] *Id.*, at 8.

[14] *Id.*, at 9.

and/or Section 12(a)(2) only claims and 3.0% for both Rule 10b-5 and Section 11 and/or Section 12(a)(2) claims. The median settlement for that period was $4.0 for Section 11 and/or Section 12(a)(2) only and $13.6 for both Rule 10b-5 and Section 11 and/or Section 12(a)(2).[15] However, the Report noted that ten mega settlements in 2016 contributed to an "almost twofold increase in the average settlement amount from 2015 to 2016" because two of the settlements exceeded $1 billion.[16]

MEDIAN SETTLEMENT AS A PERCENTAGE OF "ESTIMATED DAMAGES" BY YEAR

2007-2016[17]



[15] *See* Laarni T. Bulan, Ellen M. Ryan & Laura E. Simmons, *Securities Class Action Settlements – 2016 Review and Analysis*, at 2, 11 (Cornerstone Research, 2017).

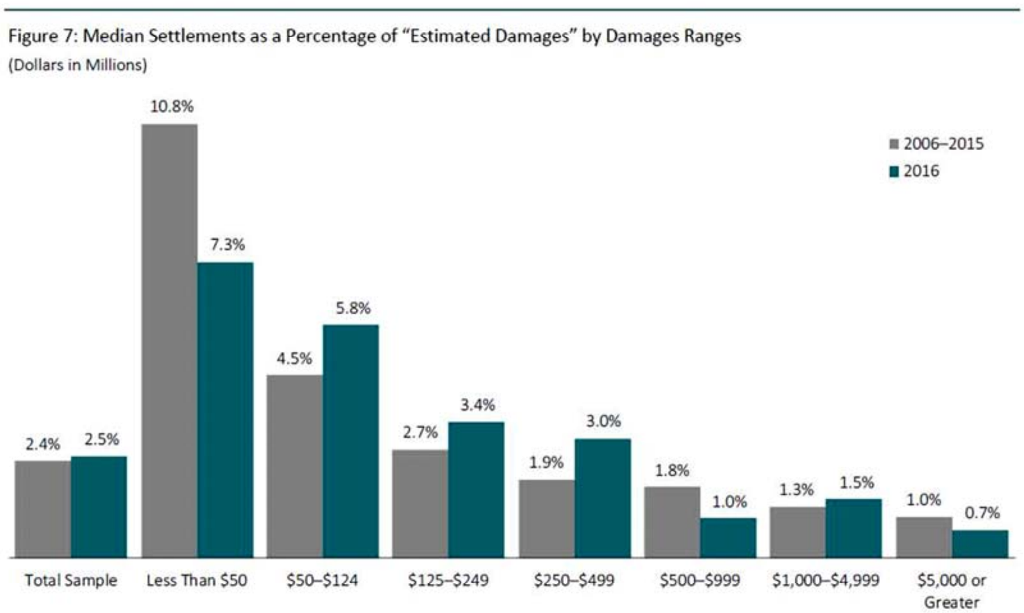
[16] *Id.*, at 2. Even in these mega-fund cases, the actual percentage of potential recoverable class-wide damages recovered are significantly lower than the recovery here. For instance, of the settlements finalized in 2016 that were worth over $1 billion, the Merck Vioxx settlement, which totaled $1.062 billion (inclusive of a separate fund of $232 million for fees and expenses), represented an aggregate of only 8%-11% of class members' potential recoverable damages at trial. *See In re Merck & Co., Inc. Sec., Deriv. & ERISA Litig.*, MDL No. 1658, Dkt. No. 821-1, at 22 (8%-11.2% recovery). Notably, it took over 13 years for plaintiffs to reach a settlement in the *Merck* action, and class members in that action have still not received any payments.

[17] *See Securities Class Action Settlements – 2016 Review and Analysis,* at 8

29. Based on the Cornerstone ranges in the chart below, this case falls within the less than $50 million of "estimated damages" based on Lead Plaintiffs' damages expert's report. The median settlement as a percentage of "estimated damages" for that range was 10.8% of "estimated damages" for 2006-2015 and 7.3% in 2016.

MEDIAN SETTLEMENTS AS A PERCENTAGE OF "ESTIMATED DAMAGES" BY DAMAGES RANGES[18]

Dollars in Millions



30. Thus, based upon the available data and studies, as well as the anecdotal evidence, the recovery in this Action is much higher than the mean and median percentage of "estimated damages" recoveries by class members' individual losses in comparable securities actions based

[18] *Id.*

on Lead Plaintiffs' damages estimate. Here, the percentage recovery to individual Class members is well above the norm in cases of this type and supports a percentage fee award equally above the norm (and certainly the median) awarded in this type of case. Eisenberg & Miller, at 51 & table 1. The recovery also supports a substantial risk multiplier.

31. Moreover, in a securities class action, even after success on the merits at trial, a claims process would be required to fix defendants' actual liability to each class member. This has been required in those few federal securities class actions that have gone to a plaintiffs' verdict, where the juries rendered a per share damages figure for class members and the courts refused to enter judgment until all claims were made and the per share damages figure was multiplied by the actual claims-made. *See, e.g., In re Vivendi Universal, S.A. Sec. Litig.*, No. 02 Civ. 5571 (S.D.N.Y.), Dkt. No. 1147; *Backman v. Polaroid Corp.*, No. 79-1031-MC (D. Mass), *dismissed on other grounds*, 910 F. 2d 10 (1st Cir. 1990). It is well-known that in class actions, all class members who can make a claim do not do so. In determining the result achieved, I believe it is appropriate to consider the amount of the recovery that claiming class members would receive. This is consistent with the PSLRA's mandate that "[t]otal attorneys' fees and expenses awarded by the court to counsel for the plaintiff class shall not exceed a reasonable percentage of the amount of any damages and prejudgment interest actually paid to the class," 15 U.S.C. §77z-1(a)(6) (emphasis added), which recognizes that successful plaintiffs' counsel in federal securities class actions can only recover a percentage in fees of the aggregate per share per class members' claims that are actually made.

32. Here, however, unlike a post-trial claims process that would be required to fix Defendants' actual out-of-pocket payment liability based on claims submitted as calculated in accord with the jury's determination of the appropriate per share formula to be applied to those claims, which invariably reduces the aggregate of "estimated damages" that reflect a theoretical

100% claims-rate, the recovery to the Class as a whole will not be reduced by the number of claims actually filed and approved, but rather individual claiming Class members will recover a higher percentage of their "estimated damages." The results achieved here are objectively excellent and, accordingly, support a high percentage and multiplier. Further, the results achieved, particularly at the economic level here, include the savings to the class in terms of delayed payment that would have ensued from a lengthy trial, post-trial motions and proceedings, post-judgment claims processing, Defendants' challenges to claims made, and post-judgment appeals could have extended the case out many years before, assuming plaintiffs survived all of those hurdles, Class members would have realized any recovery.

The Requested Fee Award In Relation to the Settlement

33. "When determining whether a fee request is reasonable in relation to a settlement amount, 'the court compares the fee application to fees awarded in similar securities class-action settlements of comparable value.'" *In re Comverse Tech., Inc.*, No. 06-CV-1825 (NGG) (RER), 2010 U.S. Dist. LEXIS 63342, at *10 (E.D.N.Y. June 24, 2010) (citation omitted). Researchers affiliated with NERA assembled data for the period 1991-1999 update showing that, exclusive of expenses, attorneys' fee awards in securities class actions cluster at between 31%-33% of the common fund recovery.[19] The following table shows this in the bottom row:

[19] *See* Todd S. Foster, Denise N. Martin, Vinita M. Juneja, Frederick C. Dunbar, Trends in Securities Litigation and the Impact of PSLRA, Figure 12 (June 1999). The more recent iteration of the study does not provide this information.

	1991	1992	1993	1994	1995	1996	1997	1998	Jun-99
Number of Settlements	48	79	90	101	104	104	98	80	29
Average Settlement (millions)	$6.3	$9.9	$8.3	$6.1	$10.7	$7.0	$7.9	$11.0	$6.0
Median Settlement (millions)	$3.7	$5.0	$4.4	$3.6	$4.8	$4.1	$3.2	$5.8	$4.3
Average Fee as a Percentage of Average Settlement	33%	27%	24%	34%	33%	31%	32%	31%	33%

34. According to the Eisenberg-Miller study,[20] the Class Action Reports data showed that of 483 securities class action settlements over the ten years from 1992 to 2002, the median fee percentages awarded in securities actions was 30% of the gross recovery. A Federal Judiciary Center study of class actions in four selected federal district courts with higher numbers of class actions found that median fee awards "ranged from 27% to 30%."[21] Accordingly, depending on circumstances in the particular cases, percentages higher than the median are as often as not awarded in class action cases similar to the Action.

35. Further, fee awards in securities and other class actions in this Circuit support the

[20] Theodore Eisenberg & Geoffrey P. Miller, *Attorneys Fees in Class Action Settlements: An Empirical Study*, 1 J. OF EMPIRICAL STUD. 27, 51 & table 1 (2004).

[21] Thomas E. Willging, Laura L. Hooper & Robert J. Niemic, *Empirical Study of Class Actions in Four Federal District Courts; Final Report to the Advisory Committee on Civil Rules 69* (Federal Judicial Center 1996).

requested 33-1/3% fee here. *See Sanchez v. MTV Networks*, No. 10 Civ. 7854, 2012 U.S. Dist. LEXIS 80810, at *7 (S.D.N.Y. June 8, 2012) (awarding 37.5% of recovery, plus expenses); *Anwar v. Fairfield Greenwich Ltd.,* No. 09-CV-118 (VM), 2012 U.S. Dist. LEXIS 78929, at *11 (S.D.N.Y. June 1, 2012) (awarding fee of one-third of the settlement fund plus expenses); *Alli v. Boston Mkt. Corp.*, No. 3:10-cv-00004-JCH, 2012 U.S. Dist. LEXIS 54695, at *9 (S.D.N.Y. Apr. 17, 2012) (awarding a fee of 33.33% of the settlement plus expenses); *In re Giant Interactive Group, Inc*., 279 F.R.D. 151, 166 (S.D.N.Y. 2011) (fee award equal to 33% of recovery, plus expenses); *Guippone v. BH S&B Holdings, LLC*, Case No. 09 Civ. 01029 (CM), 2011 U.S. Dist. LEXIS 126026, at *38 (S.D.N.Y. Oct. 28, 2011) (awarding fee of one-third of settlement plus expenses); *Johnson v. Brennan*, No. 10 Civ. 4712 (CM), 2011 U.S. Dist. LEXIS 105775, at *37 (S.D.N.Y. Sept. 16, 2011) (awarding fee of one-third of the settlement plus expenses); *Reyes v. Altamarea Group,* No. 10-CV-6451 (RLE), 2011 U.S. Dist. LEXIS 115984, at *19 (S.D.N.Y. Aug. 16, 2011) (awarding fee of one-third of settlement plus expenses); *In re China Sunergy Sec. Litig*, No. 07 Civ. 7895, 2011 U.S. Dist. LEXIS 53007, at *18 (S.D.N.Y. May 13, 2011) (awarding 33-1/3% of recovery, plus expenses); *Maywalt v. Parker & Parsley Petroleum Co.*, 963 F. Supp. 310, 313 (S.D.N.Y. 1997) (awarding 33.4% of common fund). *See also* Ex. 2 hereto (collecting additional cases awarding 33-1/3%% of the common fund recovered or more in the Second Circuit).

36. Additionally, awards in other Circuits for class action cases also support the fee percentage requested here. *See*, *e.g*., *United States Bancorp Litig*., 291 F.3d 1035, 1038 (8th Cir. 2002) (36%); *In re Southeastern Milk Antitrust Litig*., No. 2:07-cv-208, 2013 U.S. Dist. LEXIS 70167, at *31 (E.D. Tenn. May 17, 2013) (33 1/3%, totaling over $52 million); *In re Titanium Dioxide Antitrust Litig*., No. 10-cv-00318, 2013 U.S. Dist. LEXIS 176099, at *8 (D. Md. Dec. 13, 2013) (33 1/3% on $163.5 million); *Waters v. Cook's Pest Control, Inc.,* No. 2:07-cv-00394-

LSC, 2012 U.S. Dist. LEXIS 99129, at *43 (N.D. Ala. July 17, 2012) (awarding fees equivalent to "35% of the fund"); *In re Schering-Plough Corp.*, No. 08-1432, 2012 U.S. Dist. LEXIS 75213, at *17-*22 (D.N.J. May 31, 2012) (awarding 33-1/3% of recovery, plus expenses); *Payson v. Capital One Home Loans, LLC*, No. 07-CV-2282-DWB, 2009 U.S. Dist. LEXIS 25418, at *10 (D. Kan. Mar. 26, 2009) (fee awarding 40% of recovery, plus expenses); *In re Heritage Bond Litig*, 02-ML-1475-DT(RCx), 2005 U.S. Dist. LEXIS 13627, at *61 (C.D. Cal. June 10, 2005) (awarding 33-1/3% fee plus expenses); *In re Gen. Instrument Sec. Litig.*, 209 F. Supp. 2d 423, 431-34 (E.D. Pa. 2001) (awarding fee of 33-1/3% of the settlement fund, plus expenses). *See also* Ex. 3 hereto (collecting additional cases awarding 33-1/3%% of the common fund recovered or more).

Quality of Services Rendered By Counsel

37. This factor substantially overlaps with the factor of the results achieved discussed above, and some courts even discuss the results achieved within this factor, *see, e.g., In re Global Crossing Sec. & ERISA Litig.*, 225 F.R.D. 436, 467 (S.D.N.Y. Nov. 24, 2004), because the ultimate barometer of the quality of the services provided is the results achieved. Here, Lead Counsel, based on their experience in matters of this type, were able to efficiently and effectively marshal the facts and proceed apace with the Action. Less experienced counsel would have been less likely to be able to proceed with the same diligence or comprehend the relevant issues sufficiently to as effectively negotiate a settlement of the magnitude in terms of return to Class Members as was accomplished here.

38. The quality of the services is also evidenced by the low expenses in this case. The top floor for expenses listed in the Notice was $300,000, which is only 1.053% of the Settlement Fund. Lead Counsel is requesting even less than that. *Compare In re Genworth Fin., Inc. Sec. Litig.*, No. 1:14-02392-AKH, Dkt. No. 152-1 (S.D.N.Y. June 21, 2017) ($675,000 in

expenses; 3.375% of the $20,000,000 settlement fund); *In re Fuqi Int'l, Inc. Sec. Litig.*, No. 10-2515, 2016 U.S. Dist. LEXIS 20514, at *14 (S.D.N.Y. Feb. 19, 2016) ($252,602.58 in expenses; 3.36% of $7,500,000); *In re Weatherford Int'l Sec. Litig.*, No. 11-1646, 2015 U.S. Dist. LEXIS 3370, at *8 (S.D.N.Y. Jan. 5, 2015) ($1,381,724.59 in expenses; 2.632% of $52,500,000). Expenses in securities actions such as this, which are ultimately borne by the class (and, thereby, reduce the overall class recovery) are routinely in the millions of dollars. Lead Counsel's expertise in prosecuting cases of this nature is, thus, reflected in their prudent expenditures, which should also be rewarded.

39. Further, the quality and standing of opposing counsel is also important in evaluating the quality of the services rendered by Lead Counsel.[22] Defendants were represented by large national law firms that are among the most highly respected and skilled corporate litigators. Including attorneys at White & Case LLP ("White & Case), Wachtell, Lipton, Rosen & Katz ("Wachtell"), O'Melveny & Myers LLP ("O'Melveny"), and Morrison & Foerster LLP ("Morrison & Foerster"). Indeed, in undertaking the litigation, Lead Counsel knew from the outset that they would face the defense bar's leading practitioners who were compensated on a current, hourly basis with significant insurance coverage to pay for the cost of defense. The willingness of Lead Counsel to engage in such a "David v. Goliath" contest and the ability of Lead Counsel to obtain a favorable settlement for the Class in the face of such formidable legal

[22] Courts have continually recognized that the quality of the opposition faced by plaintiffs' counsel should be taken into consideration in assessing the quality of the plaintiffs' counsel's performance. *See, e.g.*, *Teachers' Ret. Sys.*, 2004 U.S. Dist. LEXIS 8608, at *20 ("The quality of opposing counsel is also relevant in evaluating the quality of services rendered by Plaintiffs' Counsel."); *Maley*, 186 F. Supp. 2d at 373 (noting that one factor supporting a 33-1/3% fee award was that defendants were represented by five law firms, including several "nationally prominent" firms); *NASDAQ Market-Makers*, 187 F.R.D. at 488 ("The quality of opposing counsel is also significant in considering the quality of services rendered by plaintiffs' counsel, as measured by the result achieved."); *In re Med. X-Ray Film Antitrust Litig.*, No. 93-5904, 1998 U.S. Dist. LEXIS 14888, at *23 (E.D.N.Y. Aug. 7, 1998) (among factors supporting 33% award of attorneys' fees was that "plaintiffs' counsel confronted defense counsel from highly respected law firms that raised several challenges to the merits of this case").

opposition further evidences the superior quality of their work, and this factor supports Lead Plaintiffs' request.

40. Moreover, as demonstrated by the Brower Piven firm resume, the lawyers representing Lead Plaintiffs have exceptional experience and reputations for success in the field of complex securities class actions and shareholder litigation. Their time summaries, the nature of the Action and the results achieved indicated that the services rendered were performed expeditiously and effectively. This reflects the high quality and practical, accumulated knowledge of counsel.

The Magnitude, Complexities and Risks of the Litigation

41. A securities case such as this one, "by its very nature, is a complex animal . . . ." *Clark v. Lomas & Nettleton Fin. Corp.*, 79 F.R.D. 641, 654 (N.D. Tex. 1978), *vacated on other grounds*, 625 F.2d 49 (5th Cir. 1980), *cert. denied*, 450 U.S. 1029 (1981), and navigating them requires a unique skill set. Moreover, courts have noted that "securities actions have become more difficult from a plaintiff's prospective in the wake of the PSLRA." *In re Ikon Office Solutions, Inc. Sec. Litig.*, 194 F.R.D. 166, 194 (E.D. Pa. 2000). This is borne out by a 2006 NERA study that found the dismissal rate at the initial pleading stage has doubled since the enactment of the PSLRA, accounting for 40.3% of the dispositions of federal securities cases. *See* Ronald I. Miller, Ph. D., Todd Foster, Elaine Buckberg, Ph.D., Recent Trends in Shareholder Class Action Litigation: Beyond the Mega-Settlement, Is Stabilization Ahead?, at 4 (NERA Apr. 2006). Indeed, the risk to Lead Counsel in these cases, given the fluidity of numerous questions under the federal securities laws, alone makes securities cases more difficult because a multi-million dollar action can be reduced by the stroke of a court's pen to a case with miniscule values that can not be economically litigated for an individual plaintiff.

42. Coupled with the Supreme Court raising the general pleading standards in *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007) and *Ashcroft v. Iqbal*, 556 U.S. 662 (2009), recent Supreme Court decisions have further affected the difficulty of a plaintiff to survive the pleading stage in federal securities cases. For instance, the United States Supreme Court's decision in *Morrison v. v. Nat'l Australia Bank*, 130 S. Ct. 2869 (2010), resulted in numerous classes being reduced in size or eliminated because they contained foreign investors who the Supreme Court determined have no claim under the federal securities laws – a change from decades of practice. While the Supreme Court had issued few decisions impacting private securities litigation cases before 2005, since then, it has issued numerous decisions impacting practice in the area, including, for example, *Morrison v. Nat'l Australian Bank Ltd.*, 561 U.S. 247 (2010), *Dura Pharms., Inc. v. Broudo*, 544 U.S. 336 (2005), *Tellabs, Inc. v. Makor Issues & Rights, Ltd.*, 551 U.S. 308 (2007), *Matrixx Initiatives, Inc. v. Siracusano*, 563 U.S. 27 (2011), *Merck & Co. v. Reynolds*, 559 U.S. 633 (2010), *Janus Capital Group, Inc. v. First Derivative Traders*, 564 U.S. 135 (2011) and *Amgen Inc. v. Conn. Ret. Plans & Trust Funds*, 568 U.S. 455 (2013). In addition, while the Supreme Court had not issued any opinions directly relevant to certification of litigation classes in securities cases since 1988, in 2011 and 2012 it issued two opinions that will impact certification in such cases in the future, *see Erica P. John Fund, Inc. v. Halliburton Co.*, 563 U.S. 804 (2011) and *Wal-Mart Stores, Inc. v. Dukes*, 564 U.S. 338 (2011). Moreover, the current Supreme Court docket reflects at least three cases that could impact the securities class action field.[23]

43. A 2016 survey by the National Economic Research Associates ("NERA") found that out of securities class actions filed and resolved between January 2000-December 2016,

[23] *See* https://www.dandodiary.com/2017/10/articles/securities-laws/three-key-securities-law-cases-supreme-courts-docket-term-begins/. One of the cases has settled and will no longer be on the docket. *See also* http://www.scotusblog.com/case-files/cases/china-agritech-inc-v-resh/.

where a decision on a motion to dismiss was reached, 44% percent were dismissed with or without prejudice, 30% granted in part and denied in part the motion to dismiss, and only 25% denied the motion to dismiss.[24] The NERA survey also notes that in 2016, more cases were dismissed than settled, "almost a third more cases were dismissed than settled," and there were "a record 149 dismissals in 2016, resulting in a near-record level of overall case resolutions."[25] The relatively low level of success is a measure of the risk counsel faced going into the present litigation. Indeed, here Lead Plaintiffs had not yet even survived the motion to dismiss stage. Little more proof then would seem required to demonstrate the risk to Lead Counsel undertaken in this Action.

44. Moreover, the class nature of the litigation adds risks associated with the number of "clients" the attorney is representing. A class counsel owes fiduciary duties to the members of the class as a whole. Whereas the relationship between client and counsel in the individual arena eliminates many issues and conflicts that arise in the course of representation, the interposition of a large number of absent class members makes it far more difficult for such issues to be resolved. That difficulty increases as the size of the class increases. Here, there were approximately 9,175 copies of the Notice (including ten that were remailed) sent to potential Class members (*see* Brower Decl.), and approximately 25,157,327 ordinary shares were offered to the public in connection with Cnova's initial public offering. Therefore, the responsibility undertaken by counsel for a class of that substantial size magnified the typical risks associated with class litigation.

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[24] Stefan Boettrich and Svetlana Starykh, Recent Trends in Securities Class Action Litigation: 2016 Full-Year Review Record Number of Cases Filed, Led By Growth in Merger Objections Highest Number of Dismissals in the Shortest Amount of Time, at 21 (NERA, Jan 2017), available at: https://www.supremecourt.gov/opinions/URLs_Cited/OT2016/16-373/16-373-1.pdf.

[25] *Id.* at 24.

45. Further, the complexity of the issues must be analyzed from the standpoint of risk to Lead Counsel of non-payment. The Action involved a plethora of difficult issues of law, especially due to the predominantly foreign aspects of this case. Thus, Lead Counsel's task was unusually complicated by the uncertainty and complexity of foreign procedural and legal issues, including, but not limited to, the ability to obtain compelled discovery in France, Holland and Brazil where the vast majority of the relevant witnesses and defendants are located, and the questionable enforceability of a U.S. opt-out class action judgment in those countries. Given the usual risks associated with complex shareholder litigation, and the particular circumstances and theories advanced by Lead Plaintiffs here, there can be no question that the magnitude, complexity and novelty of the issues presented in this litigation favor a high percentage and a substantial risk multiplier.

46. The lack of assistance from any governmental or other regulatory agency, such as the SEC, relating to the claims in the Action is another factor favoring a high percentage and a high risk multiplier. Lead Counsel developed this case from their own research, investigation, and discovery. Lead Counsel is not aware of any filed charges or claims (much less convictions or civil recoveries) by the Department of Justice, the SEC, or any other domestic or foreign governmental agency for violations of any federal or state securities laws against any of the Defendants arising out of the events at issue in this Action.[26] It appears the SEC informally inquired into the events underlying this Action at Cnova, but has yet to institute a formal order of investigation or take any other action against the Defendants in this Action. Thus, Lead Counsel was required to rely entirely on their own devices, creativity, and hard work to develop the facts

[26] The Company did announce in a July 22, 2016 press release that it disclosed its commencement of its internal review in December 2015 to the staff of the SEC's Division of Enforcement as well as the French Autorité des Marchés Financiers (AMF) and the Dutch Authority for the Financial Markets (AFM), and was cooperating with the agencies.

which, ultimately, resulted in the Settlement. The lack of such prior "ground work" magnified the difficulty of the task and risks undertaken.

47. The prosecution of the Action required an enormous investment of time and money by Lead Counsel. The entire burden of (a) developing the facts, (b) developing viable and probable theories of recovery, (c) the managing and organizing of a complex case; and (d) negotiating a complex and settlement, was borne by Lead Counsel. To expeditiously complete discovery and present this Settlement at the earliest practicable time (and, thus, expedite ultimate payment to Class members), Lead Counsel were required to forego work on other matters that might have been more remunerative. However, once Lead Counsel undertook this Action, they were obligated to provide the class with the best representation they could irrespective of the loss of other work. Clearly, Lead Counsel here fulfilled that responsibility as is best demonstrated by the work accomplished and the result achieved.

48. Moreover, compared to the firms representing Defendants, Lead Counsel's firm is quite small. For instance, White & Case has over 2,000 attorneys, Morrison & Foerster has over 1,000 attorneys, Wachtell has over 250 attorneys, and O'Melveny has approximately 750 attorneys.[27] The size of Lead Counsel's firm also reflects the relative size of its ongoing portfolio of cases. Given that, with few exceptions, Lead Counsel's firm specializes or concentrates in large, complex national class actions, the existing workload for the attorneys at this firm would certainly have put a strain on the attorneys and required them to forego work in other, potentially more profitable, matters to dedicate the necessary time and resources to this Action.

49. The contingent nature of the fee arrangement is also extremely important factor. Each of the factors discussed above intersect with the contingent fee arrangement. Absent a

[27] *See* vault.com.

contingent arrangement, none of the risks faced by Lead Counsel would exist and, therefore, payment on a current basis at their usual billing rates without a risk of non-payment, whether the attorneys' client prevails or not, would suffice. It is the contingency of non-payment that supports the percentage and the multiplier requested here, and all of the other *Goldberger/Grinnell* factors test how large that percentage and risk multiplier should be by weighing those risks. This is because even the most effective lawyer will not win all of his cases, and any determination of the reasonableness of his fees in a contingency case must take account of the lawyer's risk of receiving nothing for his services. Here, Lead Counsel's arrangement with their clients from the outset of this Action were that their fees would be on a fully contingent basis.

50. Lead Counsel dedicated substantial resources to prosecuting this Action despite the fact that, from its inception, there existed the significant possibility that the Action would be unsuccessful, that Lead Counsel would obtain no recovery and hence, Lead Counsel, no compensation. As the Second Circuit acutely observed:

> No one expects a lawyer whose compensation is contingent upon his success to charge, when successful, as little as he would charge a client who in advance had agreed to pay for his services, regardless of success. Nor, particularly in complicated cases producing large recoveries, is it just to make a fee depend solely on the reasonable amount of time expended.

Grinnell, 495 F.2d at 470-71 (citation omitted).

51. Unlike Defendants' counsel, who were paid on a current hourly, non-contingent basis, Lead Counsel undertook the most significant risk that they would receive no compensation for their considerable efforts on behalf of the Class. Like Defendants' counsel, however, Lead Counsel still had to meet a payroll and pay other bills, including rent, on a current basis. All of these expenditures were made with the knowledge that reimbursement was dependent on a favorable result and subject to this Court's discretion. Accordingly, the contingent nature of

Lead Counsel's arrangement with the clients, first and foremost, supports the fee percentage and multiplier requested here.

Time and Labor Expended By Counsel

52. This factor is more applicable to a lodestar/multiplier analysis rather than a percentage analysis. I note at the outset that the lodestar/multiplier approach, whether used as the method for determining an award of attorneys' fees or as a cross-check, suffers from all of the same deficiencies identified by the Third Circuit Task Force that led courts to move away from it in common fund cases and back to the percentage-of-the-recovery method. These deficiencies include: (a) increasing the workload of the judicial system; (b) being insufficiently objective and resulting in undesirable, inconsistent results; (c) creating the sense of mathematical precision that is unwarranted in terms of the realities of the practice of law that is misleading; (d) it is subject to manipulation and can be result-oriented; (e) it inevitably encourages lawyers to expend excessive hours, and engage in duplicative and unjustified work to inflate their time; (f) its emphasis on hours worked creates little or no incentive to settle cases at the earliest appropriate opportunity; (g) it deprives district courts of enough flexibility to reward or deter lawyers so that desirable objectives, such as early settlement, will be fostered; (h) its preoccupation with the lodestar computation deprives the trial court of much needed discretion to take proper account of the variousness of litigation; and (i) despite the apparent simplicity of the lodestar/multiplier formulation, there is considerable confusion and lack of predictability in its administration. *See* Task Force Report, 108 F.R.D. at 246-49. The history of this litigation supports the conclusion that Lead Counsel here eschewed all of these practical pitfalls and pressed for an extraordinary result achieved without concern for "building up their lodestar" that

the lodestar/multiplier result all too often invites.[28] This fact further supports the reasonableness of the use of the percentage method which rewards efficiency and early resolution of litigation, rather simply than recording hours.

53. Nevertheless, courts still use the lodestar/multiplier as at least a cross-check against the requested percentage. Therefore, I have been asked to analyze Lead Plaintiffs' fee request in this Action under that approach.

54. As discussed below, I believe:

(a) the rates set forth in the declaration of Lead Counsel used to arrive at their lodestar figure is commensurate with, and, in fact, lower than the rates charged by attorneys and paraprofessionals of comparable experience, skill and reputation in their communities as well as those with national practices who specialize or concentrate in the areas of complex securities, corporate governance and shareholder rights litigation;

(b) the rates set forth in the declaration of Lead Counsel used to arrive at the lodestar amounts are commensurate with, and, in fact, lower (and, indeed, in some cases substantially lower) than, the rates charged to hourly-paying clients by attorneys and paraprofessionals at firms that practice in the New York legal community who specialize or concentrate in the areas of complex securities, corporate governance and shareholder litigation and tend to be Lead Counsel's opponents in this and similar litigation; and

(c) the number of hours devoted by the attorneys who litigated this Action is not only within the range of reason based upon the work necessary to advance the Action to the current Settlement, but exceptionally low given the complex nature of this transnational litigation and the extraordinary result achieved.

[28] Lead Counsel should be rewarded for the outstanding result achieved, not punished because they resisted the urge to "bill as many hours as possible." *See In re Comverse Tech., Inc.*, No. 06-1825, 2010 U.S. Dist. LEXIS 63342, at *2 (E.D.N.Y. June 24, 2010).

55. Further, based on application of the relevant *Grinnell/Goldberger* factors, as discussed above, to Lead Counsel's lodestar and my knowledge of studies of fee awards and the fee award process in class actions of this type and magnitude, I believe that the $9,500,000 in requested attorneys' fees, or a 3.79 multiplier of the aggregate lodestar, represents fair and appropriate compensation for their services in the Action, and is supported by the dual goals of the lodestar/multiplier analysis to fairly compensate Lead Counsel for their time, the risk to counsel of non-payment undertaken at the outset of the case, the results achieved, and the public policy goals of deterring misrepresentations and omissions in connection with the public offering of securities.

Calculating the Lodestar

56. There are two separate and distinct steps to arrive at the lodestar amount. The first step requires determining whether the rates used by individual petitioning attorneys in their fee petition are reasonable. Extensive federal jurisprudence exists for guiding that determination, including using the regular hourly rates of each attorney charged to regular hourly clients for similar services; a comparison of the rates of other attorneys in the community in which the attorney primarily practices; the rates of other attorneys in the field of expertise in which the attorney specializes; and the expertise and standing of the counsel. The second step is to determine whether the hours expended by each attorney were reasonably spent and contributed to the ultimate benefit achieved for the class.

57. As a starting point, it is essential to understand that the class action fee-setting process is intended to replicate the practice in the private marketplace[29] where contingent

[29] *See, e.g., In re Continental Ill. Sec. Litig.*, 962 F.2d 566, 572 (7th Cir. 1992) (Posner, C.J.) ("The object in awarding a reasonable attorney's fee . . . is to simulate the market. . . . The class counsel are entitled to the fee they would have received had they handled a similar suit on a contingent fee basis, with a similar outcome, for a paying client."); *In re RJR Nabisco, Inc. Sec. Litig.*, No. 88-7905, 1992 U.S. Dist. LEXIS

percentage fee arrangements are typically one-third or more of the recovery. *Blum*, 465 U.S. at 903 (Brennan, J., concurring); *see In re Warner Commc'ns. Sec. Litig.* 618 F. Supp. 735, 749 (S.D.N.Y. 1985), *aff'd*, 798 F.2d 35 (2d Cir. 1986) ("Traditionally, courts in this Circuit and elsewhere have awarded fees in the 20%-50% range in class actions.") (citations omitted); *In re China Sunergy Sec. Litig*, No. 07 Civ. 7895, 2011 U.S. Dist. LEXIS 53007, at *18 (S.D.N.Y. May 13, 2011) (approving an award of 33 and 1/3% of the settlement fund).[30]

Billing Rates

58. The lodestar analysis begins by testing the reasonableness of the billing rates charged by plaintiffs' counsel. The courts generally use the current[31] billing rates of the attorneys prevailing in "the relevant market, *i.e.*, 'in line with those [rates] prevailing in the community for similar services by lawyers of reasonably comparable skill, experience, and reputation.'" *Missouri*, 491 U.S. at 286 (quoting *Blum*, 465 U.S. at 896 n.11); *see also* LeBlanc-Sternberg v.

12702, at *20 (S.D.N.Y. Aug. 24, 1992) ("What should govern [fee] awards is not the essentially whimsical view of a judge, or even a panel of judges, as to how much is enough in a particular case, but what the market pays in similar cases. . . .").

[30] *See also In re Philips/Magnavox TV Litig.*, No. 09-3072, 2012 U.S. Dist. LEXIS 67287, at *55 (D.N.J. May 14, 2012) ("Attorneys regularly contract for contingent fees between 30% and 40% with their clients in non-class, commercial litigation."); *In re Remeron Direct Purchaser Antitrust Litig.*, No. 03-0085, 2005 U.S. Dist. LEXIS 27013, at *46 (D.N.J. Nov. 9, 2005); *McDaniel v. Qwest Commc'ns Corp.*, No. 05-1008, 2011 U.S. Dist. LEXIS 154591, at *11-*12 (N.D. Ill. Aug. 29, 2011) ("[T]he real-world market range for contingent fee cases is 33% to 40%."); *In re Ikon Office Solutions, Inc.*, 194 F.R.D. 166, 194 (E.D. Pa. 2000) ("In private contingency fee cases, particularly in tort matters, plaintiffs' counsel routinely negotiate agreements providing for between thirty and forty percent of any recovery."); *In re Orthopedic Bone Screw Prods. Liab. Litig.*, MDL No. 1014, 2000 U.S. Dist. LEXIS 15980, at *29 (E.D. Pa. Oct. 23, 2000) ("[T]he court notes that plaintiffs' counsel in private contingency fee cases regularly negotiate agreements providing for thirty to forty percent of any recovery").

[31] The use of current rates to calculate the lodestar figure has been repeatedly endorsed by courts as a means of accounting for the delay in payment inherent in class actions and for inflation *See*, *e.g.*, *Missouri v. Jenkins*, 491 U.S. 274, 283-84 (1989) ("an appropriate adjustment for delay in payment" by applying "current" rate is appropriate), *aff'd sub nom.*, *Jenkins v. Missouri*, 931 F.2d 1273 (8th Cir. 1991); *Pennsylvania v. Delaware Valley Citizens' Council for Clean Air*, 483 U.S. 711, 716 (1987); *Gierlinger v. Gleason*, 160 F.3d 858, 882 (2d Cir. 1998) (rates "should be 'current rather than historic'") (citation omitted); *Skelton v. General Motors Corp.*, 860 F.2d 250, 255 n.5 (7th Cir. 1988), *cert. denied*, 493 U.S. 810 (1989) ("The courts in this circuit generally use current rates"); *Johnson v. Univ. Coll. of Univ.of Alabama*, 706 F.2d 1205, 1210-11 (11th Cir. 1983), *cert. denied*, 464 U.S. 994 (1983); *Copeland v. Marshall*, 641 F.2d 880, 893 (D.C. Cir. 1980) (*en banc*).

Fletcher, 143 F.3d 748, 764 (2d Cir. 1998) (current rates "should be applied in order to compensate for the delay in payment").

59. While attempts have been made at modeling billing rates,[32] attorney rate-setting is not a science. In *Blum*, the Supreme Court noted the difficulty in lighting upon a particular appropriate billing rate:

> We recognize, of course, that determining an appropriate "market rate" for the services of a lawyer is inherently difficult. Market prices of commodities and most services are determined by supply and demand. In this traditional sense there is no such thing as a prevailing market rate for the service of lawyers in a particular community. The type of services rendered by lawyers, as well as their experience, skill and reputation, varies extensively - even within a law firm. Accordingly, the hourly rates of lawyers in private practice also vary widely. The fees charged often are based on the product of hours devoted to the representation multiplied by the lawyer's customary rate. But the fee usually is discussed with the client, may be negotiated, and it is the client who pays whether he wins or loses. The § 1988 fee determination is made by the court in an entirely different setting: there is no negotiation or even discussion with the prevailing client, as the fee-found to be reasonable by the court-is paid by the losing party. Nevertheless, as shown in the text above, the critical inquiry in determining reasonableness is now generally recognized as the appropriate hourly rate. ***And the rates charged in private representations may afford relevant comparisons.***

Blum, 465 U.S. at 895 n.11 (emphasis added).

60. As is clear from the above, the term "community" is not limited to geography, but to a broader "marketplace," including the specialty in which the subject attorney practices. While billing rates reflect, to some extent, the cost of living, taxes, or overhead in a particular locale, these are only a few of the relevant rate-setting factors. A myriad of other factors impact billing rates. These include, but are not limited to, the competitive cost of employing associates with credentials that meet the firm's requirements and permit the firm to provide representation to its clients equal in quality to that provided by its typical opponents; the rates billed by competitors; the rates billed by those firms that practice on an hourly basis in the same field or

[32] *See, e.g.,* Bower, Ward, Pricing Legal Services, Altman Weil, Inc., March 2004 Brennan, William F., New Survey Focuses On Law Firm Economics, Altman Weil, Inc., November/December 2008.

specialty; and the experience, standing, reputation, and expertise of the individual attorneys and the firm as a whole.

61. For instance, no one would dispute that Clarence Darrow, while practicing in Chicago, would be entitled to bill at the highest rates the market would bear for his services elsewhere in the country even if those rates were significantly higher than rates generally charged by other, less renowned litigators in his particular geographic locale. The same is true for some of the attorneys at Lead Counsel's law firm who, after decades of training and experience, are among the leading practitioners in the fields of class actions, securities, corporate governance and shareholder rights litigation. Likewise, Lead Counsel's law firm has, by prosecuting novel and difficult cases over the years to successful and unsuccessful conclusions, developed a reputation known, through direct opposition or word-of-mouth, to the defense bar for creativity, tenacity, and the ability and willingness to prosecute high risk, complex and expensive cases to the end. The knowledge of the defense bar that Brower Piven has the will and wherewithal to press the class claims to the end and not be influenced by the potential immediate compensation versus recovering the highest practical amount for the class achievable impacts the hourly rate-setting process because it translates into their clients' claims being taken more seriously and the subliminal message sent that the cost to the defendants to resolve the claims will likely be higher than if plaintiff was represented by less qualified or more reticent counsel. Thus, the psychological advantage gained from a firm's reputation and prior success, built over decades, enhances the rates that such a firm can charge.

62. For example, as United States District Judge P. Kevin Castel of this Court remarked regarding Brower Piven where the court awarded fees in the amount of one-third of the Class recovery:

> I have considered the experience of plaintiff's counsel. Mr. Brower of Brower Piven has done a remarkable job in this case. It has not been easy going for him, it hasn't been easy going for the defendants, nor has this been the easiest case for the Court. But he has stayed with it, and I suspect that it may have been the kind of case that there may have been days and hours where class counsel wondered whether from a personal standpoint the best decision was to take on the case. I can readily understand why that might be the case; yet, as a fiduciary having signed on, there is, thereafter, no choice but to bring the ship into port one way or another and ride it to conclusion, and Mr. Brower has done that.

The Pennsylvania Avenue Funds v. INYX Inc. et al., 1:08-cv-06857 (PKC), Transcript of Proceedings on May 4, 2012 (Dkt. No. 300).

63. As *Blum* states, "the rates charged in private representations may afford relevant comparisons." Thus, here, one of the best objective indicators of the "market rate" is the rates charged by the firms that typically represent defendant corporations and executives on an hourly basis in similar high-stakes litigation. For the most part, firms that defend shareholder class actions are so-called "national" law firms, many of which are headquartered in New York City. These are the firms that Lead Counsel here routinely confronts in litigation and with whom Lead Counsel must compete in the specialized field to successfully represent their clients.

64. The billing rates used to arrive at the lodestar amount were appropriate in my view. The partner rates[33] of Lead Counsel's firm who worked on this Action range from $775 to $995 per hour. While data on billing rates is not easy to find, I am aware, from my research, from published anecdotal surveys, and from interactions with lawyers at national defense-side firms, that the billing rates charged by the firms that oppose Lead Counsel in this and similar actions are significantly higher than the top rate of $995 charged by one of Lead Counsel's attorneys – indeed billing rates of senior partners at the large New York firms that defend class

[33] Brower Piven has two managing partners, a director, and a former director who worked on this Action who are comparable to partners, and, therefore, the term partners will be used for them.

action securities cases now "nudg[e] $1,500 per hour."[34]

65. The blended rate for the partners at Lead Counsel's firm that worked on this Action was a lower $892.50 per hour. The highest billing partner rate charged by Lead Counsel was David A.P. Brower from Brower Piven (Court-appointed lead counsel), a 1981 law school graduate who has, *inter alia*, almost 35 years of experience specializing in securities class action litigation, has practiced before virtually every federal court of appeals, including numerous times before the Second Circuit, where he successfully argued for reversal in a case which resulted in a landmark decision on the scope and application of SEC Item 303 (*Litwin v. The Blackstone Group, L.P.*, 634 F.3d 706 (2d Cir. 2011), *cert. denied*, 565 U.S. 878 (2011)), was lead counsel in a Section 10(b) action where the U.S. Supreme Court rendered a 9-0 decision in favor of plaintiffs (*Merck & Co., Inc. v. Reynolds*, 559 U.S. 633 (2010)), and has successfully argued class action and shareholder issues before the highest courts of numerous states including an unanimous landmark decision before an *en banc* panel of the Supreme Court of Delaware that established the requirements for standing in a post-merger double derivative action (*Lambrecht v. O'Neal*, 3 A.3d 277 (Del. 2010)) and a unanimous decision from the Maryland's highest court establishing in that state the duties of directors to their company's shareholders in connection with a going private merger transactions (*Shenker v. Laureate Education*, 983 A.2d 408 (Md. 2009)).[35] Mr. Brower's current billing rate is $995 per hour. I submit that attorneys with that level of experience and success, irrespective of their place of residence, now regularly bill clients for their services close to $1,500 an hour or more.

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[34] *See* Neil, Martha, "Top Partner Billing Rates At BigLaw Firms approach $1,500 Per Hour." ABA Journal. 8 Feb. 2016, available at http://www.abajournal.com/news/article/top_partner_billing_rates_at_biglaw_firms_nudge_1500_per_hour.

[35] *See Teachers' Ret. Sys. of La. v. A.C.L.N., Ltd.*, No. 01-11814, 2004 U.S. Dist. LEXIS 8608, at *20 (S.D.N.Y. May 14, 2004) (noting that the skill and prior experience of counsel in the specialized field of shareholder securities litigation is relevant in determining fair compensation).

66. Reliable data on large national defense firm's billing rates is difficult to obtain. According to the National Law Journal, respondents were asked to provide a range of hourly billing rates for partners and associates, but many firms did not supply the data. For 2016, for example, three of the defense firms in this Action were not listed in the survey.[36] Nevertheless, by comparison, based on the limited publicly available data and although I could not locate any recent billing rate data specific to the attorneys who worked on the matter, according to a recent bankruptcy filing, a partner at White & Case, a firm that defended this Action against Lead Counsel, bill at rates higher than those billed by Lead Counsel. A partner admitted to practice in 1992, about ten years after Mr. Brower, billed $1,025 per hour in 2015. *See In re Revel AC, Inc. et al..*, No. 14-22654, Attorneys Fee Application Cover Sheet, Dkt. No. 1971 (Bankr. D.N.J. Aug. 13, 2015). Presumably, White & Case has raised its rates over the past two years. Another defense firm that represented defendant German Quiroga in this Action, Morrison & Foerster, also charges rates higher than Lead Counsel here. For example, a partner licensed in 2001 (almost 20 years Mr. Brower's junior) charged $1,075 per hour, and another one licensed in 1996 charged $1,125 per hour in 2017. *See In re 21st Century Oncology Holdings, Inc., et al.*, No. 17-22770, First Interim Application of Morrison & Foerster LLP as Counsel, Dkt. No. 679 (Bankr. S.D.N.Y. Nov. 14, 2017).

67. Information on Wachtell's billing rates could not be located. But, the primary attorney who worked on this matter was George T. Conway III, a partner with Wachtell since 1994, who based on experience, and the fact that Mr. Conway was reported to be the nominee for the position of Assistant Attorney General to head the Civil Division at the U.S. Department of Justice (but later choose to withdrew himself from consideration), one can surmise bills at the

[36] *See* National Law Journal, "2016 NLJ Billing Report." The only rate provided for White & Case was the counsel billing rate average for all attorneys at the firm, which was $830 per hour.

higher end of New York attorneys. As another example, senior partners at O'Melveny, a firm that represented the Underwriters here against Lead Counsel, bill at rates higher than those billed by Lead Counsel. Although, I could not locate any recent billing rate data specific to the attorneys who worked on the matter, according to a recent bankruptcy filing, a partner admitted to practice in 1982 (the same year Mr. Brower was admitted) billed $1,175 per hour in 2016. Another partner admitted in 1991 billed $1,075 per hour in 2016. *See In re Colt Holding Co. LLC, et al.*, No. 15-11296, Sixth Monthly and Final Application of O'Melveny & Myers LLP, Dkt. No. 957 (Bankr. D. Del. Feb. 29, 2016).

68. The examples above clearly support the rates charged by Lead Counsel. But, other comparisons exist. The firms (and in particular the attorneys) who regularly practice in the area of securities class action and shareholder litigation also routinely participate in sophisticated corporate bankruptcy litigation. According to articles, the rates for bankruptcy lawyers at the firms that regularly represent defendants in securities class actions and shareholder litigation has already reached or exceeded $1,500 per hour. *See* Neil, Marta, *supra* ("With the help of public filings in Chapter 11 bankruptcy cases, the newspaper was able to confirm hourly fees of as much as $1,475 at Proskauer Rose, $1,450 at Ropes & Gray and $1,445 at Kirkland & Ellis. Rates at Akin Gump Strauss Hauer & Feld and Skadden Arps Slate Meagher & Flom topped out at $1,425."). The Wall Street Journal also noted that bankruptcy filings have shown that "in some of the largest chapter 11 cases filed last year . . . some law firms have increased their maximum partner rates to approach $1,500 per hour. Many senior partners routinely billed between $1,200 and $1,400 an hour last year."[37] It is hard to imagine the firms here billing at rates less than their peers.

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[37] Palank, Jacqueline, Bankruptcy Provides Window Into Law Firm Billing Practices." Wall Street Journal. 16 Feb. 2016, available at https://blogs.wsj.com/bankruptcy/2016/02/08/bankruptcy-provides-

69. Another article by *The Wall Street Journal* also noted that "[d]espite low inflation and weak demand for legal services, rates at large corporate law firms have risen by 3% to 4% a year" and providing similar statistics as the ABA Journal on top partner rates based on bankruptcy filings.[38]

70. This further confirms that partners at firms that frequently represent defendants in securities class actions billed at hourly rates (and no doubt at higher rates today for those where the information was only available from several years ago) higher than the rates currently charged by the principal counsel who performed the services for Lead Plaintiffs in the Action.

71. The only caveat I wish to make regarding the above is that the bankruptcy billing rate information for these large defense firms was available through public records only because these firms were required to apply for approval of their fees by the bankruptcy courts in connection with performing legal services to a debtor estate. In that regard, I have personal knowledge that billing rates charged for bankruptcy matters by large firms are often discounted before submission of such fee applications to the courts. Therefore, in addition to the rates in the chart above likely being lower than current rates due to typical annual rate increases at these firms, the rates may also be lower than what the same attorneys charge non-debtor clients where court approval of their fees is not required.

72. In addition, Lead Counsel must compete with large, national firms in salaries and benefits to attract equally qualified associates as those employed by their adversaries. For example, Yelena Trepetin and Daniel Kuznicki, the associates at Brower Piven who devoted the most time to this Action were admitted in 2007 and 2008, respectively, and billed at rates of

window-into-law-firm-billing-practices/.

[38] Palank, Jacqueline, *et al.*, "Legal Fees Cross New Mark: $1,500 an Hour." Wall Street Journal. 9 Feb. 2016, available at https://www.wsj.com/articles/legal-fees-reach-new-pinnacle-1-500-an-hour-1454960708.

$645 and $600 per hour, respectively. In comparison, based on the bankruptcy filings cited above, the obtainable billing rate for a 2009 associate at White & Case was $665. Morrison & Foerster associates licensed in 2008 billed as high as $825 per hour. While at O'Melveny, a 2008 associate billed as high as $815, and a 2007 associate billed as high as $775. Thus, Lead Counsel's associate rates appear to be lower than what would be considered the "going rate."

73. As noted, reliable data on large national defense firm's billing rates is difficult to obtain. Further, information on foreign-speaking/foreign attorneys specialized in certain fields is even harder to come by. Here, Lead Counsel hired Brazilian attorneys who speak Portuguese as their primary language and are also fluent in English as Of Counsel for the firm, as well as two Portuguese-speaking investigators (one of whom also spoke French), to assist with discovery, analyze the documents in this Action, which were primarily in Portuguese and French, and assist the senior attorneys at Brower Piven in their due diligence and examinations of Cnova agents produced by Defendants. These attorneys and investigators were billed at rates that I find to be reasonable given their educations, seniority, experience, and necessary specialized skills. Based on my experience, foreign-speaking individuals, like those hired here, normally bill at premium rates due to their specialties and skill set. Here, however, the Brazilian Of Counsel were billed at or below the rates that Brower Piven bills for American associates of the firm at the same graduation years and experience.

74. The blended current hourly rates of the attorneys litigating the Action on behalf of the class who performed the vast majority of the partner and associate level work on this matter fall well behind those of national firms that regularly represent defendants throughout the country in federal securities litigation and fall well within (and, indeed, more likely below) the range of rates charged by firms with offices in NYC who perform similar work as Lead Counsel's adversaries in the defense bar.

75. Further, according to the Brower Declaration, the rates used to calculate the lodestar are the normal hourly rates charged by Lead Counsel and do not contain any special fees, surcharges or enhancement for in-court appearances, complex litigation, the contingent nature of the fee arrangement, or other special types of work.[39]

76. Based upon the foregoing analysis and my experience, I believe that Lead Counsel's rates are not only competitive hourly rates in the legal community for litigating cases of this sort -- complex class action securities cases -- but below those charged for attorneys with comparable experience and reputations in the field of securities litigation. In the end, Lead Counsel employed approximately ten attorneys to work from time-to-time on this case, and their blended billing rate was $709 per hour, which in my experience is reasonably comparable to attorneys who specialize in complex securities litigation involving public corporations. Courts have repeatedly found rates charged by plaintiffs' counsel in class actions that are comparable to those at issue here to be reasonable given the nature of such work and the risks associated with financing class actions.[40]

<u>Hours Expended</u>

77. I have also examined the number of hours expended by Lead Counsel who worked on this Action. Looking at the time expended and comparing them to the work performed, the hours spent appear well within, and indeed below, the ordinary and usual hours in cases of similar size and complexity. As shown by the more detailed description of the procedural history of this litigation and work performed by Lead Counsel described in the Brower Declaration and as demonstrated by the pleadings, this was a complex case. The effort

[39] *See, e.g.*, *Islamic Ctr. v. Starkville*, 876 F.2d 465, 469 (5th Cir. 1989) ("When an attorney's customary billing rate is the rate at which the attorney requests the lodestar be computed and that rate is within the range of prevailing market rates, the court should consider this rate when fixing the hourly rate to be allowed. When that rate is not contested, it is *prima facie* reasonable.").

[40] Unfortunately cases on attorneys' fees do not typically discuss rates.

of Lead Counsel involved, among other things, a detailed investigation of the claims, including the use of economics, financial and damages experts; researching and preparing the detailed consolidated amended complaint and the Amended and Supplemental Consolidated Class Action Complaint; mastering and utilizing the highly legal, financial, and other principles relevant to the Action (including foreign aspects of the Action); obtaining discovery from Defendants; consulting with foreign attorneys in England, France and Brazil; analyzing approximately one million of pages of documents, including 175,000 documents produced by Defendants; interviewing the lead investigator to discuss the analysis that was completed during the course of the internal investigation and counsel to Cnova who led the internal investigation of events in Brazil; and lengthy, difficult, multi-constituency negotiations of the settlement, including two separate mediations with a team of defense counsel, representatives of Cnova, representatives and/counsel from the primary and excess insurance carriers, Defendants' financial expert and French counsel, and counsel for the Underwriters, overseen by a retired judge, and then the terms of the Stipulation and Agreement of Settlement and the exhibits thereto; providing information to members of the Class, in addition to that mandated in the Court-ordered notice program; and throughout resolving and dealing with, before the Court or between the parties, the many typical disputes and "gamesmanship" that arise in high-stakes corporate class action litigation. Considering the amount of work done as described in the submissions in support of the fee application, this time is, in my experience, modest for a case of this type and magnitude, particular where the result achieved is so high. The foregoing strongly suggests that Lead Counsel successfully avoided unnecessary expense, minimized duplicative effort, and efficiently prosecuted the case to a successful result. That Lead Counsel, including the costs of various experts and a mediator, incurred $163,778.44 in expenses, further suggests a tight rein on expenditures of both time and money.

78. There are several ways clients analyze legal fees to determine whether they are reasonable. In my experience in cases such as this, clients often look at the staffing to see if there has been use of an excessive number of attorneys employed on their cases. The time records of Lead Counsel also indicate that work was allocated on a compartmental basis in a traditional organizational triangle. More junior attorneys accomplished less sophisticated projects, while more senior attorneys accomplished work commensurate with their greater sophistication and experience.

79. Also, where practical and appropriate, work appears to have been performed by associates. By far, the overwhelming bulk of the work was done by attorneys with appropriate, but not excessive, seniority to handle level-appropriate aspects of the Action. In sum, my analysis indicates that Lead Counsel put in the time necessary to achieve a successful result but did so in an efficient manner. For example, the allocation between partners and associates evidences this with 867.30 hours of partner time and 1,476.05 hours by associates at various levels. I also believe that the work performed did not duplicate, but enhanced, the efforts of Lead Counsel and assured conformance with this District's and this Court's rules.

80. Further, it is worth noting that the partners who worked on this case at Lead Counsel's firm counted among them highly experienced practitioners in the field of class and representative litigation who practice nationwide. The expertise of the Lead Counsel undoubtedly contributed to efficiency and reduced hours. The familiarity with the law underpinning Lead Counsel's claims in the Action, much of which was developed in litigation throughout the country over decades of practice, eliminated the need to research and absorb fundamental questions of law that less experienced counsel who would have needed to spend many hours learning while facing a vigorous defense from highly experienced, well-financed

defense counsel who themselves have participated in many federal securities actions throughout the country over the years.[41]

81. I emphasize that the number of hours expended by Lead Counsel to accomplish a large number of difficult and complex tasks not only militates in favor of the reasonableness of their regular billing rates, but vindicates the reason courts have reverted to the percentage-of-the-fund method for awarding attorneys' fees. As the Task Force report explains, "[p]erhaps the sharpest attack on the [lodestar/multiplier] regime is the claim that its preoccupation with attorneys' time and market rates encourages the expenditure of excessive or unnecessary hours." 108 F.R.D. at 262. Here, Lead Counsel should be rewarded for avoiding the very pitfall that had led most courts and commentators to advise abandoning the lodestar approach in common fund cases.

82. Based on the foregoing, it is my opinion that (a) the rates charged by Lead Counsel are commensurate with (or lower than) the rates prevailing in the community for attorneys who practice in the same fields in which these attorneys specialize both nationwide and in New York City; and (b) that the number of hours billed were relatively modest to accomplish the work performed in the Action in the time period required. Therefore, it is my opinion that the lodestar amount, based on 3,741.80 hours, reasonably reflects what Lead Counsel would have been paid if they had been retained on a non-contingent hourly basis for similar services similar to those provided to the class in this Action.

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[41] *See, e.g.*, *Bullock v. Admin. of Kircher's Estate,* 84 F.R.D. 1, 17 (D.N.J. 1979) ("It is also clear that but for the expertise which Plaintiffs' counsel had developed in prior litigation of this type, many more hours would have been expended in prosecuting this case. . . . It is ironic that less experienced counsel would have spent more time in discovery and in litigating the question of class certification, thereby elevating the lodestar figure. Certainly, it would be unfair to penalize Plaintiffs' counsel for reducing the number of hours actually spent in preparing this matter for trial.").

<u>The Multiplier</u>

83. Once the lodestar figure is determined, then the Court must determine whether to augment the lodestar by a multiplier utilizing the *Goldberger/Grinnell* factors (the same factors discussed above to set the appropriate percentage of the common fund to award), or any other factors that the Court deems appropriate to the particular case before it. The Court, in its discretion, may vary the weight accorded to different factors depending upon the circumstances of the case before it.[42] Moreover, depending upon the specific facts of the case, the court may decide to emphasize certain factors and totally ignore others as it deems appropriate. Indeed, rarely are all of the *Goldberger/Grinnell* factors applicable.[43]

84. For instance, while the billing rates of counsel certainly reflect their experience, expertise, and innumerable other quantifiable and unquantifiable variables (many of which have been discussed above), the billing rate analysis is intended solely to arrive at the rate that an hourly-paying client would have to pay for the services of an attorney (or firm) of comparable experience, expertise and standing to represent the client in the litigation. Under that analysis, the attorney has no risk of non-payment or delayed payment, whether the attorney succeeds in obtaining a satisfactory result for the client or not, or whether or not the result would be approvable by a court under Fed. R. Civ. P. 23(e). In *Blum*, the Supreme Court recognized that "[l]awyers operating in the marketplace can be expected to charge a higher hourly rate when their compensation is contingent on success than when they will be promptly paid irrespective of whether they win or lose." 465 U.S. at 903 (approving the use of multipliers to augment reasonable billing rate to compensate, *inter alia*, for the uncertainty of payment).

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[42] *See, e.g., Brown*, 838 F.2d at 456 (inherent differences between statutory fee and common fund cases justify a trial court's decision to assign different relative weights to the *Johnson* factors).

[43] *See, e.g., Ramos v. Lamm*, 713 F.2d 546, 552 (10th Cir. 1983); *Wheeler v. Durham City Bd. of Ed.*, 88 F.R.D. 27, 34 (M.D.N.C. 1980) (finding that the nature of the relationship between attorney and client was irrelevant in determining fee award).

85. In contrast, the multiplier side of the equation focuses on whether the hours billed and resulting lodestar should be augmented and takes into account the fact that counsel was not paid by the hour, that payment was delayed rather than made on a monthly basis, that the fees were dependent on achieving a result that the Court and the Class considered a fair, reasonable and adequate resolution of the claims asserted, the quality of the services actually provided, the difficulty of the claims undertaken at the time of retention, the commitment made by the attorneys and their firms to the matter, and, most importantly, the risk of non-payment.[44]

86. The risk multiplier is also intended to mimic the marketplace for contingent fee representation and to create an incentive for counsel to come forward to represent clients in difficult and uncertain cases.[45] As set forth in the Brower Declaration, there is no question that Lead Counsel faced significant risks, complex and difficult factual and legal issues, and substantial opposition. Moreover, a court must assess the riskiness of the litigation by measuring

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[44] *See, e.g., Goldberger*, 209 F.3d at 54 ("We have historically labeled the risk of success as 'perhaps the foremost' factor to be considered in determining whether to award an enhancement."); *Foster v. Boise-Cascade, Inc.*, 577 F.2d 335, 337 n.1 (5th Cir. 1978) (Vance, J., partially dissenting on other grounds) ("Few among us would contend that an operation by a gifted surgeon who removes an appendix in fifteen minutes is worth only one-sixth that performed by his marginal colleague who requires an hour and a half for the same operation."); *Grinnell*, 495 F.2d at 471 ("[w]e are not under the illusion that a 'just and adequate' fee can necessarily be ascertained by merely multiplying attorney's hours and typical hourly fees" and that "[n]or, particularly in complicated cases producing large recoveries, is it just to make a fee depend solely on the reasonable amount of time expended.'"); *In re Prudential*, 985 F. Supp. 410, 414 (D.N.J. 1997), *aff'd*, 107 F.3d 3 (3d Cir. 1997) ("Because counsel who rendered services were not being compensated for their work as it was being performed and because of the significant risk that they might never receive any compensation if the action was unsuccessful, courts have, when warranted, applied a multiplier to the lodestar to arrive at a fair contingent fee."); *In re Linerboard Antitrust Litig.*, MDL No. 1261, 2004 U.S. Dist. LEXIS 10532, at *49 (E.D. Pa. June 2, 2004) (multiplier used to "reflect the risks of nonpayment facing counsel, to serve as an incentive for counsel to undertake socially beneficial litigation, or as a reward to counsel for an extraordinary result").

[45] *See, e.g., Florin v. Nationsbank of Georgia, N.A.*, 60 F.3d 1245, 1247 (7th Cir. 1995) (*Florin II*); *Gaskill v. Gordon*, 160 F.3d 361, 363 (7th Cir. 1998) ("Because they shift part of the risk of loss from the client to the lawyer, contingent-fee contracts usually yield a larger fee in a successful case than an hourly fee would.").

the probability of success of this type of case at the outset of the litigation.[46] As the Ninth Circuit noted in the landmark *Blackie v. Barrack*, 524 F.2d 891 (9th Cir. 1975), "[f]or what it is worth . . . the empirical evidence indicates that a relatively high proportion of class actions are not settled, but disposed of in defendant's favor on preliminary motions." *Id*. at 900 n.15.

87. Moreover, the need to encourage attorneys to undertake difficult and unique cases, where ultimate recovery is far from assured, like this case, militates in favor of applying a significant multiplier to the lodestar. As then Professor (and who was also a Circuit Court Judge until September 2, 2017) Richard A. Posner explained, "'the award of substantial attorneys' fees to the lawyers for the plaintiffs in a successful . . . class action is important in order to encourage the bringing of such actions . . . An award limited to normal time charges would, in my judgment, typically under compensate the lawyers for the class.'"[47]

88. Substantial multipliers are particularly appropriate in securities class actions, which tend to be difficult, risky, time-consuming and expensive to prosecute. These cases, pursued on a class basis, are among the most difficult to litigate, require a high degree of sophistication by specialists, are defended by the largest, best financed, and most sophisticated law firms, and involve risks in terms of dedication of resources, expenditure of time, personal sacrifice of the attorneys involved, and potential for non-payment.

89. Lead Counsel here seek a 3.79 multiplier of their time. Courts in the Second

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[46] *See, e.g., Goldberger*, 209 F.3d at 55 ("It is well-established that litigation risk must be measured as of when the case is filed."); *DiFilippo v. Morizio*, 759 F.2d 231, 234 (2d Cir. 1985) (analysis should not be based on "hindsight," but rather "an *ex ante* determination"); *Florin v. Nationsbank of Georgia, N.A*, 34 F.3d 560, 565 (7th Cir. 1994); *Harman v. Lyphomed, Inc.*, 945 F.2d 969, 976 (7th Cir. 1991) (contingent multiplier "is designed to reflect the riskiness of the case at the outset"); *Skelton v. General Motors Corp.*, 860 F.2d 250, 258 (7th Cir. 1988) ("The point at which Plaintiff settle with defendants . . . is simply not relevant to determining the risks incurred by their counsel in agreeing to represent them."); *Lindy II*, 540 F.2d at 112, 117-18 (same).

[47] *See*, *e.g.*, *Phemister v. Harcourt Brace Jovanovich, Inc.*, No. 77-39, 1984 U.S. Dist. LEXIS 23595, at *37 (N.D. Ill. Sept. 14, 1984) (quoting Affidavit of Richard A. Posner, Esq. submitted in *Arenson v. Board of Trade*, 372 F. Supp. 1349 (N.D. Ill. 1974)).

Circuit have noted that "multipliers of between 3 and 4.5 have become common." *NASDAQ Market-Makers Antitrust Litig*., 187 F.R.D. 465, 489 (S.D.N.Y. Nov. 9, 1998) (citations omitted). Indeed, in this Circuit multipliers greater than 4 times the lodestar amount are frequently awarded. *See, e.g.*, *In re Telik, Inc., Sec. Litig.*, 576 F. Supp. 2d 570, 590 (S.D.N.Y. 2008) ("multiples of over 4 are routinely awarded by courts, including this Court"); *In re EVCI Career Colleges Holding Corp. Sec. Litig.*, No. 05 Civ. 10240 (CM), 2007 U.S. Dist. LEXIS 57918, at *56 n.7 (S.D.N.Y. 2007) ("multipliers of nearly 5 have been deemed 'common' by courts in this District."); *In re Nortel Networks Corp. Sec. Litig.*, No. 05-MD-1659 (LAP), 2006 U.S. Dist. LEXIS 102518, at *27 (S.D.N.Y. Dec. 26, 2006) (4.77 multiplier); *In re WorldCom, Inc. Sec. Litig.*, 388 F. Supp. 2d 319, 359 (S.D.N.Y. 2005) (4.0 multiplier); *In re Linerboard Antitrust Litig*., MDL No. 1261, 2004 U.S. Dist. LEXIS 10532, at *50 (S.D.N.Y. June 2, 2004) (average multiplier was 4.35); *Maley v. Del Global Techs. Corp.*, 186 F. Supp. 2d 358, 369 (S.D.N.Y. 2002) (multiplier of 4.65 was "well within the range awarded by courts in this Circuit and courts throughout the country"); *In re Sumitomo Copper Litig*., 74 F. Supp. 2d 393, 399 (S.D.N.Y. 1999) (multipliers of 3 to 4.5 are commonly observed); *NASDAQ*, 187 F.R.D. at 489 (awarding 3.97 multiplier); *Roberts v. Texaco*, 979 F. Supp. 185, 198 (S.D.N.Y. 1997) (5.5 multiplier); *In re RJR Nabisco, Inc. Sec. Litig.*, MDL No. 818, 1992 U.S. Dist. LEXIS 12702, at *22 (S.D.N.Y. Aug. 24, 1992) (awarding a 6 multiplier); *Rabin v. Concord Assets Group, Inc.*, No. 89 CIV 6130 (LBS), 1991 U.S. Dist. LEXIS 18273, at *3 (S.D.N.Y. Dec. 19, 1991) (4.4 multiplier); *Cosgrove v. Sullivan*, 759 F. Supp. 166, 169 (S.D.N.Y. 1991) (8.84 multiplier).

90. Multipliers of 4 and above are also awarded in securities class action litigation in other circuits. *See, e.g.*, *Buccellato v. AT&T Operations, Inc.*, No. C10-00463-LHK, 2011 U.S. Dist. LEXIS 85699, at *3-*5 (N.D. Cal. June 30, 2011) (4.3); *Craft v. County of San Bernardino*, 624 F. Supp. 2d 1113, 1125 (C.D. Cal. 2008) (5.2); *In re Enron Corp. Sec., Deriv., & ERISA*

Litig., 586 F. Supp. 2d 732, 803 (S.D. Tex. 2008) (5.2); *Steinver v. Am. Broadcasting Co., Inc*., 248 F. App'x 780, 783 (9th Cir. 2007) (6.85); *In re Cendant Corp. Litig*., 243 F. Supp. 2d 166, 174 (D.N.J. 2003) (4.2); *In re AremisSoft Corp. Sec. Litig*., 210 F.R.D. 109 (D.N.J. 2002) (4.3); *Feerer v. Amoco Prod. Co*., No. 95-0012 JC/WWD, 1998 U.S. Dist. LEXIS 22248 (D.N.M. May 28, 1998) (4-5); *Weiss v. Mercedes-Benz of N. Am., Inc*., 899 F. Supp. 1297, 1304 (D.N.J. May 11, 1995), *aff'd*, 1995 U.S. App. LEXIS (3d Cir. 1995) (9.3).

91. Based on the analysis above, and applying the factors applicable to attorneys' fees as set forth in *Goldberger, Grinnell,* and other relevant federal case law and authorities concerning the setting of attorneys' fees for successful plaintiff's counsel in securities class actions under Fed. R. Civ. P. 23, it is my opinion that, under a lodestar/multiplier analysis, Lead Counsel is entitled to a substantial risk/result multiplier for their highly successful efforts in the Action, and that the 3.79 multiplier requested by Lead Counsel is appropriate under applicable law and under the circumstances in the Action.

<u>Public Policy Considerations</u>

92. In granting fees in class action cases, the courts have consistently recognized that such awards serve the dual purpose of assuring skilled representation for shareholders injured by violations of the federal securities laws and discouraging future misconduct of a similar nature. *See, e.g*., *Deposit Guar. Nat'l. Bank v. Roper*, 445 U.S. 326, 338 (1980); *Mills*, 396 U.S. at 396. Individuals wronged by such violations must be afforded reasonable (and economic) access to counsel with the ability and experience necessary to analyze and litigate complex issues. Such individuals rarely have the financial resources to pay customary fixed hourly rates for such services of qualified specialists capable of pursuing litigation of the type here, and even when they do, they rarely are prepared to undertake the enormous risk and cost of what some might

view as possibly throwing good money after bad. In complex class action cases, able counsel for a plaintiff can only feasibly be retained on a contingent basis.

93. In turn, to encourage first-rate attorneys to represent a plaintiff on a contingent basis in this type of socially important litigation. Attorneys' fees awarded should reflect the goal of incentivizing attorneys to undertake such cases where the result vindicates both the public and private purposes of the federal securities laws. Generous compensation of plaintiff's counsel willing to undertake such cases, therefore, is vital to the private enforcement of the federal securities laws. If, however, qualified counsel can only recover their time devoted to an action and receive nothing for the risk of non-payment undertaken, the availability of counsel to undertake such high-stakes, high-risk litigation for aggrieved shareholders of the type here will significantly diminish. Accordingly, public policy strongly supports awarding a large percentage and multiplier to further the public policy goals of the class action device.

CONCLUSION

94. The fee application here reflects a well-run, exceptionally lawyered case that achieved an excellent result for the class. The settlement is a model of what benefits can be achieved through effective, private prosecution of federal securities claims by highly experienced and extremely capable attorneys, some of whom have amassed more than 35 years of experience practicing almost exclusively in the area, and how that level of experience can benefit a class of investors by achieving a high recovery while doing so efficiently and economically. Under all the circumstances, based on any of the recognized methodologies applicable to common fund cases in the federal courts, the requested $9,500,000 fee is, in my opinion, reasonable both when considered on its own merits and in comparison with the less extraordinary results in similar cases.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Executed on this 15th day of December 2017, at New York, New York.

Geoffrey P. Miller

EXHIBIT 1

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Visiting Scholar, European University Institute, Florence, Italy, Fall/Winter 2010

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Publications

Books

The Economics of Securities Law I (editor) (Edward Elgar 2016)

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Economics of Ancient Law, in Geoffrey P. Miller, ed., The Economics of Ancient Law (Edward Elgar, forthcoming 2010)

Patriarchy: The Political Theory of Family Authority in the Book of Genesis (manuscript 2010)

The Dark Age: How the Biblical Narratives Demonstrate the Necessity for Law and Government (NYU School of Law, Public Law Research Paper No. 10-18)

Origin of Obligation: Genesis 2:4b-3:24 (NYU School of Law, Public Law Research Paper No. 09-60)

Sovereignty and Conquest in the Hebrew Bible, NYU School of Law, Public Law Research Paper No. 10-61 (2010)

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Law, Pollution, and the Management of Social Anxiety, 7 Michigan Women's Law Journal 221-289 (2001)

<u>Other</u>:

Richard Posner, 61 N.Y.U. Annual Survey of American Law 13 (2004)

Introduction: The Law and Economics of Risk, 19 Journal of Legal Studies 531 (1990) (with Richard A. Epstein)

Law School Curriculum: A Reply to Kennedy, 14 Seton Hall Law Review 1077 (1984) (under pen name of Chris Langdell)

<u>Book Reviews</u>

Defusing the Banks' Financial Time Bomb, BusinessWeek (Mar. 11, 2010) (review of Robert Pozen, Too Big to Save? How to Fix the U.S. Financial System

Love & Joy: Law, Language and Religion in Ancient Israel, by Yochanan Muffs, 58 Journal of Near Eastern Studies 144-45 (1999)

Jesus and the Jews: The Pharisaic Tradition in John; The Trial Of Jesus; Jesus And The Law, by Alan Watson, 1 Edinburgh Law Review 273 (1997)

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Anatomy of A Disaster: Why Bank Regulation Failed, 86 Northwestern University Law Review 742 (1992)

The Glittering Eye of Law, 84 Michigan Law Review 1901 (1986)

A Rhetoric of Law, 52 University of Chicago Law Review 247 (1985)

Major Lectures

Revelation as a Source of Legal Authority (Keynote Address, Conference on Religious Liberty, Touro Law School 2013)

Trust, Risk, and Moral Hazard in Financial Markets (University of Genoa, Fresco Chair Lectures in Law and Finance, June 2010)

A Simple Theory of Takeover Regulation in the United States and Europe; Intellectual Hazard (Commerzebank Lectures, University of Frankfurt, May 2010)

The European Union's Takeover Directive and Its Implementation in Italy (University of Rome III, 2008)

Catastrophic Financial Failures: Enron, HIH and More (Ross Parsons Lecture, Sydney, Australia, 2002)

Das Kapital: Solvency Regulation of the American Business Enterprise (Coase Lecture, University of Chicago Law School, 1993)

Banking in the Theory of Finance; The Simple Economics of Litigation and Settlement; The Economic Structure of Corporation Law (University of Auckland, New Zealand, 1993)

Journal Referee Reports

American Law and Economics Review
Journal of Legal Studies
Journal of Law, Economics and Organization
Review of Law and Economics

Conferences Organized

ETH-NYU Law and Banking Conference 2017 (Bad Homburgm, co-sponsored with University of Frankfurt); 2016 (New York); 2015 (Zurich); 2014 (New York); 2013 (Zurich); 2012 (New York); 2011 (Florence)

Achieving and Responsible Enterprise: Principles of Effective Compliance and Enforcement (May 8, 2015)
Global Economic Policy Forum (New York 2013) (keynote speakers included Federal Reserve Bank of New York President William Dudley and former Governor of the Bank of England Baron King of Lothbury).

The Good Bank Debate (New York 2013) (co-sponsored with Mazars)

NYU Global Economic Policy Forum 2012, 2010, 2009, 2007

Judicial Dialogue on Mass Litigation, Florence Italy, October 15-16, 2010 (co-organizer of conference co-sponsored by NYU Law School, the American Law Institute, and the European University Institute)

Finlawmetrics 2010: Central Banking, Regulation & Supervision after the Financial Crisis (co-sponsor and member of steering committee)

Finlawmetrics 2009: After The Big Bang: Reshaping Central Banking, Regulation and Supervision (Milan, Italy, Spring 2009) (co-sponsor and member of steering committee)

NYU Global Economic Policy Forum 2009: The Future of Regulation and Capital Markets (November 5, 2009) (co-organized with Professor Alan Rechtschaffen and with the NYU Law School Alumni Association)

Third Annual Conference on Empirical Legal Studies (Cornell University, Ithaca, New York, Fall 2008) (co-organizer)

Second Annual Conference on Empirical Legal Studies (New York, New York, November 10-11, 2007). Major conference (425 participants) exploring all aspects of the empirical study of law. Co-organized with Jennifer Arlen, Bernard Black, Theodore Eisenberg and Michael Heise.

First Annual Conference on Empirical Legal Studies (Austin, Texas, October 2006). Major conference exploring all aspects of the empirical study of law. Co-organized with Jennifer Arlen, Bernard Black, Theodore Eisenberg and Michael Heise.

Conference on Legal Aspects of the International Activities of Central Banks, Lima Peru, October 1997. This conference, co-sponsored by the central bank of Peru, brought together leaders in the legal and economic issues facing central banks in the management of their external reserves.

Conference on the Governance of Institutional Investors (New York, New York, February 14, 1997). This conference, sponsored by the NYU Stern School of Business Salomon Center in association with the New York University Law School Center for the Study of Central Banks, brought together top executives, attorneys, scholars and others interested in the management and organization, both economic and legal, of the nation's large institutional investors, including its mutual fund industry.

Conference on Bank Mergers and Acquisitions (New York, New York, October 11, 1996). This conference, sponsored by the NYU Stern School of Business Salomon Center in association with the New York University Law School's Center for the Study of Central Banks, brought together leading academics, lawyers, and investment bankers to discuss some of the broader implications of bank mergers and acquisitions. Co-organizer of this conference was Professor Yakov Amihud of the Stern School's Finance Department.

Conference in Central Banks in Latin America (Bogota, Colombia, February, 1996). This conference, co-sponsored by the central bank of Colombia with technical assistance from the Legal Affairs Department of the International Monetary Fund, brought together leaders of Latin American central banks, the international financial community, and scholars from a variety of disciplines, to discuss issues related to the independence of central banks and economic development.

Conference on Central Banks in Asia (Shanghai, China, October, 1995). This conference, co-sponsored with KPMG-Peat Marwick, brought together leaders from commercial banks, investment banks, and industrial firms, as well as central bankers, to discuss Asian central banks to address issues such as the proposed law granting a degree of independence to the central bank of China.

Conference on Ancient Law (Berkeley, California, March 1995). This conference, organized with Professors James Lindgren of Chicago-Kent Law School and Laurent Mayali of the University of California at Berkeley Law School, brought together important figures from a variety of disciplines interested in Ancient Law.

Conference on Central Banks in Eastern Europe and the Newly Independent States (Chicago, Illinois, April 1994). This conference brought together the Prime Minister of Estonia, three present or former Ministers of Finance of Eastern European states (including Boris Fyoderov, former Finance Minister of the Russian Republic), the heads of the central banks of eleven nations in Eastern Europe and the Newly Independent States, together with a wide variety of highly-placed officials from these countries and from the west, to discuss issues related to the independence of central banks and economic development.

Professional Memberships and Positions

New York State Bar
District of Columbia Bar
American Bar Association
American Law Institute (1988-1996)
Member, Paolo Baffi Centre Scientific Advisory Board, Milan, Italy (2008- present)
Member, International Academic Council, University of St. Gallen,
 Switzerland (2004-present)
Chairman, Section on Business Associations, American Association of Law
 Schools (1995)
Member of the Board of Directors, American Law and Economics Association
 (1995-1998)
Member of the Foreign Advisory Committee, Latin American Law and
 Economics Association (1995-2000)
Member of the Foreign Advisory Board, Universitad Tocurato Di Tella School of Law,

Buenos Aires, Argentina (1992-1999)
Member of the Editorial Board, Supreme Court Economic Review
Member of the Editorial Board, The Independent Review
Member of the Advisory Board, Yearbook of International Financial and Economic Law
Member of the Advisory Board, University of Hong Kong Faculty of Law Asian Institute of International Financial Law (2001-present)
Member of the Advisory Board, LSN Comparative Law Abstracts

Courses

Governance, Risk and Compliance (Study Center Gerzensee, Switzerland 2016)
Law and Business of Bitcoin and Block Chain (2015; 2017) (with David Yermack)
Compliance and Risk Management for Attorneys (2014, 2015, 2017)
Legal Profession (1985-93; 1996-98; 2003-2007; 2013)
The Crisis of 2008 (2009, 2010)
Reading Class: Restructuring Finance (2009); Cutting Issues in Finance (2014-2015); Law and Politics in Shakespeare (2015-2016)
Property (1986-87)
Corporations (1985-88; 1991-93; 1997-2000; 2005; 2008; 2012; 2014; 2016)
Seminar on Separation of Powers (1985, 1987)
Civil Procedure (1983-84; 2004-2005; 2011; 2013; 2016)
Federal Regulation of Banking (1983, 1989-93; 1995-97; 2003, 2006-2010; 2012; 2015)
Law and Business of Banking (2012; with Gerald Rosenfeld)
Land Development (1984-85)
Securities Law (1990-91)
Workshop in Legal Theory (1989-91)
Seminar on Financial Institutions (1992-93 (with Merton Miller); 1996-97)
Ethics in Class Action Practice (Continuing Legal Education Seminar 2002-2005)
Law and Economics (University of Basel, Switzerland 2005, 2007-2014)
Advanced Seminar on Law and Economics (University of Genoa, Italy 2008)
Banking and the Financial Crisis (University of Genoa, Italy 2009)
Trust, Risk, and Moral Hazard in Financial Markets (University of Genoa, Italy, 2010)
International Banking (University of Sydney, Australia, 2002, 2006)
Introduction to Banking Law (University of Basel, Switzerland 2001, 2002, 2003, 2004, 2009, 2010; 2011; 2012; 2013; 2014)
Banking in the Theory of Finance (University of Frankfurt, Germany 2004, 2005)
Banking Regulation in Crisis (University of Frankfurt, Germany, 2010)

Banking: Law and Economics Issues after the Financial Crisis (Study Center Gerzensee, 2012)

Expert Witness Testimony (past five years)

In re Checking Account Overdraft Litigation, Case No.: 1:09-MD-02036-JLK, United States District Court for the Southern District of Florida (2012) (Bank of America case; declaration and supplemental declaration on fees)

In re Checking Account Overdraft Litigation, Case No.: 1:09-MD-02036-JLK, United States District Court for the Southern District of Florida (2012) (Bank of Oklahoma case; declaration on fairness of settlement and fees)

In re Cell Therapeutics Inc. Securities Litigation, Master Docket No. C10-414 MJP, United States District Court for the Western District of Washington (2012) (declaration on fees)

In Re: Oil Spill by the Oil Rig "Deepwater Horizon" in the Gulf of Mexico, on April 20, 2010, MDL NO. 2179, Eastern District of Louisiana (2012) (declarations on economic and medical benefits class settlements)

Freudenberg v. eTrade Financial Corporation, Case No.: 07-CV-8538, United States District Court for the Southern District of New York (2012) (declaration on fees)

LaCour v. Whitney Bank, Case No. 8:11-cv-1896-VMC-MAP (United States District Court for the Middle District of Florida (2012) (declaration on settlement and fees)

In re Checking Account Overdraft Litigation, Case No.: 1:09-MD-02036-JLK, United States District Court for the Southern District of Florida (2012) (Union Bank case; declaration on fees)

Smith v. American Bankers Insurance Company of Florida, Case No.: 2:11-cv-02113-PKH, Western District of Arkansas (2012) (declaration on class certification)

Blankenship v. RBS Citizens, N.A., Case No. 1:10-cv-22942-JLK, Southern District of Florida (2012) (declaration on fees)

Mazzadra, et al. v. TD Bank, N.A., Case No. 1:10-cv-21870-JLK, Southern District of Florida (2012) (declaration on fees)

In re Citigroup Inc. Securities Litigation, Case No. 07-civ-9901-SHS, Southern District of New York (2013) (declaration on fees)

Rubery v. E*Trade Financial Corporation, Case No. 07-CV-8612 (JPO), Southern District of New York (2013) (declaration and supplemental declaration on fees)

Chieftain Royalty Co. v. QEP Energy Co., Case No. 11-cv-00212-R (Western District of Oklahoma 2013) (declaration on fairness of settlement and fees)

Drummond v. Range Resources Corp., Case No. CJ-2010-510, District Court of Grady County, Oklahoma (2013) (declaration on fairness of settlement and fees)

Landman Partners Inc. v. Blackstone Group LP, Case No. 08 Civ. 3601 (HB)(FM), Southern District of New York (2013) (declaration on fees)

White v. Experian Information Solutions, Inc., Case No. 05-cv-1070 DOC, Central District of California (2013) (declaration on fees)

Berry v. LexisNexis Risk & Information Analytics Group, Inc., Case No. 3:11cv754, Eastern District of Virginia (2013) (declaration on fees)

Dyer v. Wells Fargo Bank, N.A., Case No. C-13 2858, Northern District of California (2014) (declaration on fees)

US. Foodservice Inc. Pricing Litigation, Case No. 3:07-md-1894, District of Connecticut (2014) (declaration on fees)

Kacsuta v. Lenovo (United States) Inc., Case No. SACV 13-00316-CJC, Central District of California (2014) (declaration on fees)

De Leon v. Bank of America, Case No. 6:09-cv-1251-Orl-JA KRS, Middle District of Florida (2014) (declaration on fees)

Chieftain Royalty Co. v. SM Energy Co., Case No. DIV-011-177-D (Western District of Oklahoma 2015) (declaration on settlement and fees)

In re General Motors LLC Ignition Switch Litigation, No. 14-MD-2543 (Southern District of New York 2016) (declaration on motion to dismiss lead counsel)

In re General Motors LLC Ignition Switch Litigation, No. 14-MD-2543 (Southern District of New York 2016) (declaration on confidentiality of case files)

In re Life Partners Holdings, Inc. No. 15-40289-RFN (Northern District of Texas 2016) (declaration on fees)

Rhea v. Apache Corporation, Case No. 6:14-cv-00433-FHS (Eastern District of Oklahoma 2016) (declaration on class certification)

Hooker v. Sirius XM Radio, Inc., No. 4:13-cv-00003 (Eastern District of Virginia 2016) (declaration on fees and fairness of the settlement)

Axiom Investment Advisors, LLC v. Barclays Bank PLC, Case No. 15-cv-9323-LGS (Southern District of New York 2017) (declaration on fees)

Marcus v. JC Penney Company, Inc., Civil Action No. 6:13-cv-00736-RWS-KNM (Eastern District of Texas 2017) (declaration on fees)

Thomas v. Wells Fargo Bank, Case No. 15-cv-03194 (Central District of California 2017) (declaration on fees)

United States of America ex rel. Trakhter v. Provider Services, Inc., (Southern District of Ohio 2017) (declaration on fees)

White v. Experian Information Services, Inc. Case No. 05-CV-1070 2017) (declaration on fairness of settlement and fees)

Other Activities

Fellow, Society for Empirical Legal Studies (2015-present)

Member, Board of Directors, American Law and Economics Association (1996-1999)

Member, Board of Advisors, The Independent Review (1996-present)

Member, Board of Advisors, Asian Institute of International Financial Law (2001-present)

Member, Editorial Advisory Board, Supreme Court Economic Review (1995-2001)

Member, Editorial Advisory Board, The Brookings-Wharton Papers on Financial Policy (1997-present)

President, Section on Financial Institutions and Consumer Financial Services, American Association of Law Schools (1999)

President, Section on Business Associations, American Association of Law Schools (1995)

Member, Board of Contributors, American Bar Association Preview of Supreme Court Cases (1985-1993)

Consultant, Administrative Conference of the United States (1988-89; 1991-1992)

Board of Directors and Volunteer Listener, D.C. Hotline (1980-83)

Awards

1992 Paul M. Bator Award for Excellence in Teaching, Scholarship and Public Service, from the Federalist Society for Law and Public Policy Studies

Podell Distinguished Teaching Award (NYU Law School 2016)

Languages

Reading knowledge of Spanish, French, and Italian.

Blog Posts

Whistleblowing in the Wind, Compliance and Enforcement (June 29, 2016)

Banking's Cultural Revolution, Compliance and Enforcement (June 8, 2016)

Breach of Contract ≠ Fraud, Compliance and Enforcement (May 25, 2016)

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Defusing The Banks' Financial Time Bomb: Without Tough Reforms, Writes Robert Pozen, We'll Probably Face An Ugly Repeat of Recent History (Business Week, March 11, 2010)

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The Insurance Industry's Antitrust Exemption: A Longstanding Tradition Faces its Greatest Challenge, 1992-93 ABA Preview of Supreme Court Cases 198 (1993)

Shootout at the Escheat Corral, 1992-93 ABA Preview of Supreme Court Cases (1993)

Choices and Chances for Consumers, Legal Times, Oct. 12, 1992, at 29-30.

Impeachment Procedures: An Unexplored Territory in the Separation of Powers, 1992-93 ABA Preview of Supreme Court Cases 39 (1992)

An (Ex)changing of the Guard, 21 Journal of Legal Studies iii (1992)

Revisiting the Contingency Factor in Fee-Shifting Awards, 1991-92 ABA Preview of Supreme Court Cases 327 (1992)

The Foreign Sovereign Immunities Act and the Market for Public International Debt, 1991-92 ABA Preview of Supreme Court Cases 307 (1992)

Return of the Tenth Amendment?: Federal Control and State Autonomy over Low Level Radioactive Wastes, 1991-92 ABA Preview of Supreme Court Cases 284 (1992)

What are the Limits on Congressional Power to Influence Pending Cases?, 1991-92 ABA Preview of Supreme Court Cases 158 (1991)

RICO Standing for Securities Fraud: Does the Purchaser-Seller Rule of Rule 10b-5 Apply?, 1991-92 ABA Preview of Supreme Court Cases 155 (1991)

Banking and Investment: Introduction to UPA Index and Microfiche Collection (University Publications of America 1991)

Source of Strength in the Court: Can Bank Holding Companies be Required to Support Failing Subsidiary Banks?, 1991-92 ABA Preview of Supreme Court Cases 42 (1991)

Source of Strength: A Source of Trouble, Legal Times, September 30, 1991 (Special Supplement, pp. 22-25)

The Once and Future American Banking Industry, The American Enterprise (with Jonathan R. Macey)(1991)

The Former Stockholder as Plaintiff in Short-Swing Trading Cases, 1990-91 ABA Preview of Supreme Court Cases (1991)

Disposing of Demand Excuse in Derivative Litigation, 1990-91 ABA Preview of Supreme Court Cases (1991)

Up in the Air: Can Congress Require States to Appoint Members of Congress to State Agencies?, 1990-91 ABA Preview of Supreme Court Cases 294 (1991)

The Statute of Limitations under Rule 10b-5, 1990-91 ABA Preview of Supreme Court Cases (1991)

Tort Claims Against Federal Banking Agencies: New Hope For Shareholders and Officers of Failed Depository Institutions?, 1990-91 ABA Preview of Supreme Court Cases 94 (1991)

Punitive Damages Redux: If the Eighth Amendment Doesn't Apply, What About the Due Process Clause?, 1990-91 ABA Preview of Supreme Court Cases 47 (1990)

Quandaries of Causation: Proxy Solicitation in Freeze-Out Mergers, 1990-91 ABA Preview of Supreme Court Cases 57 (1990)

Racial Statesmanship, Legal Times S31 (July 23, 1990)

Eurodollars, Sovereign Risk, and the Liability of U.S. Banks for Deposits in Foreign Branches, 1989-90 ABA Preview of Supreme Court Cases 281 (1990)

When is a Note a Note?, 1989-90 ABA Preview of Supreme Court Cases 18 (1990)

Interstate Banking and the Commerce Clause, 1989-90 ABA Preview of Supreme Court Cases 168 (1990)

Federal Courts, Municipalities, and the Contempt Power, 1989-90 ABA Preview of Supreme Court Cases 37 (1989)

Shoe Could Still Drop on Issue of Punitive Damages, National Law Journal (August 21, l989)

Punitive Damages and the Constitution, 1988-89 ABA Preview of Supreme Court Cases 391 (l989)

States, Bankruptcy and the Eleventh Amendment, 1988-89 ABA Preview of Supreme Court Cases 412 (1989)

Stockholders, Arbitration, and the Securities Act of 1933, 1988-89 ABA Preview of Supreme Court Cases 383 (1989)

Appropriations Riders, Nondisclosure Agreements, and the Separation of Powers, 1988-89 ABA Preview of Supreme Court Cases 375 (1989)

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S & L Receiverships, State Law, and the Federal Courts, 1988-89 ABA Preview of Supreme Court Cases 255 (1989)

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Bankruptcy, Tax Liens, and Post-Petition Interest, 1988-89 ABA Preview of Supreme Court Cases (1989)

Federal Courts, State Taxes: A Vexing Dilemma For the Enforcement of Civil Rights in a Federal System, 1989-90 ABA Preview of Supreme Court Cases 95 (1988)

Separation of Powers and the Sentencing Commission, 1988-89 ABA Preview of Supreme Court Cases 23 (1988)

Administering the Savings and Loan Crisis: New Problems for the FSLIC, 1988-89 ABA Preview of Supreme Court Cases (1988)

Federal Procurement and the Separation of Powers, 1988-89 ABA Preview of Supreme Court Cases 26 (1988)

Thinking About a Career in Law, 1988-89 Talbot's Student Planning Book 32 (1988)

Carl McGowan: A Great Judge Remembered, 56 George Washington Law Review 697 (1988)

Separation of Powers: The Independent Counsel Case Tests the Limits, 1987-88 ABA Preview of Supreme Court Cases 390 (1988)

Decisionmaking in Collegial Bodies, Judicature, April/May 1988

The FDIC, Bank Officers and the Due Process Clause, 1987-88 ABA Preview of Supreme Court Cases 326 (1988)

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Getting the Fee First? Attorneys and the SSI Program l987-88 ABA Preview of Supreme Court Cases 118 (1987)

The Farmer and the FDIC, 1987-88 ABA Preview of Supreme Court Cases 48 (1987)

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Separation of Powers May Become Focus Over NSC, Legal Times, Dec. 15, 1986, at 15

If a Bank is a Broker, is a Brokerage a Branch? 1986-87 ABA Preview of Supreme Court Cases 65 (1986)

Attorney's Fees in the Supreme Court, American Bar Association Journal 40 (November, 1986)

The Contingency Factor in Attorney's Fees Reconsidered, 1986-87 ABA Preview of Supreme Court Cases 20 (1986)

Restitution and Bankruptcy in a Federal System, 1986-87 ABA Preview of Supreme Court Cases (1986)

Don't Limit Contingent Fees, Chicago Tribune, June 11, 1986

The Budget and the Separation of Powers: Gramm-Rudman in the Court, 1985-86 ABA Previews of Supreme Court Cases 359 (1986)

Keeping Attorneys' Fees in Proportion, 1985-86 ABA Preview of Supreme Court Cases 325 (1986)

Must the Federal Government Pay Interest on Attorneys' Fees Awards?, 1985-86 ABA Preview of Supreme Court Cases 241 (1986)

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The FCC as Cop: Forcing State Public Service Commissions to Obey Federal Agency Orders, 1985-86 ABA Preview of Supreme Court Cases 191 (1986)

Preemption, Public Utilities, and Power Over Telephone Rate-Setting, 1985-86 ABA Preview of Supreme Court Cases 187 (1986)

A Bank is a Bank is a Bank -- or is it?, 1985-86 ABA Preview of Supreme Court Cases 67 (1985)

Settlement Offers Conditioned on Waiver of Attorneys' Fees: A Legal and Ethical Dilemma Confronts the Court, 1985-86 ABA Preview of Supreme Court Cases 55 (1985)

Bankruptcy and the Environment: The Case of Hazardous Wastes, 1985-86 ABA Preview of Supreme Court Cases 25 (1985)

A Different Approach to Interstate Banking, American Banker (August 8, 1985)

The SEC as Censor: Is Banning an Investment Advice Newsletter a Prior Restraint of the Press?, 1984-85 ABA Preview of Supreme Court Cases 243 (1985)

Enforcing Federal Rights in State Courts, 1984-85 ABA Preview of Supreme Court Cases 277 (1985)

Interstate Banking and the Constitution, 1984-85 ABA Preview of Supreme Court Cases 364 (1985)

The "Sale of Business" Doctrine in the Supreme Court, 1984-85 ABA Preview of Supreme Court Cases 344 (1985)

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May Bank Holding Companies Provide Discount Brokerage Savings?, 1984-85 ABA Preview of Supreme Court Cases 575 (1984)

Blum v. Stenson: Fundamental Questions About Attorneys' Fees Awards to Public Interest Lawyers, 1984-85 ABA Preview of Supreme Court Cases 301 (1984)

Myths on the Midway, 30 Chicago Law School Record 13 (1984)

Smith v. Robinson: Another Step Towards Solving the Attorneys' Fees Puzzle? 1983-84 ABA Preview of Supreme Court Cases 437 (1984)

Securities Industry Association v. Board of Governors: Can Banks Distribute Commercial Paper? 1983-84 ABA Preview of Supreme Court Cases 425 (1984)

The "7-Eleven" Case: Arbitration v. Litigation in a Federal System, 1983-84 ABA Preview of Supreme Court Cases 161 (1983)

The Bildisco Case: Reconciling Federal Bankruptcy and Labor Policies, 1983-84 ABA Preview of Supreme Court Cases 169 (1983)

The "Daily Income Fund" Case: What Role Should a Mutual Fund's Board of Directors Play in Disputes over Investment Advisor Fees, 1983-84 ABA Preview of Supreme Court Cases 107 (1983)

Pulliam v. Allen: Should State Judges who Act Unconstitutionally Pay the Plaintiff's Attorneys' Fees?, 1983-84 ABA Preview of Supreme Court Cases 115 (1983)

"Shortsighted" Bill Proposes D.C. Court Divestiture, Legal Time of Washington, August 16, 1982

The Tax Bill May Be Unconstitutional, Baltimore Sun, August 16, 1982 (with Donald N. Bersoff)

EXHIBIT 2

Cases from the Second Circuit Awarding Fees Equal to or More Than 33.33% of a Common Fund

Landmen Partners Inc. v. The Blackstone Group L.P., et al., No. 08-cv-03601-HB-FM, Dkt. No. 191 (S.D.N.Y. Dec. 18, 2013) (33 1/3% plus over a million in expenses);

Sewell v. Bovis Lend Lease LMB, Inc., 09 Civ. 6548 (RLE), 2012 U.S. Dist. LEXIS 53556, at *38 (S.D.N.Y. Apr. 16, 2012) (awarding fee of one-third of the total settlement plus expenses);

Fogarazzo v. Lehman Bros., 03 Civ. 5194 (SAS), 2011 U.S. Dist. LEXIS 17747, at *1 (S.D.N.Y. Feb. 23, 2011) (awarding a fee of one-third of the settlement fund in securities class action case);

Menkes v. Stolt-Nielsen S.A., No. 3:03CV00409, 2011 U.S. Dist. LEXIS 7066, at *14 (D. Conn. Jan. 25, 2011) (awarding 33-1/3% of recovery, plus expenses);

Hens v. ClientLogic Operating Corp., No. 05-CV-3815, 2010 U.S. Dist. LEXIS 139126, at *6 (W.D.N.Y. Dec. 21, 2010) (awarding a fee of one-third of the settlement fund plus expenses);

Clark v. Ecolab Inc., No. 07 Civ. 8623, 2010 U.S. Dist. LEXIS 47036, at*27 (S.D.N.Y. May 11, 2010) (awarding a fee of one-third of the settlement plus expenses);

Khait v. Whirlpool Corp., No. 06-6381, 2010 U.S. Dist. LEXIS 4067, at *22 (E.D.N.Y. Jan. 20, 2010) (awarding a fee of thirty-three percent of the total settlement plus expenses);

Prasker v. Asia Five Eight LLC, 08 Civ. 5811 (MGC), 2010 U.S. Dist. LEXIS 1445, at *3, *16 (S.D.N.Y. Jan. 6, 2010) (awarding fee of one-third of the settlement plus expenses);

Mohney v. Shelly's Prime Steak, Stone Crab & Oyster Bar, No. 06 Civ. 4270 (PAC), 2009 U.S. Dist. LEXIS 27899, at *16 (S.D.N.Y. Mar. 31, 2009) (awarding a fee of thirty-three percent of the total settlement fund, plus expenses);

In re Initial Public Offering Sec. Litig., 671 F. Supp. 2d 467, 516 (S.D.N.Y. 2009) (awarding counsel a fee of one-third of the net settlement, plus expenses, in a class action securities fraud case);

Stefaniak v. HSBC Bank USA, N.A., No. 1:05-CV-720, 2008 U.S. Dist. LEXIS 53872, at *9 (W.D.N.Y. June 28, 2008) (awarding 33-1/3% of recovery, plus expenses);

In re Rediff.com India Ltd. Sec. Litig., No. 01-3020 (SAS), slip op. (S.D.N.Y. July 12, 2007) (awarding 33.3% of settlement fund plus expenses);

In re Edison Sch., Inc., Sec. Litig., No. 02-3692, slip op. (S.D.N.Y. June 28, 2007) (awarding 33.3% of gross settlement fund plus expenses);

In reVan Der Moolen Holding NV Sec. Litig.,No. 1:03-CV-8284 (RWS), slip op. at 2 (S.D.N.Y. Dec. 6, 2006) (awarding 33-1/3% of recovery, plus expenses);

Boris Pozniak v. Imperial Chemical Industries, PLC, Civ. A. No. 1:03-cv-2457, slip op. at 7 (S.D.N.Y. Sept. 18, 2006) (awarding fee of one-third of fund, plus expenses);

Fiber Network, Inc. Sec. Litig., No. 01-7353, slip op. (S.D.N.Y. Dec. 22, 2005) (awarding 30% of the gross settlement fund plus expenses);

In re Canadian Superior Energy Inc. Sec. Litig., Master File No. 04-CV-02020(RO) (S.D.N.Y. Oct. 19, 2005) (fee award equal to 33% of recovery, plus expenses);

Spann v. AOL Time Warner, Inc., No. 02 Civ. 8238 (DLC), 2005 U.S. Dist. LEXIS 10848, at *24 (S.D.N.Y. June 7, 2005) (fee award equal to 33-1/3% of recovery, plus expenses);

RMED Int'l, Inc. v. Sloan's Supermarkets, Inc., 94 Civ. 5587 (PKL) (RLE), 2003 U.S. Dist. LEXIS 8239, at *6 (S.D.N.Y. May 15, 2003) (awarding fee of one-third of the settlement fund plus expenses in a securities class action case);

Strougo v. Bassini, 258 F. Supp. 2d 254, 262 (S.D.N.Y. 2003) (awarding a fee of 33 1/3% of the settlement fund plus expenses in securities case);

Maley v. Del Global Technologies Corp., 186 F. Supp. 2d 358, 367-68 (S.D.N.Y. 2002) (awarding 33 1/3% of settlement plus expenses in securities fraud class action case);

In re APAC Teleservices Inc. Sec. Litig., No. 97-CIV-9145(BJS) (S.D.N.Y. Dec. 11, 2001) (awarding 33-1/3% of total recovery, plus expenses);

Steiner v. Williams, 99 Civ. 10186 (JSM), 2001 U.S. Dist. LEXIS 7097, at *7 (S.D.N.Y. May 31, 2001) (awarding 30% of settlement plus expenses in securities class action case);

Saddle Rock Partners, Ltd. v. Hiatt, No. 96-CIV-9474(SHS), slip op. (S.D.N.Y. Apr. 12, 2001) (awarding 33-1/3% of total recovery, plus expenses);

Levanthal v. Tow, No. 3:97-CV-21642-DJS, slip op. (D. Conn. Jan 31, 2001) (awarding 33-1/3% of total recovery, plus expenses);

Milman v. Box Hill Sys. Corp., No. 98-8640 (SAS), slip op. at 6 (S.D.N.Y. Jan. 5, 2001) (awarding 33.3% of settlement fund plus an additional 6% in expenses in securities fraud class action);

In re Cityscape Fin. Corp. Sec. Litig., MDL No. 1234, slip op. (E.D.N.Y. Nov. 27, 2000) (awarding 33-1/3% of total recovery, plus expenses);

In re APAC Teleservs., Inc. Sec. Litig., No. 97 Civ. 9145, 1999 U.S. Dist. LEXIS 17908 (S.D.N.Y. Nov. 12, 1999) (33 1/3% of settlement);

In re Med. X-Ray Film Antitrust Litig., No. CV-93-5904, 1998 U.S. Dist. LEXIS 14888, at *20 (E.D.N.Y. Aug. 7, 1998) (awarding 33.33% fee)

Dubin v. E.F. Hutton Group, Inc., 878 F. Supp. 616, 618 (S.D.N.Y. 1995) (one-third fee award);

In re Crazy Eddie Sec. Litig., 824 F. Supp. 320, 326 (E.D.N.Y. 1993) (awarding fees of 33.8% of the settlement fund plus expenses in a class action securities case);

Green v. Emersons, Ltd., [1987 Transfer Binder] Fed. Sec. L. Rep. (CCH) ¶93, 263 (S.D.N.Y. 1987) (42.6% of the fund, plus expenses);

Plascow v. Clausing Corp., [1982-1983 Transfer Binder] Fed. Sec. L. Rep. (CCH) ¶99,228 (S.D.N.Y. 1983) (awarding 34% of recovery, plus expenses);

Lewis v. Musham, No. 79 Civ. 3969, 1982 U.S. Dist. LEXIS 11926, at *1 (S.D.N.Y. Apr. 10, 1981) (awarding 49% of total recovery);

Van Gemert v. Boeing Co., 516 F. Supp. 412, 414 (S.D.N.Y. 1981) (fee and expense award equal to 36.2% of total recovery);

Shore v. Parklane Hosiery Co., No. 74-4986, 1980 U.S. Dist. LEXIS 12795, at *42-*43 (S.D.N.Y. Aug. 1, 1980) (awarding 35% of total recovery);

Baron v. *Commercial* & *Industrial Bank of Memphis*, No. 75 Civ. 1274, 1980 U.S. Dist. LEXIS 11092, at *17 (S.D.N.Y. Apr. 3, 1980) (fee and expense award equal to 35.5% of total recovery);

Beech Cinema, Inc. v. Twentieth Century Fox Film Corp., 480 F. Supp. 1195, 1199 (S.D.N.Y. 1979) (awarding 53.2% of recovery, plus costs).

EXHIBIT 3

Cases Outside of the Second Circuit Awarding Fees Equal to or More than 33.33% of a Common Fund

In re Flonase Antitrust Litig., 951 F. Supp. 2d 739, 748-52 (E.D. Pa. 2013) (awarding 33 1/3% fee from $150 million fund);

Temp. Servs. v. Am. Int'l Group, Inc., 2012 U.S. Dist. LEXIS 86474, at *19, *36 (D.S.C. June 22, 2012) (awarding 33-1/3% of recovery, plus expenses);

Hall v. AT&T Mobility LLC, No. 07-5325, 2010 U.S. Dist. LEXIS 109355, at *71-*72 (D.N.J. Oct. 13, 2010) (awarding 33-1/3% of recovery, plus expenses);

In re Ready-Mixed Concrete Antitrust Litig., No. 1:05-cv-00979-SEB-TAB, 2010 U.S. Dist. LEXIS 85003, at *14 (S.D. Ind. Aug. 17, 2010) (awarding 33-1/3% of recovery, plus expenses);

Helmick v. Columbia Gas Transmission, No. 2:07-cv-00743, 2010 U.S. Dist. LEXIS 65808, at *15 (S.D. W. Va. July 1, 2010) (awarding 33-1/3% of recovery, plus expenses);

Manville v. Tennessee Valley Authority, No. CV-99-2294-VEH-HGD, Dkt. No. 256, slip op. (N.D. Ala. Aug. 20, 2007) (35% plus expenses);

Wade v. Bayer AG, et al., No. CT-004748-06, slip op. (Shelby County, Tenn. Cir. Ct. Dec. 7, 2006) (awarding 33-1/3% of recovery, plus expenses);

In re Interpool, Inc. Sec. Litig., No. 3:04-cv-00321-SRC, slip op. (D.N.J. Sept. 9, 2006) (awarding 33-1/3% of recovery, plus expenses);

Denver Area Meat Cutters and Employers Pension Plan v. James L. Clayton, et al., No. E-19723, slip op. (Blount County Tenn. June 8, 2005) (fee award equal to 33-1/3% of recovery, plus expenses);

In re Ravisent Techs., Inc. Sec. Litig., No. 00-CV-1014, 2005 U.S. Dist. LEXIS 6680, at *35, *51 (E.D. Pa. Apr. 18, 2005) (awarding fee of 33-1/3% of the fund plus expenses);

Thomas & Thomas Rodmakers Inc., et al. v. Newport Adhesives and Composites, Inc., et al., No. CV-99-07796-FMC(RNBx), slip op. (C.D. Cal. Oct. 17, 2005) (fee award equal to 33% of recovery, plus expenses);

Lezin v. MiniMed, Inc., et al., No. BC251832, slip op. (Los Angeles Super. Ct. Aug. 10, 2004) (received fee of 33-1/3% of the fund, plus expenses);

Franks v. Cheap Tickets, Inc., et al., No. 01-1-2376-08-DDD, slip op. (lst Cir. July 2, 2004 (awarding 33-1/3% of the fund, plus expenses);

In re Relafen Antitrust Litig., No. 01-12239, slip op. (D. Mass. Apr. 9, 2004) (33.3% fee from a $175 million settlement);

Stenovich v. Eccles, No. 000907870. slip op. (Utah State Ct., Salt Lake County July 28, 2003) (fee equal to 33-1/3% of total recovery, plus expenses);

In re Select Comfort Corp. Sec. Litig., No. 99-884, slip op. (D. Minn. Feb. 28, 2003) (awarding 33-1/3% of total recovery, plus expenses);

In re InaCom Corp. Sec. Litig., No. 00-701, slip op. (D. Del. Jan 14, 2003) (fee equal to 33-1/3% of total recovery, plus expenses);

In re Corel Corp. Sec. Litig., 293 F. Supp. 2d 484, 497-98 (E.D Pa. 2003) (awarding 33-1/3% of the settlement fund plus expenses);

In re U.S. Interactive, Inc. Sec. Litig., No. 01-CV-522, slip op. (E.D. Pa. Oct. 20, 2003) (fee equal to 33% of total recovery, plus expenses);

Retsky v. Price Waterhouse, No. 97-C-7694, slip op. (N.D. Ill. Jan. 30, 2002) (awarding 33% of total recovery, plus expenses);

In re Lifescan, Inc. Consumer Litig., No. C-98-20321-JF, slip op. (N.D. Cal. Mar. 18, 2002) (awarding 33% of total recovery, plus expenses);

In re Reliance Sec. Litig., MDL Dkt. No. 1304, slip op. (D. Del. Feb. 8, 2002) (awarding 33% of total recovery, plus expenses);

In re Mego Fin. Corp. Sec. Litig., 213 F.3d 454, 463 (9th Cir. 2000) (affirming 33-1/3% fee);

In re DrKoop.com, No. 00-CA-427-JRN, slip op. (W.D. Tex. Nov. 14, 2001) (awarding 33-1/3% of total recovery, plus expenses);

Muhr v. PriceWaterhouseCoopers LLP, No. 98-761-H, slip op. (Neb. State Ct., Scotts Bluff County, Mar. 29, 2001) (awarding 33-1/3% of total recovery, plus expenses);

Branca v. Paymentech, Inc., No. 3:97-CV-2507-L, slip op. (N.D. Tex. Jan. 4. 2001) (awarding 33-1/3% of total recovery, plus expenses);

In re Vitamins Antitrust Litig., No. 99-197, 2001 U.S. Dist. LEXIS 25067, at *68 (D.D.C. 2001) (awarding 33-1/3% of total recovery, plus expenses);

In re General Instrument Sec. Litig., No. 01-3051, slip op. (E.D. Pa. Dec. 28, 2001) (awarding 33% of total recovery, plus expenses);

Adams v. Amplidyne, No. 99-4468(MLC), slip op. (D.N.J. Aug. 14, 2001) (awarding 33% of total recovery, plus expenses);

Sprague v. Qualcomm, Inc., No. 730565, slip op. (San Diego Sup. Ct. Apr. 23, 2001) (fee equal to 33% of total recovery, plus expenses);

Yourish v. California Amplifier, Inc., Case No. CIV173569, slip op. (Ventura County Sup. Ct. Sept. 14, 2000) (awarding 35% of recovery, plus expenses);

In re Schein Pharm., Inc. Sec. Litig., No. 98-4311(JCL), slip op. (D.N.J. Dec. 7, 2000) (awarding 33-1/3% of total recovery, plus expenses);

In re Future Healthcare Sec. Litig., No. C-I-95-180, slip op. (S.D. Ohio Nov. 28, 2000) (awarding 33-1/3% of total recovery, plus expenses);

Wagnerman v. Vassiliades, Dkt. No. BUR-L-02401-96, slip op. (New Jersey Sup. Ct. Oct. 30, 2000) (awarding 33-1/3% of total recovery, plus expenses);

In re Westinghouse Sec. Litig., Nos. 91-354, 97-309, 97-960, slip op. (W.D. Pa. Oct. 19, 1999) (35.7% from a $67,250,000 settlement);

Provenz v. Miller, No. C-92-20159-RMW(EAI), slip op. (N.D. Cal. Aug. 23, 1999) (awarding 33-1/3% of total recovery, plus expenses);

In re PNC Bank Corp. Sec. Litig., No. 94-1961, slip op. (W.D. Pa. Sept. 25, 1998) (awarding 33-1/3% of total recovery, plus expenses);

Seaman v. Pratt, No. 620887, slip op. (Orange County Sup. Ct. April 29, 1997) (awarding 35% of recovery, plus expenses);

Gaskill v. Gordon, 942 F. Supp. 382, 388 (N.D. Ill. 1996) (38%);

Gordon v. American Adjustable Rate Term Trust, No. 4-95-666, slip op. (D. Minn. Sept. 3, 1996) (awarding 33-1/3% of total recovery, plus expenses);

In re Olicom Sec. Litig., No. 3:94-CV-0511-D, slip op. (N.D. Tex. Aug. 30, 1996) (awarding 33-1/3% of total recovery, plus expenses);

Harris v. Brinkerhoff, No. 90-3100-DT(JRx), slip op. (C.D. Cal. Feb. 21, 1995) (awarding 35% of recovery, plus expenses);

In re ZZZZ Best Sec. Litig., No. CV-87-3574-RSWL(Bx), slip op. (C.D. Cal. Jan. 23, 1995) (fee equal to 33-1/3% of total recovery, plus expenses);

In re Xytronyx Sec. Litig., No. 92-194-IEG(CM), slip op. (S.D. Cal. June 15, 1994) (awarding 33-1/3% of recovery, plus expenses);

In re Control Data Sec. Litig., No. 3-85-1341, slip op. (D. Minn. Sept. 23, 1994) (36.96%);

In re Consolidated Pinnacle West Sec. Litig., No. CIV-88-1830-PHX-PAR, slip op. (D. Ariz. Dec. 30, 1993) (awarding 35% of recovery, plus expenses);

Goldman v. Belzberg, No. C-754698, slip op. (Cal. Sup. Ct., L.A. County Nov. 30, 1993) (awarding 35% of recovery, plus expenses);

Lou v. Zax, No. BC015017, slip op. (Cal. Sup. Ct., L.A. County Sept. 17, 1993) (awarding 35% of recovery, plus expenses);

Snyder v. Oneok Inc., No. 88-C-1500E, slip op. (N.D. Okla. Nov. 1, 1993) (awarding 33-1/3% of recovery, plus expenses);

Klein v. King, No. C-88-3141-FMS, slip op. (N.D. Cal. May 10, 1993) (awarding 33% of recovery, plus expenses);

In re Pub. Serv. Co., No. 91-0536M, 1992 U.S. Dist. LEXIS 16326, at *21 (S.D. Cal. July 28, 1992) (awarding fee of 33-1/3%);

In re Apple Computer Sec. Litig., No. C-84-20148(a)-JW, slip op. (N.D. Cal. March 30, 1992) (awarding approximately 34% of total recovery, plus expenses);

Unocal Corp.v. Milken, No. 90-1281-JSL(Tx), slip op. (C.D. Cal. Jan. 3, 1992) (fee equal to 35% of recovery, plus expenses);

In re De Laurentiis Entm't Group Inc. Sec. Litig., No. CV-88-01582-MRP(Bx), slip op. (C.D. Cal. Nov. 14, 1991) (awarding 35% of total recovery, plus expenses);

Cooper v. Hwang, No. C-86-20146-WAI, slip op. (N.D. Cal. Mar. 5, 1991) (awarding 35% of total recovery, plus expenses);

Weinberger v. Jackson, No. C-89-2301-CAL, slip op. (N.D. Cal. Mar. 19, 1991) (awarding 37% of recovery, plus expenses);

In re Rykoff-Sexton Sec. Litig., No. CV-90-0689-DT(Tx), slip op. (C.D. Cal. Dec. 30, 1991) (awarding 33-1/3% of recovery, plus expenses);

In re New World Entm't Sec. Litig., No. 88-06260-MRP(Kx), slip op. (C.D. Cal. Oct. 7, 1991) (awarding 33-1/3% of recovery, plus expenses);

Antonopulos v. N. Am. Thoroughbreds, Inc., No. 87-0979 G (CM), 1991 U.S. Dist. LEXIS 12579, at *8-*9 (S.D. Cal. May 6, 1991) (awarding fee of 33-1/3%);

In re Seagate Tech. Sec. Litig., No. C-84-20756(A)-W AI, slip op. (N .D. Cal. Aug. 14, 1991) (awarding 33-1/3% of total recovery, plus expenses);

Mirochnick v. Glasky, No. 86-6145-JMI(Px), slip op. (C.D. Cal. July 1, 1991) (awarding 33-1/3% of recovery, plus expenses);

In re Digital Sound Corp.Sec. Litig., Master File No. 90-3533-MRP(Bx), slip op. (C.D. Cal. April 8, 1991) (awarding 33-1/3% of total recovery, plus expenses);

Malanka v. De Castro, No. 85-2154, 1990 U.S. Dist. LEXIS 18171, at *3 (D. Mass. Nov. 20, 1990) (awarding 33% of total recovery, plus expenses);

Teichler v. DSC Commc'ns Corp., CA 3-85-2005-T, slip op. (N.D. Tex. 1990) (awarding 33-1/3% of recovery, plus expenses);

Lee v. Steloff, Civ. No. 88-00811-HLH(GHKx), slip op. (C.D. Cal. Jan. 26, 1990) (awarding 33-1/3% of recovery, plus expenses);

Abzug v. Kerkorian, No. CA000981, slip op. (Los Angeles Sup. Ct. 1990) (awarding 45% of recovery, plus expenses);

Haitz v. Meyer, No. 572968-3, slip op. (Alameda County Sup. Ct. Aug. 20, 1990) (fee award equal to 40% of recovery, plus expenses);

In re FPIIAgretech Sec. Litig., MDL No. 763, slip op. (D. Haw. Dec. 11, 1990) (fee award equal to 35% of total fund, plus expenses);

Steiner v. Whittaker Corp., CA000817, slip op. (Los Angeles County Sup. Ct. March 23, 1989) (awarding 35% of recovery, plus expenses);

In re Atlantic Financial Mgmt. Inc. Sec. Litig., MDL No. 584, slip op. (D. Mass. May 9, 1989) (awarding 40% of recovery, plus expenses);

A&J Deutscher Family Fund v. Pacific Scientific Co., No. 85-1850-PAR(JRx), slip op. (C.D. Cal. June 16, 1989) (awarding 35% of recovery, plus expenses);

Paul v. Western Health Plans, Inc., No. C-88-1182-K(M), slip op. (S.D. Cal. 1989) (awarding 33-1/3% of total recovery, plus expenses);

Howes v. Atkins, 668 F. Supp. 1021, 1027 (E.D. Ky. 1987) (40%);

Draney v. Wilson, Morton, Assaf & McElligott, No. 79-1029, 1985 U.S. Dist. LEXIS 15378, at *2 (D. Ariz. Oct. 1, 1985) (awarding 33-1/3% of recovery, plus expenses);

In re Ampicillin Antitrust Litig., 526 F. Supp. 494, 499 (D.D.C. Oct. 29, 1981) (45%);

Sharp v. Coopers & Lybrand, No. 75-1313, slip op. (E.D. Pa. July 2, 1981) (awarding 47.95% of recovery, plus expenses);

Adams v. Standard Knitting Mills, Inc., No. 8052, 1978 U.S. Dist. LEXIS 20317, at *8-*9 (E.D. Tenn. Jan. 6, 1978) (fee and expense award equal to 35.8% of recovery);

B&B Inv. Club v. Kleinert's Inc., No. 73-642, slip op. (E.D. Pa. 1978) (fee and expense award equal to 35.1 % of total recovery);

Zinman v. Avemco Corp., No. 75-1254, 1978 U.S. Dist. LEXIS 20079, at *4-*5 (E.D. Pa. Jan. 18, 1978) (50%).

EXHIBIT D

Company Name: Cnova Nv
Company Ticker: CNV US
Date: 2015-01-29
Event Description: Q4 2014 Earnings Call

Market Cap: 2,427.14
Current PX: 5.50
YTD Change($): -2.41
YTD Change(%): -30.468

Bloomberg Estimates - EPS
Current Quarter: -0.033
Current Year: -0.053
Bloomberg Estimates - Sales
Current Quarter: 777.000
Current Year: 3491.143

Q4 2014 Earnings Call

Company Participants

- David Isaac Mossé
- Emmanuel Grenier
- Germán Pasquale Quiroga Vilardo
- Vitor Fagá de Almeida

Other Participants

- Edouard J. Aubin
- Jaime Vázquez
- Justin Post
- Steven Zhu
- Ross Sandler
- Fabienne C. Caron

MANAGEMENT DISCUSSION SECTION

Operator

Greetings and welcome to the Cnova Fourth Quarter and Fiscal Year 2014 Financial Results Conference Call. At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. [Operator Instructions] As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, David Mossé. Thank you, Mr. Mossé. You may begin.

David Isaac Mossé

Thank you, operator. And welcome to Cnova's fourth quarter and fiscal year 2014 earnings conference call. On the call today are Cnova's Co-Chief Executive Officers, Emmanuel Grenier and Germán Quiroga; and Chief Financial Officer, Vitor Fagá.

The earnings press release and earnings presentation slides are available on the Investor Relations portion of the company's website at www.cnova.com. This call is being webcast, and a reply will also be available on the Investor Relations section of Cnova's website.

Before I begin, we would like to remind everyone that prepared remarks and the presentation contain forward-looking statements, and management may make additional forward-looking statements in response to your questions. Such statements involve a number of known and unknown risks and uncertainties, many of which are outside the company's control that could cause its future results, performance or achievement to differ significantly from the results, performance or achievements expressed or implied by such forward-looking statements.

Important factors that could cause or contribute to such differences include risks detailed in the company's public filings with the Securities and Exchange Commission and the AFM, and those mentioned in the earnings release. Except as required by law, the company undertakes no obligation to update any forward-looking or other statements herein, whether as a result of new information, future events, or otherwise. Also in the company's earnings release and in today's prepared remarks and presentation, the company will reference certain non-GAAP financial measures, which we believe will provide useful information for investors. A reconciliation of those measures to GAAP is included in the earnings release issued on January 28, 2015 and in today's presentation.

With that, I would now like to turn the call over to Emmanuel Grenier, Co-Chief Executive Officer of Cnova.

Emmanuel Grenier

Thank you. Hello, everyone, and thank you for joining us on Cnova's first earning call as a public company. We are very pleased to discuss our financial and operating results for our fourth quarter and full-year 2014, as well as our key objectives going forward.

So, we are expanding geographically, we have grown our GMV, and we have improved our overall profitability and cash position. And this is just the beginning. The growth in Cnova's GMV has been significant over the past several quarters and the fourth quarter was no exception. Total GMV in the fourth quarter grew by 28.6% year-over-year to €1.47 billion. And full-year 2014 GMV grew 26.6% to €4.52 billion compared to 2013. Our GMV growth in both segments was driven by strong increases in our direct sale and the rapid expansion of our marketplace businesses.

Our net sales, hence, grew 19.7% to €1.1 billion in the fourth quarter, and 19.8% to €3.47 billion in the full-year 2014, outpacing the growth in e-commerce across our largest market, driving additional share gains in both our Cdiscount and Cnova Brazil segments. Our top-line performance continued to strengthen, thanks to our great leadership, our broad product offering, and our unmatched payment and delivery options. These delivery options include our vast network of in-store pickup locations.

The expansion of our marketplace business significantly expands our product offering, providing us the opportunity to meet even more of our customers' purchasing needs at the most competitive prices. In fact, the number of product offerings available on Cnova's site at the end of 2014 were 13.8 million compared to the 6.2 million product offerings available at the end of 2013.

Growth of our marketplace will allow us to drive additional leverage of our fixed cost and higher levels of profitability. This growth will be further aided by launches of two new marketplaces in Brazil, Pontofrio and Casasbahia this month, which leverage our existing and very successful direct sales platform.

One of the key drivers of our GMV strength is the continued growth in our active customers. For the full year 2014, our total active customers reached 13.6 million compared to 11 million in 2013, representing 23.1% growth year-over-year. With the rapid development of our marketplaces, we expect this trend to continue.

I would also like to highlight that our orders placed grew 34.3% in 2014 to €31.7 million, while items sold increased by 37.3% for the same period. We are pleased to see that customers are placing more repeat orders with more items per order than ever before. 2014 was also marked by the important progress we've made in mobile commerce. Traffic from mobile users and purchases by customers with the mobile devices has increased significantly. And we expect this is going continue.

For the fourth quarter at Cdiscount, mobile users accounted for 21.6% of placed order value versus 14% in the prior year. And in Brazil, mobile users accounted for 10.5% of placed order value in the fourth quarter compared to 4.4% for the same period in 2013. Our investments over the last several years, in strengthening our mobile platform, are driving incremental top-line growth and position as well capitalized on the expansion of m-commerce for years to come.

Throughout 2014, we continued to extend our geographical reach with further expansion in Africa and Central America. This brings our global footprint as of today to a total of 11 countries, and increases our total addressable market to 550 million people, all with e-commerce penetration significantly below that of the U.S.

Now, let's turn to our profitability. Adjusted operating income grew by 34.5% year-over-year to €35.3 million in the fourth quarter of 2014. For the full-year 2014, adjusted operating income grew 58.1% year-over-year, €37.2 million. This excludes operating income or loss related to our launches in new countries in 2014. We believe this is a better measure of profitability in our core business given that these new markets are very early in their development cycle. So, this led to strong cash generation of €203 million in 2014 and to a net cash position of €534 million or €1.21 per share at the end of 2014. Now, I would like to take a few moments to discuss Cdiscount.

We are very pleased with our performance in both the fourth quarter and full year of 2014. In the fourth quarter, Cdiscount GMV increased 26.1% to €790.5 million. And net sales grew 15.5% to €535.2 million. For the full year, Cdiscount GMV increased 21.6% to €2.31 billion. And net sales grew 13% to €1.61 billion. This outpaced an e-commerce market in France which grew by 11%. Our outperformance was driven by a combination of higher volume in our direct sales, significant growth in our marketplace and successful launching of new specialty websites.

In particular, during the fourth quarter and for full year, GMV growth was driven by our core merchandise categories including cell phones, home appliances, as well as higher margin categories such as home furnishing. Specifically, we are pleased by the ongoing development of our marketplace business. In the fourth quarter, marketplace share was 21.5% of the Cdiscount GMV compared to 13.2% for the same period last year. We now have nearly 7,000 fellows including 230 which subscribed to our fulfillment services.

In 2014, we continued to strengthen our value proposition to the customer, first, by continuing our price leadership through leverage of our strong purchasing power. Second, by growing our click & collect network and expanding our consumer payment options. And third, accelerating Cdiscount à volonté, our loyalty program. In fact, our click & collect or pickup points accounting for overall 60% of our net sales in 2014 and 65% in Q4. As a reminder, our click & collect network includes 17,000 pickup points throughout France including the largest network of pickup points for large items with 580 points. This allows customer to have a click & collect location in very close proximity to their home or workplace.

Additionally, as part of our growth strategy, we have expanded into a new higher-margin product categories with the recent launch of two new specialty websites in addition to the existing Monshowroom.com and [indiscernible] (11:22). So we opened Moncornerbrico.com, an online seller of home improvement product for the DIY consumer and Moncornerbaby.com, an online seller of infant care products and toys. We plan on launching five additional specialty websites in 2015.

These sites allow us to diversify our product offering to higher growth, premium categories while reaching new customers. Combine our ability to leverage this competitive strength enabled us to continue to gain share and to reinforce our position as the e-commerce leader in France.

Let me now discuss the progress we've made in entering new markets during this quarter. We have further expanded our global footprint with the launch of Cdiscount sites in Senegal in September 2014, Cameroon in December 2014, and in Panama this month, bringing the total of number of countries we operate into 11 across four continents with a population of almost 200 million people, which is greater than that of France and Brazil combined.

This is important to note that this businesses represent the further expansion of our proven business model. By leveraging the existing infrastructure of our parents also relationships with local partners such as Bolloré in Africa, we can enter these markets with low risk and minimal capital expenditure and apply our competitive strength to grow scale quickly. As an example, in early 2014, we successfully launched operation in high growth e-commerce markets such as Thailand, Vietnam and Colombia, and we are very encouraged by the early progress. We capitalized on the existing infrastructure in these countries as we share logistics, purchasing and IT platform.

Now, I would like to turn the call over to Germán Quiroga who will discuss Cnova Brazil. Thank you.

Germán Pasquale Quiroga Vilardo

Thank you, Emmanuel, and thank you all for joining Cnova's earnings call. I'm very pleased to share with you the performance of Cnova Brazil for 4Q and full year of 2014. Similar to previous quarters, Cnova Brazil GMV continued to show robust growth in the fourth quarter. On a constant currency basis, Brazil GMV increased 36.6% in the fourth quarter of 2014 compared to the same period of last year. And net sales grew by 28.6%.

In Europe, GMV growth represented 31.7%, and net sales growth 24.1% for the fourth quarter of 2014. For the full-year 2014, GMV grew 44%, and net sales, 37%, compared to 2013. In Europe, GMV growth represented 32.3% and net sales grew 26.4% compared to 2013. Our growth outpaced the markets and e-commerce as a percentage of total retail sales remained underpenetrated at only 3.1%, less than half of e-commerce penetration in the U.S. and less than China as well.

We have continued to gain market share by leveraging our competitive advantage, including product leadership, a broad product offering, and unmatched delivering and payment option. Over the past five years, Cnova Brazil has become a key player in the Brazil e-commerce, gaining more market share than any other player. This competitive strength has built on a strong brand awareness of Casasbahia, Extra and Pontofrio. They each have a differentiated positioning in the market, allowing us to reach a diverse customer base.

Direct sales across all slides accelerated during the fourth quarter, particularly at extra.com which benefited from a strong holiday shopping season, especially, on Black Friday. Our marketplace business grew significantly during the quarter, and we expect a continuing momentum to be driven by our launches of pontofrio.com and casasbahia.com marketplace in this month. Our marketplace represented 12.4% of extra.com GMV in the fourth quarter compared to only 3.8% for the same period last year. Since the launch of extra.com marketplace in 2012, we have been able to secure large brands sellers quickly through the inheritance of our marketplace strategy [indiscernible] (16:26).

We believe our two new marketplaces will help to drive strong gains GMV going forward and be one of the key drivers of our future profitability. Another strong lever is mobile sales. They continue to grow significantly, accounting for 10.5% of placed orders value in the fourth quarter compared to only 4.5% in the same period in 2013. Additionally, during the quarter, we extend our price leadership in the market with the launch of Cdiscount.com in Brazil in October of 2014. Cdiscount is positioned as the outlet of the Brazilian Internet, and we are ready to accelerate this business.

As a part of our ongoing [indiscernible] (17:18) investment in Brazil, we now have 100 stores in the GPA networking, click & collect stations. There is still a lot of room for development considering the 2,000 stores operating by GPA, Via Varejo across the whole country. We believe this will allow us to fully building on our competitive position in the market. We also extended our live program, driving higher reposition rate during the year. 2014 was also marked by the launch of our Cosmo and Supernova business and by one impressive growth in our wholesale and e-hub operations. Overall, I'm very excited by many growth opportunities we have in Cnova Brazil.

Now, I would like to turn the call over to Vitor to discuss our financial results in more detail.

Vitor Fagá de Almeida

Thank you, Quiroga. Hello, everyone. This is Vitor Fagá, and now, we will walk you on the key income statement lines. So, in slide number six, we have GMV evolution and marketplace. And as you can see, GMV is performing strongly in Cnova, driven by direct sales and marketplace evolution.

In the fourth quarter of 2014, we have been able to grow GMV on a 28.6% base, 26.1% in Cdiscount, and 31.7% in Cnova Brazil. Also, during the year, we have accumulated 27% – almost 27% growth in the total GMV of the company. This reflects the very strong performance also in the evolution of the marketplace in our business. In France, the marketplace represents, at the end of the year, 21.5% comparing to 13.2% in the same quarter of 2013. And in Brazil, it's represent in the last quarter, 12.4% comparing to 3.8% in the fourth quarter of 2013. So, we can – as you can see, it's a very strong evolution of around 800 bps in both countries in one-year time.

And this reflects the successful efforts to develop this marketplace business in both regions as a consequence of our competitive advantages and also as a consequence of the focus that the company have been doing in this – to develop this business segment. It's also important to emphasize that the number of sellers more than doubled in one-year time at achieving more than 7,000 sellers. And also, we have been able to achieve more than 14 million products offerings in this – at the end of 2014.

In slide number seven, mobile share and active customer, it's important to see how mobile has been continuously gaining relevance in all markets, but especially in the developed markets. And this is related to the fact that smartphones and tablets penetration are increasing very fast in these regions. So, Cnova, as we can see here, is positioned to capture its trends and, of course, to convert these trends in sales to this very specific channel.

As you can see here, in Cdiscount we have been able to increase the mobile share of GMV from 14% in the fourth Q 2013 to 21.6% in the last Q of 2014; and also, in Cnova Brazil, from 4.4% in the last quarter of 2013 to 10.5% in the fourth quarter of 2014. And as a consequence of many actions that we have been taking in order to generate and attract customers, we have been able also to achieve our 23% growth in the active customers figures, as a very, very important figure to drive our results.

So as you can see in slide number eight, our net sales has been driven by direct sales and marketplace as well. We have been able to increase almost 20% the net sales of the company in the last quarter of 2014 comparing to the same period of 2013. It's a 15.5% increase in Cdiscount and it's a 24.1% increase in Cnova Brazil. Also, this is in – that figure in euro terms. Considering the real devaluation in this period and measuring it in our constant currency basis, Cnova Brazil has been able to grow at 28.6% growth rate in the fourth quarter of last year.

And it's important also to highlight the main categories that have been contributed to the direct sales growth. In Cdiscount, it's important to emphasize, one, the home appliances and also the home furnishing categories, two important categories that have been pushing the sales. And also in Cnova Brazil, we have been seeing a strong growth in the consumer electronic categories, especially smartphones and tablets. As a consequence of that, we have also been able to grow in 2014, 19.8% in the accumulated base.

So, moving to slide nine, we can see gross profit and adjusted EBITDA. These figures exclude the impact of the launching of the activities in new countries in 2014, since these activities are in a early stage of development, and we believe it's a better measure of our core business. So, we can see here the gross profit growing 20% in the fourth quarter of 2014 comparing to the same period of last year and achieving 15.5% as a percentage of net sales. And also it's important to share with you the gross profit excluding the marketing expenses. It has been increasing as a percentage of net sales from 13.1% in the last quarter of 2013 to 13.4% in the last quarter of 2014.

When you look for the adjusted EBIT, we see there's a positive trend as well. As a consequence of the evolution of the gross profit, but also the fact that we have been able to dilute and optimize operating expenses, we have been able to achieve 12.3% operating expenses in the last quarter of 2014 as a percentage of net sales. We have been able to increase adjusted EBITDA around 28% in the comparison of the last quarter of 2014 to the last quarter of 2015. So, it's an increase in the EBITDA margin or the EBITDA as a percentage of net sales from 3.8% to 4.1% in this period.

So, moving to slide number 10, we can see the operating profit. And thanks to the evolution of the [audio gap] (26:07-26:12) gross profit, dilution of expenses as well, we can see here 34% increase in the operating profit, which represents 3.2% of the sales comparing to 2.9% of net sales in the fourth quarter of 2013. In a yearly basis comparison, we have a 58% increase in the operating profit.

We bring here to share with you as well a metric that considers the operating profit net of factoring cost. As many of you that follow the company knows, we have, specifically in Brazil, a big percentage of sales done installments and we factor the receivables that we generate from the sales. So considering the operating profit, net of factoring these receivables, we have been able to increase the operating profit 39% in a quarterly based comparison. As the percentage of net sales, it has achieved 1.5%, an increase of 20 bps comparing to the same period of the previous year.

So moving to slide 11, we can see here the adjusted net profit. And before that, we will comment also the evolution of net financial expense. As we can see here, the net financial expenses have been growing 8.4% in the fourth quarter of 2014. It represents an increase in the total amount while it's a reduction as a percentage of net sales from 1.9% in 4Q 2013 to 1.7% in 4Q 2014.

The company has been able to partially offset the negative impact in the financial expenses of the increase in selling rate in Brazil by reducing the average number of payments in around 13%, especially in the payments done installments. So, as a consequence of the evolution of the operating profit and the optimization of the financial expenses, our net profit – our adjusted net profit has been increasing 32% in this period, achieving 1.3% of net sales in the fourth quarter of 2014.

So, on slide 12, we can see that Cnova continues to grow and generate cash. Cnova has been able to generate more than €200 million in 2014. So, this reflects an important strength of its business model that combines cash generation from the operating activities with optimized CapEx level, resulting in a strong cash flow generation. So, at the end of 2014, we had a net cash of €534 million, which represent a net cash position equivalent to €1.21 per share.

So, now turning to the last slide, we would like to share with you the guidance of the company for the first quarter of 2015. So, we expect Cnova net sales in the first quarter of 2015 to increase 17% plus or minus 200 basis points comparing to the first quarter of 2014.

And now, I will turn the call to Quiroga, who will provide some comments about 2015 priorities.

Germán Pasquale Quiroga Vilardo

Thank you, Vitor. As you can see, Cnova has built a strong foundation for a profitable growth. Looking ahead, we will continue to leverage our key competitive advantage in our core markets to have additional market share gains, while strategically expanding into new high-growth markets and business segments. This will drive our growth and our profitability in medium to long terms.

Additionally, we will continue the fast development of our marketplace in France and Brazil. This is the most relevant path to increase our profitability in short-term. We are reinforcing our structural competitive advantage such as Cnova click & collect network, which is important by year two and three. We also continue to invest in and leverage our strong position in mobile e-commerce.

And lastly, we will continue to offer our customers the most competitive pricing in the market, thanks to our purchasing power and low-cost position. Altogether, we believe we will sustain our fast growth and increase our profitability, resulting in strong cash generation.

With that, I would like to turn the call back to the operator so we can open the call for the questions.

Q&A

Operator

Thank you. Ladies and gentlemen, we will now be conducting a question-and-answer session. [Operator Instructions] Our first question comes from the line of Edouard Aubin with Morgan Stanley. Please go ahead with your question.

<Q - Edouard J. Aubin>: [audio gap] (32:49) ...and cash flow. In terms of sales you're guiding for a 17% increase in the first quarter, which I guess is a bit of a slowdown versus the fourth quarter and it's below the full-year consensus expectation, is it just a function of you cycling a very strong quarter in Brazil? And if so, should we expect an acceleration of your sales, of your top-line towards the remainder of the year, because to get to consensus expectations, I guess, it would imply a 25% increase over the remaining nine months? And also on the cash flow, I guess your cash generation was a positive surprise in the quarter. Why did the number of days of trade payables increased by that magnitude, if you could elaborate on that? And what should we expect – should we expect that that level to be sustainable in fiscal 2015?

<A - Vitor Fagá de Almeida>: Okay. Thank you, Edouard, for the questions. So, first of all, regarding the guidance, we have seen, as many of you have as well, a more challenging macroeconomic conditions, especially in Brazil, involved in certain key indicators of the macroeconomic environment. Especially regarding to consumer confidence, we have been a weaker indicator, and this was the main reason why we assume this guidance, and we give this guidance to the market. So, we are – with the current environment, totally aligned with these projections. And we expect to increase as we mentioned. But it's important to emphasize that this is aligned with our strategy of growing faster than the market. And we expect to keep this over the following quarters.

Regarding the second question, yes, we have a very strong cash flow generation during the year as you mentioned. It is basically a composition of operating positive cash flow. There is a very strong impact came from the working capital, as you mentioned. And we should – this is a consequence of a better management and a better management of the working capital, but also the fact that we have been able to leverage during the last year, especially implement some competitive advantages related to purchasing power and relationship with our suppliers. So, this is a very important driver for this working capital.

We should – look, quarter-over-quarter, of course, have the effect of this – of positive effect of this metric. But of course, we should remember that this difference is very seasonal. We shouldn't expect similar figures in terms of nominal figures, of course. I mean, every quarter has its specific seasonality, but we expect to have improvements in this line as well.

<Q - Edouard J. Aubin>: And so, sorry, just to clarify on the sales figures on sale guidance just to make sure I understood, you said that your guidance for the first quarter was conservative because of a difficult macro in Brazil. But just to be clear, is the 17% is in line with the initial budgets you might have had three months ago or is it slightly lower?

<A - Vitor Fagá de Almeida>: We have been – the macroeconomic conditions have been changing over the period. And we have been adjusting our expectations according to that, Edouard.

<Q - Edouard J. Aubin>: Okay. Thank you.

Operator

Thank you. Our next question comes from the line of Jaime Vázquez with JPMorgan. Please go ahead with your question.

<Q - Jaime Vázquez>: Hi. Hi, all. Just a couple of follow-ups on Edouard's question. I mean, since when have the environment become weaker, because in Q4, you delivered growth very much in line with your budgets, both in terms of GMV and net sales, are you talking about declaration of conditions in the last two weeks or because we didn't see that deterioration in your numbers in Q4? So, if you can be a bit more specific on what you have seen in January to make you be so much more prudent versus your initial budget.

Secondly, on the net cash of €534 million, just to get a sense for the seasonality effect of Christmas, can you tell us what that net cash is as of today roughly, just to understand the seasonality effect? And thirdly, in the context of the weaker macroeconomic conditions, should we also change the assumptions for the gross margin? Because you want to grow faster than the market, will you have to invest more in price to compensate for the shortfall in top-line? Should we change that assumption as well, as well as the top-line? Thank you.

<A - Vitor Fagá de Almeida>: Okay. Thank you, [indiscernible] (38:58). So, regarding the macroeconomic conditions, we have seen these indicators moving gradually over the last quarter and in this quarter, okay? Compared with the fourth quarter of 2014, it's always more difficult since the quarter is very seasonal. For this business, especially in the market that you operate, there's a very strong seasonality. So, this kind of comparison, it's difficult in terms of – even if you take in terms of the evolution quarter-over-quarter, okay? But we are seeing this macroeconomic conditions and some of the indicators, especially consumer confidence indicator, as I mentioned, weaker and weaker over the last 12 months, okay? So, this is the first thing.

Regarding to the cash generation, yes, there is also seasonality in the cash generation. It's – I cannot provide specific figures about our current cash, but we are going to see, at the end of the first quarter or any first quarter, any second quarter or any third quarter, a different figure in terms of cash exactly because of the seasonality. I mean we have very strong sales in the last quarter in the industry. And of course, it lead towards the possibility to enhance it. But at the end of the day, I mean, we are always comparing the same period, and we have the cash generation in 12 months' time as you know, okay?

And also, going to the third question about margin, it's important – at this stage, we are giving to you a reference and a guidance regarding to say this is the most important metric that we believe should be seen at this stage, and that's the current trend you can have for the moment. Quiroga will make a complement on the questions.

<A - Germán Pasquale Quiroga Vilardo>: Okay, Vitor, thank you. Thank you, Jaime, for the question. We have the position of Vitor, we find the market more difficult from some months ago. But we have very good opportunity, even in this moment, if you see the last year, we had no good year in Brazil and we have very good results.

We have an opportunity in this moment of difficulty in Brazil to amplify our model – to use our model for price discounts, to increase volume, okay. Vitor said, we need to compare this first quarter of 2014 to – 2015 with 2014 first quarter. If you compare, you have a good opportunity to grow. But this guidance we provide to the market is our best view at the moment in terms of sales. And we have opportunity to – if you look at our model of price discount, in my view, we have good opportunity in Brazil, even in the market, okay.

<Q - Jaime Vázquez>: Another question is that the marketplace penetration in both countries, only went up by about 1 point quarter-on-quarter, so versus September. And you need a faster rate, like three times faster to get to your targets before the end of 2016. Is Q4 a quarter where for seasonality reasons, the marketplace penetration doesn't go up as much as in other quarters or should we expect an acceleration in that? I mean, the year-on-year increase in the penetration is very impressive but not so much with quarter-on-quarter. So, if you can comment on that, that would be great. Thank you.

<A - Emmanuel Grenier>: Yes. I will answer. Emmanuel is speaking. In fact, we are confident and we are on track with the objectives we gave. Because in this quarter, we had an acceleration at the end of the quarter during Christmas. We can't see it in the figure for the quarter, but we had an acceleration, and this acceleration is confirmed at the beginning of this year. So, we are confident with that.

<Q - Jaime Vázquez>: Okay. Thank you.

Operator

Thank you. Our next question comes from the line of Justin Post with Merrill Lynch. Please go ahead with your question.

<Q - Justin Post>: Yeah. Can you talk about gross margins in the quarter? I know you had a big marketplace lift. Why were they so much flat year-over-year? And what your gross margin outlook is for next year? Thank you.

<A - Germán Pasquale Quiroga Vilardo>: Okay. Thank you for the question. We have pretty stable gross margin quarter-over-quarter, as you mentioned. But in this sense, it's important to emphasize, Justin, first of all, we have, in the fourth quarter, a change in the trend of gross margin over the year. We have been experiencing in the first nine months of the year, a reduction in the gross margin comparing to the same period of last year, as a consequence of the implementation of pricing strategy, a strong enhancement of our pricing strategy that lead to us to compete and to offer to our customers a very, very interesting value proposition in terms of price. So, it's a change in the trend. This is the – first of all.

The second one, we used to follow this indicator internally, and we managed the company as well, as gross margin excluding marketing expenses or post marketing expenses, why? Because the decision of margin and the decision of market expenses in this sector are very related. There is a very clear takeoff from that. And when we define, overall, the price strategy, we considered both indicators. And if you see that and that's why we highlighted that in the presentation also in our release, we can see an increase in the gross margin in a comparison, on a quarter comparison, okay. So, this is the – this is basically the view that we have in the fourth quarter, but [indiscernible] (46:19) and this also is linked to our strategy. I mean, keep growing, gain market share, but also enhancing and looking for high profitability.

<Q - Justin Post>: In your first quarter outlook, can you help us understand the exchange rate assumptions you have for the Brazil translation into the euro? And also will increase in marketplace or third-party affect your sales growth at all in Q1 relative to Q4?

<A - Germán Pasquale Quiroga Vilardo>: Okay. For the guidance, it's a – thank you for the question, it's important to highlight that. What is increases the exchange rate is the current market projection for the Brazilian real to euro exchange rates. Okay? This is a current market projection for the first Q of 2015. And it's a slightly appreciation of the Brazilian real over the euro comparing to the same period of last year. Okay?

<A - Emmanuel Grenier>: Justin, could you repeat your second question just to be sure that we answered a good question?

<Q - Justin Post>: Sure. You have a growing third-party business, so that, in theory could affect your revenue growth rate. So, I'm just wondering if you have any kind of added inflection in third-party business in your first quarter model or is the percentage of third-party about the same as Q4. How are you looking at that?

<A - Emmanuel Grenier>: No. Okay. Thank you. Clear. No, the third party business will go on increasing because this is the objective and this is the trend – has been the trend for the last – in the last three years. And it is not affecting the direct sales. Look, in France or in Brazil, we have nearly doubled the share marketplace in the business. And at the same time, in both countries, we have gained market share. So, in 2015, it should be the same. So, we are optimistic on the growth of the marketplace and very optimistic on the growth of the direct sales.

<Q - Justin Post>: Thank you.

<A - Germán Pasquale Quiroga Vilardo>: Only to remember, sorry. Justin, only to remember, we have a good opportunity to increase our share of marketplace in our sales because we launched in Pontofrio and Casasbahia. And we have a very good results in the first days of this model in two brands. Okay? And this year, we have other opportunities of new players. And we're very confident with this growth, okay?

<Q - Justin Post>: Thank you.

Operator

Thank you. Our next question comes from the line of Steven Zhu with Credit Suisse. Please go ahead with your question.

<Q - Steven Zhu>: Hey. Thank you for the question. Thank you for taking the question. So, Emmanuel and Germán, I'm just wondering if you can talk about the marketplace's commission rates for France and Brazil based on the reported disclosure. I'm not sure, if I can figure out what the revenue contributions from the marketplace's businesses are and where the take rates are trending. Additionally, are you sensing any pressure on these rates from any of your regional competitors? Thank you.

<A - Emmanuel Grenier>: No. The take rates are still the same. We didn't change take rates. In France, around 11%. And there is no pressure at all on these take rates. No from Amazon, no from the other competitors. This is the key thing. So, things didn't change and this is a good thing.

<A - Germán Pasquale Quiroga Vilardo>: The same in Brazil.

<Q - Steven Zhu>: Thank you.

Operator

Thank you. Our next question comes from the line of Ross Sandler with Deutsche Bank. Please go ahead with your question.

<Q - Ross Sandler>: Thanks, guys, and congrats on a – being a public company and getting the first quarter out. I guess, back to the 17% guidance for revenue in 1Q, can you just give us the breakdown of the expectation for growth between Brazil and France? And then, Vitor, I think you said that growth will start to accelerate beyond the first quarter. So, I guess, given your comments on the macro, what do you see driving that reacceleration?

And then the second question is on the gross margin or the flow-through of profit in the – so given that marketplace GMV continues to ramp up pretty significantly year-on-year in terms of penetration, and that gross profit is basically flat year-on-year, can you talk about – is that from the aggressive pricing strategy or can you just give us a little bit more color on the GMV flow-through to gross profit? Thanks.

<A - Germán Pasquale Quiroga Vilardo>: Okay, Ross. So, regarding to the first question, we are not providing at this moment, I mean, the breakdown between two regions. We believe that with this guidance, we can have a view on why we are moving in the first Q, okay? And just to make very clear, we are not expecting – I mean, I'm not telling that in the second quarter or third quarter, we are going to have acceleration or deceleration. At this stage, we are just talking about the first quarter, okay? We can talk – we are not able to, at this point, talk about any evolution during the year, okay? This...

<A - Emmanuel Grenier>: Okay. And about the second question, just once – the first thing is that there is change of trend in the gross profit margin. It means that it was decreasing. It's now stabilized and it is a good thing, and even increasing, if you look at the gross profit margin after marketing expenses. This is the first thing.

And we are very confident for the future to have gradually gross profit margin increasing because of the marketplace – the growth of the marketplace and because of the mix and because of one thing as well which are the improvement of our purchasing condition because we started – we are really negotiating on the worldwide level between France and Brazil, which is very amusing this year with all the suppliers.

So far, we negotiated offline, online in each country. We're going on with that. But we added new negotiations, worldwide negotiations for online-online France-Brazil. We didn't change our pricing strategy. We are the leader. We are the price leader. We will be the price leader, but we are satisfied now with the current pricing gap we have established relative to our competitors. So, this is – the gap is stable, and we don't need to invest more in pricing.

<Q - Ross Sandler>: Okay. Thank you, guys.

Operator

Thank you. Our next question comes from the line of Fabienne Caron with Kepler. Please go ahead with your question.

<Q - Fabienne C. Caron>: Hi, everyone. I've got two questions. To come back, Emmanuel, on the gross margin, I agree that there was a change in trend. But if we look year-on-year and we put in parallel the increasing gross margin and the weight of the marketplace, still, I think, I would personally have expected your gross margin to increase more all the more that you said you negotiated now at the group level. So, why is your gross margin not increasing more than 16 basis points? Is it because you are more aggressive on your own platform?

And the second question will be still on the 17% [indiscernible] (54:56) given the strong move of the real so far, it is fair to say that you're going for 12% at constant exchange rate? And have you changed because you've changed your view on Brazil and you're very cautious? Have you changed your view on France as well or is your budget on France still as before? Thank you.

<A - Emmanuel Grenier>: Okay. For the first question, two things. We started now to negotiate at worldwide level online plus online, Brazil for France. We didn't do it last quarter. The negotiations are taking place now in the beginning of this year. So, this is not included in the gross profit margin of Q4.

The second thing is that we didn't increase our gap, and we didn't push on prices, and we didn't need it, we did not increase our gap versus the competition in Q4, Brazil and France. The gap remained the same. The only thing is Q4 is always a very special period with Christmas, with a very big impact of toys and video games, with low margins, the growth of the category was very high in France and in Brazil. So, it got some impact on the gross margin, but there is no change in the pricing strategy.

<Q - Fabienne C. Caron>: Yeah. Okay. Thank you.

<A - Germán Pasquale Quiroga Vilardo>: Fabienne, on the guidance question, as I mentioned before, we are, at this stage, giving to you the 17% as a consolidated. We are not giving any additional detail on [indiscernible] (56:33) dates? And as – you're right, I mean, regarding different exchange rate compared to the fourth quarter of the previous year, of 2014. But we are considering that guidance at the current exchange rate forecast, okay?

<Q - Fabienne C. Caron>: Okay. But assuming it's 12% at constant rate is a fair assumption, is it, given the 10% move in the real, and it's half of your sales?

<A - Germán Pasquale Quiroga Vilardo>: [indiscernible] (57:08) comment on your number? I mean – but we can talk later about this.

<Q - Fabienne C. Caron>: Okay. But you don't want to share with us – the 17% how it is beyond constant rate?

<A - Germán Pasquale Quiroga Vilardo>: Look, the 17% consider the current projection of the currency, okay? We cannot give, I mean, more details at this stage.

<Q - Fabienne C. Caron>: Okay. Thank you.

<A - Germán Pasquale Quiroga Vilardo>: Okay.

Operator

Thank you. Ladies and gentlemen, there are no further questions at this time. I would now like to turn the floor back over to management for closing remarks.

Emmanuel Grenier

Okay. Thank you for joining the call. It was a pleasure. It was the first call for Cnova for the first quarter results – fourth quarter results or the first result ever. So, next time in three months' time, our next call. Thank you very much.

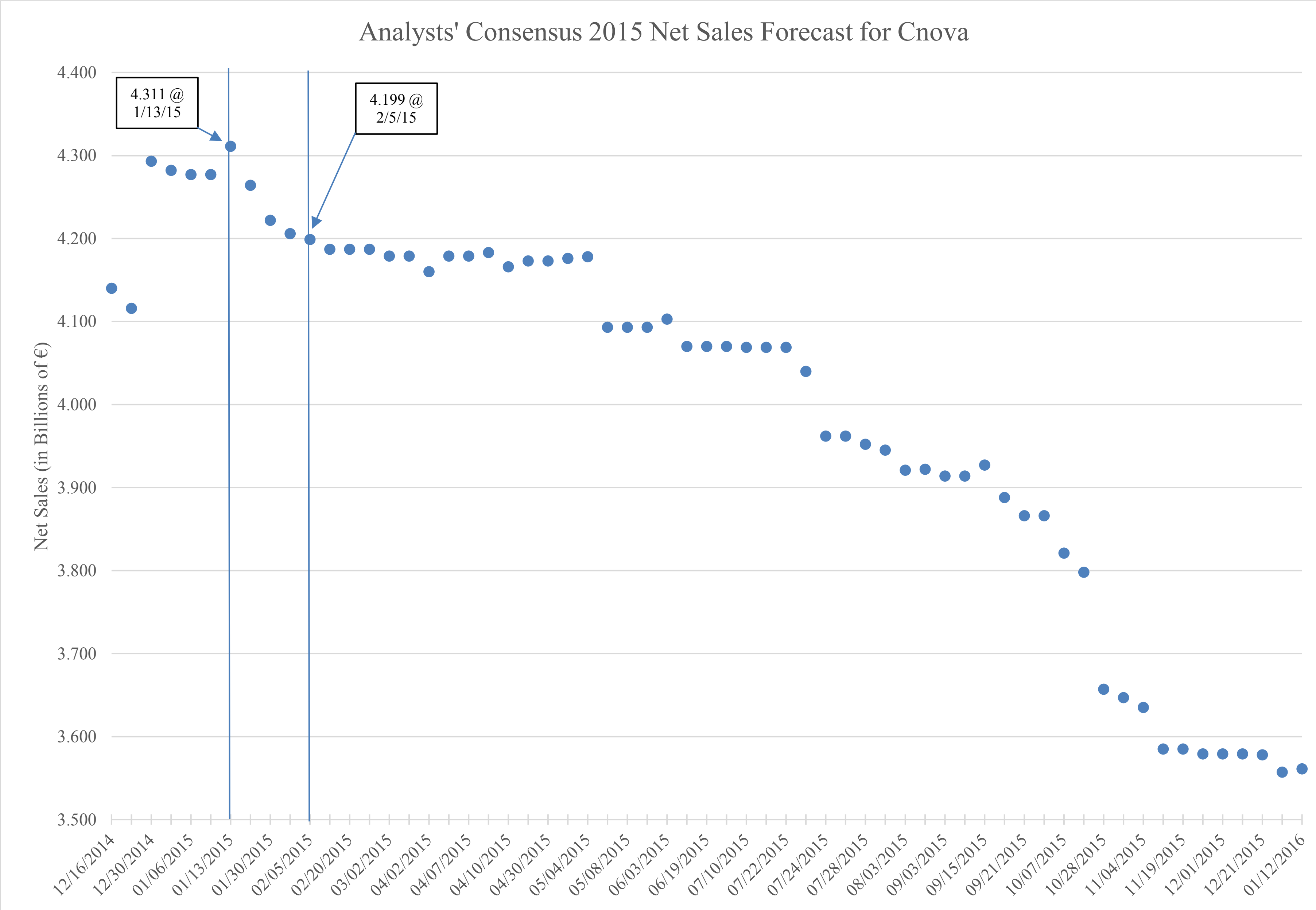
Germán Pasquale Quiroga Vilardo

Thank you, guys.

Operator

Thank you, ladies and gentlemen. This now concludes today's teleconference. You may now disconnect your lines at this time. Thank you for your participation and have a wonderful day.

EXHIBIT E



Source: Bloomberg "EE HIST" function

EXHIBIT F

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With offices in New York City and Stevenson, Maryland, Brower Piven focuses its practice in the areas of complex class action and other representative litigation. The firm's diverse practice areas enable Brower Piven clients to call upon experience and resources available at few firms of its size. Brower Piven clients range from institutional and large private investors, to small and large businesses, to small individual investors and retail consumers. Regardless of the size of the matter, Brower Piven provides every client with the professional service, care, and quality that Brower Piven believes every client deserves.

Attorneys at Brower Piven, some with over 30 years of experience, are nationally recognized in the class action arena. The firm's attorneys have vast experience advising and representing plaintiffs in class actions under the federal securities laws; federal and state consumer protection laws; federal and state antitrust laws; state shareholder and corporate governance laws; federal and state environmental laws; and federal RICO laws. Brower Piven attorneys have served their clients in thousands of federal and state actions in almost every state in the nation.

The attorneys at Brower Piven have obtained numerous important recoveries, been responsible for decisions regularly relied upon by courts and others practicing in the field, and achieved precedent-setting corporate governance reforms in the fields of securities law and shareholder rights.

The success of the strategies pursued by Brower Piven's attorneys in representing their clients over the years has been demonstrated by clients and classes receiving well over a billion dollars in past and pending recoveries. The following is a sample of significant recoveries that are the product of the depth and breadth of the professional experience of the attorneys at Brower Piven who served as lead or co-lead counsel in achieving them:

In re Merck & Co., Inc. Securities, Derivative & ERISA Litig., 3:05-CV-02367 (MDL 1658) (D.N.J.). Beginning in 2003, a group of investors filed suit against Merck & Co. accusing the company of defrauding investors and misleading investors concerning the serious safety issues relating to Vioxx. Brower Piven is one of the lead counsel in the action. The district court dismissed the entire lawsuit, finding, among other things, that the plaintiffs had failed to file their lawsuit within the required time period. The United States Court of Appeals for the Third Circuit reversed that dismissal (543 F.3d 150), and, on a writ of certiorari (556 U.S. 1257), the United States Supreme Court unanimously found that the plaintiffs had timely filed their lawsuit (559 U.S. 633). The case was remanded and in 2016 settled for $1.062 billion.

Landmen Partners, Inc. v. The Blackstone Group L.P., 08-03601 (S.D.N.Y.). In 2007, The Blackstone Group, L.P., a large asset manager and provider of financial advisory services, went public. Shortly after filing its IPO, investors filed suit, alleging that the company had made material omissions and misstatements in its IPO registration statement and prospectus. The case ultimately settled for $85 million shortly before trial.

Freudenberg v. E*TRADE Financial Corp., 07 Civ. 8538 (JPO) (MHD) (S.D.N.Y.). A federal securities fraud class action arising from E*TRADE's allegedly false and misleading statements concerning its mortgage business, resulting in a $79 million settlement.

In re Crocs, Inc. Sec. Litig., 07-cv-02351-PAB-KLM (D. Colo.). In 2007, investors filed suit against Crocs, Inc., alleging that the company made false statements about its business and its inventory and management systems, and that these false statements produced significant investment losses. After the case was dismissed, Brower Piven refused to drop the matter and vigorously pursued an appeal of that dismissal. In the face of completed briefing, Brower Piven was able to negotiate from the Crocs defendants a $10 million partial settlement for aggrieved investors, and continue their efforts to recover from Crocs' outside auditors.

Cole Real Estate Investments, Inc. S'holder Litig., (Cir. Ct., Balt. City, 24-C-13-006665). This litigation challenged a transaction between Cole Real Estate Investments, Inc. ("CREI") and its officers, and a merger between CREI and American Realty Capital Properties, Inc. The case resulted in a settlement that provided the shareholders of CREI with, among other things, $64 million in additional merger consideration.

In re Laureate Educ. S'holder Litig., (Cir. Ct., Balt. City, 24-C-07-000664). The case ultimately resulted in a $35 million cash settlement.

In re Cell Therapeutics, Inc. Class Action Litig., C10-414 MJP (W.D. Wash.). A federal securities class action arising from allegedly false and misleading statements concerning the company's drug Pixantrone, resulting in a $19 million settlement.

Klugman v. American Capital Ltd., 8:09-CV-00005-PJM (D. Md.). A federal securities class action arising from allegedly false and misleading statements concerning the company's ability to pay a dividend, resulting in an $18 million settlement for investors.

Wagner v. Barrick Gold Corp., 1:03cv4302 (S.D.N.Y.). A federal securities class action arising from allegedly false and misleading statements concerning the company's ability to be profitable in an environment of rising gold prices, resulting in a settlement totaling $24 million.

SECURITIES CLASS ACTION LITIGATION

Brower Piven is a leader in the fight against securities fraud, aggressively pursuing securities fraud cases on behalf of investors who have been injured by corporate fraud and financial wrongdoing. Courts around the country, co-counsel and opposing counsel have repeatedly recognized Brower Piven's reputation for excellence in this field and its role as a leading advocate for shareholders and investors.

Additional examples of current and past matters in which the attorneys at Brower Piven had a leadership role demonstrate the scope of the firm's expertise include:

In re Oppenheimer Rochester Funds Group Sec. Litig., 09-md-02063-JLK-KMT (D. Colo.). Shareholders in seven different Oppenheimer municipal bond funds brought suit alleging that these funds misrepresented or failed to disclose the nature and degree of the risks associated with the extremely risky investment strategies relying on low quality, unrated, and/or illiquid bonds, or on highly-leveraged derivative instruments known as "inverse floaters." Brower Piven worked aggressively with co-counsel to obtain a $89.5 million cash settlement for investors.

In re Vivendi Universal, S.A. Sec. Litig., 02 Civ.5571 (S.D.N.Y.). Brian Kerr was one of the principal trial counsel in the securities fraud class action against Vivendi Universal, where the jury returned a verdict that at the time had an estimated value of up to $9 billion.

Steiner v. Southmark Corp., 3-89-1387-D (N.D. Tex.). A federal securities fraud class action against defunct real estate partnership marketer and its outside accountants resulting in a recovery of over $75 million in cash for investors.

In re Petro-Lewis Sec. Litig., 84-C-326 (D. Colo.). A federal securities fraud class action on behalf of limited partners and shareholders where plaintiffs recovered over $100 million in cash and benefits including the restructuring of dozens of oil and gas limited partnerships.

In re MicroStrategy Sec. Litig., 00-473-A (E.D. Va.). A federal securities fraud class, where over $125 million was recovered for investors, the Court commented that: "Clearly, the conduct of all counsel in this case and the result they have achieved for all of the parties confirms that they deserve the national recognition that they enjoy."

In re Arakis Energy Corp. Sec. Litig., 95-CV-3431 (ARR) (E.D.N.Y.). A federal securities class action against Canadian company resulting in a recovery of over $24 million for investors.

In re Spectrum Information Technologies Sec. Litig., CV-93-2295 (FB) (E.D.N.Y.). A securities fraud action against bankrupt issuer where over $10 million in cash was recovered (including all insurance coverage available) for investors following successful trial and appeal against directors' and officers' insurance carrier who attempted to disclaim coverage.

In re Bristol-Myers Squibb Sec. Litig., 92-CIV-4007 (JES) (S.D.N.Y.). A federal securities class action resulting in recovery of over $19 million in cash for investors.

Steiner v. Ideal Basic Industries, Inc., 86-M-456 (D. Colo.). A federal securities class action against the former *Fortune 500* cement manufacturer resulting in an over $17.5 million recovery in cash for investors.

In re Broadwing Sec. Litig., C-1-02-795 (S.D. Ohio). A federal securities class action against major public utility/broadband company resulting in a recovery of over $35 million in cash for investors.

Berger v. Compaq Computer Corp., 00-20875 (S.D. Tex.). A federal securities class action where, after a successful appeal of a question of first impression in the federal appellate courts relating to the selection of lead plaintiffs and class certification in the Fifth Circuit under the Private Securities Litigation Reform Act of 1995, over $29 million was recovered for investors.

In re Bausch & Lomb Sec. Litig., 01-CV-6190 (CJS) (W.D.N.Y.). A federal securities class action resulting in a recovery of over $12.5 million for investors.

Slone v. Fifth Third Bancorp, 1-:03-CV-211 (S.D. Ohio). A securities fraud action against one of the largest mid-west bank holding companies, resulting in a recovery of $17 million for investors.

Poziak v. Imperial Chemical Industries, PLC, 1:03cv2457(NRB) (S.D.N.Y.). A securities fraud action against one of the largest public corporations in the U.K., resulting in a recovery of approximately 90% of recoverable damages in cash for investors.

Other Representations:

- *In re Allied Nevada Gold Corp. Sec. Litig.*, No. 3:14-cv-00175 (D. Nev.)
- *In re Arotech, Inc. Securities Litig.*, 07-cv-1838 (RJD) (VVP) (E.D.N.Y.)
- *Beauregard v. Smart Online, Inc.*, 07-CV-00785-WO-PTS (M.D.N.C.)
- *DeAngelis v. Corzine (MF Global Sec. Litig.)*, 11-cv-7866 (S.D.N.Y.)
- *Espinoza v. Whiting (Patriot Coal Sec. Litig.)*, 4:12-cv-1711 (E.D. Mo.)
- *In re Fusion-io, Inc. Sec. Litig.*, No. 5:13-cv-05368 (N.D. Cal.)
- *Gomez v. Bidz.com, Inc.*, CV09-03216 CMB-Ex (C.D. Cal.)
- *Gordon v. Sonar Capital Management LLC*, 11 Civ. 9665 (S.D.N.Y.)
- *Gosselin v. First Trust Advisors, L.P.*, 08-cv-05213 (N.D. Ill.)
- *Guevoura Fund Ltd. v. Sillerman* (*SFX Enter't Sec. Litig.*), 15-cv-07192 (S.D.N.Y.)
- *In re Hemispherx BioPharma, Inc. Litig.*, 09-05262 (E.D. Pa.)
- *In re HomeBanc Corp. Sec. Litig*., 1:08-cv-1461 (N.D. Ga.)
- *In re Immersion Corp. Sec. Litig.*, No. 3:09-cv-04073-MMC (N.D. Cal.)
- *In re Interlink Electronics, Inc. Sec. Litig.*, CV05-8133 AG (SHx)
- *In re K-V Pharmaceuticals Co. Sec. Litig.*, 4:11-cv-1816 (E.D. Mo.)
- *Kaplan v. Gaming Partners International, Inc*., 2:07-cv-00849 (D. Nev.)
- *Klugman v. American Capital Ltd.*, 8:09-CV-00005-PJM (D. Md.)
- *Kovtun v. Vivus, Inc.*, No. 4:10-cv-04957 (N.D. Cal.)
- *Maguire Financial, LP v. Powersecure International, Inc.*, No. 4:14-cv-00092 (E.D.N.C.)
- *In re Municipal Mortgage & Equity, LLC Sec. & Deriv. Litig.*, 08-MD-1961 (D. Md)

- *In re OCZ Technology Group, Inc. Sec. Litig.*, 3:12-cv-5265 (N.D. Cal.)
- *In re Opteum, Inc. Sec. Litig.*, 07-14278-CIV-GRAHAM (S.D. Fla.)
- *The Pennsylvania Avenue Funds v. Inyx, Inc.*, 08-cv-06857-PKC (S.D.N.Y.)
- *In re Research In Motion Limited Sec. Litig.*, No. 11 Civ. 4068 (S.D.N.Y.)
- *Sapir v. Nymox Pharmaceutical Corp.*, No. 2:14-cv-07331 (D.N.J.)
- *Shah v. GenVec, Inc.*, 8:12-cv-00341-DKC (D. Md.)
- *In re Spectranetics Corporation Sec. Litig.*, 08-cv-02048-REB-KLM (D. Colo.)
- *Zhamukhanov v. AcelRx Pharmaceuticals, Inc.*, No. 5:14-cv-04416 (S.D.N.Y.)

DERIVATIVE LITIGATION

Brower Piven is one of the leading firms handling shareholder derivative litigation, frequently representing clients in cases in federal and state courts throughout the country, including the Delaware Chancery Court. Brower Piven has been at the forefront of protecting shareholders' investments by causing important changes in corporate governance either as part of the global settlement of derivative cases or through court orders. Brower Piven is or has been appointed plaintiffs' lead or co-lead counsel in a number of shareholder derivative actions, including:

- *In re: The Bear Stearns Companies Inc. Derivative Litig*., 08 MD 1963 (S.D.N.Y.)
- *Lockheed Martin Corp. Derivative Litig. (Smith v. Stevens)*, 11 Civ. 7148 (S.D.N.Y.)
- *In re Merrill Lynch & Co., Inc.*, 07 Civ. 9633 (S.D.N.Y.)
- *Citigroup Derivative Litig. (Cohen v. Prince)*, 07 Civ. 10344 (S.D.N.Y.)

MERGER & ACQUISITION CLASS ACTION LITIGATION

Brower Piven is a leader in ensuring that the shareholders of companies that are being taken over are fully informed and treated fairly, frequently representing clients in cases in federal and state courts throughout the country, including the Delaware Chancery Court. Brower Piven has enhanced countless transactions by obtaining more money for shareholders and/or by obtaining additional, material information relating to the transaction, giving shareholders the information needed to resist an otherwise undesirable transaction. Our attorneys have also successfully negotiated the removal of onerous deal-protection devices, created by management, that serve only to dissuade potential suitors from offering competing bids.

Brower Piven is counsel in a number of shareholder litigations that are currently pending, and has successfully represented shareholders as lead or co-lead counsel in countless other merger-related class actions. Some of our significant representations, both current and past, include:

In re Under Armour S'holder Litig., 24-C-15-003240 (Cir. Ct., Balt. City). In this shareholder class action, plaintiffs alleged that Defendants breached their fiduciary duties in formulating and/or approving the issuance of a new class of non-voting common stock ("Class C Stock") and certain amendments to the Company's Charter in connection therewith, which Plaintiffs alleged were intended to and did entrench in power Under Armour's founder, Chairman, Chief Executive Officer and controlling stockholder Kevin A. Plank ("Plank"). Plaintiffs obtained a settlement that provides that Under Armour will issue an Adjustment Payment of $59 million to compensate Class C shareholders for any potential loss of value of their holdings, as well as corporate governance reforms, including changes to Plank's noncompete agreement and conditions on future transactions.

Shona Investments v. Callisto Pharm., Inc., 652783/2012 (N.Y. Sup. Ct. County of N.Y.). Plaintiffs' prosecution of the action provided Callisto's stockholders with additional consideration in the form of both Synergy shares and cash. Specifically, as a result of Plaintiffs' efforts, Defendants increased the exchange ratio from 0.1700 to 0.1799 shares of Synergy stock, which represented approximately $8,681,768 of increased consideration, and agreed to pay Callisto's former stockholders $2.5 million in cash to stockholders. The combined value of the settlement was in excess of $11 million and represented a more than 6% in increase in the overall merger consideration.

Underwood v. Reich, 500690 (N.Y. Sup. Ct. County of Kings). On August 17, 2011, Investors Bancorp agreed to purchase all of the outstanding shares of Brooklyn Federal Bancorp. After filing suit on behalf of Brooklyn Federal Bancorp shareholders, Brower Piven obtained an increase of 8.75% from the initial offer.

Craftmade International, Inc. S'holder Litig., C.A. No. 6950-VCL (Del. Ch. 2011). As co-lead counsel, prevailed at a preliminary injunction hearing that required Craftmade to make a number of additional proxy disclosures and to issue a *"Fort Howard"* press release that invited potential bidders to make superior offers.

In re XTO Energy S'holder Class Action Litig., 352-242403-09 (Tex. Dist. Ct. Tarrant County). On December 14, 2009, ExxonMobil announced that it was acquiring all of the outstanding shares of XTO Energy in an all-stock deal. At the time of the announcement, the deal was valued at $41 billion. Brower Piven, co-lead counsel in the case, challenged the $41 billion merger between XTO Energy, Inc. and ExxonMobil Corporation, one of the largest mergers in U.S. history, alleging that the XTO Board of Directors breached its fiduciary duties to the class; failed to maximize XTO shareholder value; and failed to make full and fair disclosure to XTO's shareholders. As a result of the litigation, in addition to requiring the financial advisor to the company to perform additional analysis and inform the board of directors whether such analysis altered its fairness opinion, XTO was required to disclose the revised opinion to shareholders, which is almost unprecedented, and XTO also made other disclosures that provided shareholders additional, highly-material information concerning the merger.

In re Equity Office Properties Trust Transaction Litig., 24-C-06-010525 (Md. Cir. Ct. Baltimore City). On November 19, 2006, Equity Office Properties Trust announced that it had entered into a merger agreement with affiliates of the Blackstone Group, L.P. Under the terms of the merger agreement, valued at more than $38 billion, Equity Office shareholders would receive $48.50 per share, in cash. After Brower Piven filed suit on behalf of Equity Office shareholders, Equity Office received competing bids, and the company's shareholders ultimately received $55.50 per share, in cash, for their shares. The Blackstone Group also agreed to disclose additional material information to the shareholders.

<u>Other Representations</u>:

- *In re Adolor Corp. S'holders Litig.*, 6997-VCN (Del. Ch.)
- *In re Allied Capital Corp. S'holder Litig.*, 322639-V (Md. Cir. Ct. Montgomery Co.)
- *In re Am. Realty Capital Tr., Inc. S'holder Litig.*, 24-C-12-005306 (Md. Cir. Ct. Balt. City)
- *In re Atheros Comm'ns, Inc. S'holder Litig.*, 1-11-CV-191146 (Cal. Super. Ct. Santa Clara Co.)
- *In re Beach Bus. Bank S'holder Litig.*, BC470648 (Super. Ct. Cal. Los Angeles Co.)
- *Blaz v. Pan Pacific Retail Props., Inc.*, 03-C-06-008085 (Md. Cir. Ct. Balt. Co.)
- *Braun v. Chaus*, 652663/2011 (N.Y. Sup. Ct. N.Y. Co.)
- *In re Bronco Drilling Co., Inc. S'holders Litig.*, 6398-VCP (Del. Ch.)
- *In re Constellation Energy Group, Inc. S'holder Litig.*, 24-C-11-003015 (Md. Cir. Ct. Baltimore City)
- *Cournoyer v. Warner Music Grp. Corp.*, 651367/2011 (N.Y. Sup. Ct. N.Y. Co.)
- *In re Fairchild Corp. S'holders Litig.* (Del. Ch.)
- *Galdi v. Optelecom-NFK, Inc.*, 341448-V (Md. Cir. Ct. Montgomery Co.)
- *In re Herald National Bank S'holder Litig.*, 651629/2011 (N.Y. Sup. Ct.)
- *In re Hughes Comm'ns, Inc. S'holder Litig.*, 344070-V (Md. Cir. Ct. Montgomery Co.)
- *In re Inspire Pharm'ls, Inc. S'holders Litig.*, 6378-VCP (Del. Ch.)
- *In re Integral Systems S'holder & Deriv. Litig.*, 13-C-11-08692 (Md. Cir. Ct. Howard Co.)
- *In re Medarex, Inc. S'holder Litig.*, C-71-09 (N.J. Super. Ct. Ch. Div. Mercer Co.)
- *In re Medco / Express Scripts Merger Litig.*, 11-cv-4211 (D.N.J.)
- *Nasuti v. Colson*, C-20103872 (La. Dist. Ct. for Lafayette Parish)
- *In re Nationwide Health Props. Inc. S'holder Litig.*, 24-C-11- 001476 (Md. Cir. Ct. Balt. City)
- *In re Ness Tech., Inc. S'holder Litig.*, 6569-VCN (Del. Ch.)
- *In re PHC, Inc. S'holder Litig.*, C.A. No. 11-11049-PBS (D. Mass)
- *In re PHH Corp. Trans. Litig.*, 03-C-07-002982 (Md. Cir. Ct. Balt. Co.)
- *In re Progress Energy S'holder Litig.*, 11CV000640 (N.C. Super. Ct. Wake Co.)
- *In re Reckson Assoc. Realty Corp. S'holders Litig.*, 06-12871 (N.Y. Sup. Ct. Nassau Co.)
- *In re Savvis, Inc. S'holders Litig.*, 6438-VCN (Del. Ch.)
- *In re Schering-Plough / Merck Merger Litig.*, 09-1099 (DMC)(MF) (D.N.J.)
- *Schwartz v. Pasternak*, C-6-11 (N.J. Super. Ct. Ch. Div. Hudson Co.)
- *Shifrin v. Edgar Online, Inc.*, 36344 (Md. Cir. Ct. for Montgomery Co.)
- *In re Smart Modular Tech. S'holder Litig.*, RG11574156 (Cal. Super. Ct. Alameda Co.)
- *Smith v. Green Bankshares, Inc.*, 11-625-III (Tenn. Ch.)
- *In re SuccessFactors, Inc. S'holder Litig.*, CIV 510279 (Super. Ct Cal. San Mateo Co.)
- *Zilberberg v. Abbe*, 12623460 (Cal. Super. Ct. Alameda Co.)

<u>ERISA CLASS ACTION LITIGATION</u>

Brower Piven has participated as counsel in complex class actions across the United States on behalf of corporate employees alleging violations of the Employee Retirement Income Security

Act (“ERISA”). ERISA is the federal law that prevents employers from exercising improper control over retirement plan assets and requires that pension and 401(k) plan trustees, including employer corporations, exercise the highest fiduciary duties to retirement plans and participants’ retirement funds. At Brower Piven, we are committed to enforcing ERISA and safeguarding the hard-earned retirement funds of employees. Brower Piven has represented plaintiffs in a number of such ERISA cases, including, for example:

- *In re Aquila ERISA Litig.* (W.D. Mo.)
- *Coca-Cola Enterprises ERISA Litig.* (N.D. Ga.)
- *In re ConAgra Foods ERISA Litig.* (D. Neb.)
- *In re Delphi ERISA Litig.* (E.D. Mich.)
- *In re Fannie Mae ERISA Litig.* (D.D.C.)
- *In re Ford Motor Company ERISA Litig.* (E.D. Mich.)
- *In re General Motors ERISA Litig.* (E.D. Mich.)
- *In re JP Morgan Chase & Co. ERISA Litig.* (S.D.N.Y.)
- *In re Pfizer ERISA Litig.* (S.D.N.Y.)

CONSUMER FRAUD CLASS ACTION LITIGATION

Brower Piven also pursues for clients consumer fraud class action lawsuits. We have represented consumers across the country in class action lawsuits against some of the nation’s largest corporations. Consumers victimized by fraud, unfair business practices, defective products, or other wrongful activities often have recourse under federal and state consumer protection laws.

Brower Piven attorneys have been plaintiffs’ counsel in a number of consumer class actions, including:

In re StarLink Products Liability Litig., MDL 1403, 01 C 4928 (N.D. Ill.). A class action on behalf of all American corn farmers in nationwide litigation against manufacturer of unapproved pesticide which allegedly infected the U.S. corn supply and recovering over $125 million in cash for class members.

In re H&R Block, Inc. “Express IRA” Marketing Litig., 4:06-MD-01786-RED (W.D. Mo.). H&R Block, Inc., the tax preparation company, marketed and sold the Express IRA service to its customers as an effective way to save money and earn interest. But, according to the lawsuit, the Express IRA service paid low interest rates and came with so many different and recurring fees that many customers actually lost money on their investments. Ultimately, the attorneys at Brower Piven helped recover $19.4 million on behalf of the class. The lawsuit also spurred H&R Block, Inc. to convert the Express IRAs into Easy IRAs - a companion program that came with far fewer fees.

Romig v. Jefferson-Pilot Life Ins. Co., 95 CVS 9703 (N.C. Super. Ct.). In *Romig*, the attorneys of Brower Piven filed suit on behalf of a class who had purchased Jefferson Pilot life insurance, alleging that the company had engaged in deceptive insurance sales practices. As a result of the lawsuit, the attorneys of Brower Piven secured a recovery for policyholders that was valued at more than $55 million.

J.E. Pierce Apothecary, Inc. v. Harvard-Pilgrim Health Care, Inc., 98-12635-WGY (D. Mass.). After being the victim of unfair and deceptive trade practices, several independent Massachusetts pharmacies filed suit against Harvard Pilgrim HMO and CVS Pharmacies, Inc. After surviving several pre-trial motions, the case was successfully tried before a federal judge, which resulted in a post-trial settlement that represented more than 100% of the estimated recoverable damages for the class, even after accounting for treble damages.

Other Representations:

- *Bank of America Force-Placed Ins. Litig. (Purifoy v. BofA)*, 13 Civ. 1154 (S.D.N.Y.)
- *Freedman v. Comcast Corp.*, (Md. Cir. Ct. Balt. City)
- *Green Tree Force-Placed Ins. Litig. (Purifoy v. Walter Investment Mngt.)*, 13 Civ. 937 (S.D.N.Y.)
- *Huff v. Liberty League, International, LLC*, EDCV 08-1010-VAP (SSx) (C.D. Calif.)
- *Segal v. Fifth Third, N.A.*, 1:07-cv-348 (S.D. Ohio)

APPEALS

Brower Piven's experience in complex appellate matters ranges from cases at all levels of the federal and state appellate court systems. Our attorneys have been involved in obtaining appellate victories in commercial disputes where the stakes have involved billions of dollars. While we typically handle appeals on our own, other law firms often ask us to work with them on their appeals. Brower Piven is known for being creative appellate lawyers.

Some of our significant appellate representations include:

Merck & Co. v. Reynolds, 130 S. Ct. 1784 (2010). In 2003, a group of investors filed suit against Merck & Co. accusing the company of defrauding investors and hiding the serious safety issues relating to Vioxx. The district court dismissed the entire lawsuit, finding that the plaintiffs had failed to file their lawsuit within the required time period. On appeal, the Third Circuit Court of Appeals reversed. In a unanimous decision, the United States Supreme Court found that the plaintiffs had timely filed their lawsuit, and allowed the case to continue. In terms of damages, many experts consider *Merck* to be the largest ever federal securities fraud action.

Litwin v. Blackstone Group, L.P., 634 F.3d 706 (2d Cir. 2011). The district court dismissed the lawsuit for failure to state a claim. On appeal, Brower Piven successfully argued that the plaintiffs' complaint had properly alleged that Blackstone had made material omissions and misstatements in its Registration Statement, and the Second Circuit Court of Appeals vacated the district court's judgment, and remanded for further proceedings. This landmark decision is regularly relied upon by jurists and plaintiffs' lawyers alike. 634 F.3d 706 (2d Cir. 2011).

Lambrecht v. O'Neal, 3 A.3d 277 (Del. 2010). In a certified question from the United States District Court for the Southern District of New York, the Delaware Supreme Court was asked to decide whether plaintiffs in a double-derivative action against an acquired company needed to show, in addition to owning shares in the acquired company, that they also owned shares in the acquiring company and that the acquiring company owned shares in the acquired company. Our firm successfully persuaded a unanimous en banc Delaware Supreme Court to answer the question in the negative, striking a blow to the corporate defendants hoping for a quick dismissal.

Shenker v. Laureate Educ., Inc., 983 A.2d 408 (Md. 2009). Brower Piven successfully argued for Appellants in the Maryland Court of Appeals, *Shenker v. Laureate Educ., Inc.,* 2009 Md. LEXIS 837 (Md. Nov. 12, 2009), which is the first authoritative case in Maryland to articulate that in a change of control merger or acquisition transaction, directors of public companies incorporated in Maryland are obligated to maximize shareholder value and to disclose all information necessary to allow shareholders to make a fully informed decision whether to vote in favor of a particular transaction. The decision overturned a decision by the Maryland Court of Special Appeals, which had held that there was no such direct cause of action.

Other Representations:

- *In re Cohen v. U.S. Dist. Ct. for the N.D. Cal.* (*NVIDIA Sec. Litig.*), 586 F.3d 703 (9th Cir. 2009)
- *In re FoxHollow Technologies., Inc.*, 359 F. App’x 802 (9th Cir. 2009)
- *Freedman v. Comcast Corp.*, 988 A.2d 68 (Md. Ct. App. 2010)
- *Glasow v. E.I. Dupont de Nemours & Co.*, 696 N.W.2d 531 (N.D. 2005)
- *Jelinek v. Capital Research & Mgmt. Co.*, 448 F. App’x 716 (9th Cir. 2011)
- *In re Immersion Corporation Sec. Litig.*, 12-15100 (9th Cir.)
- *Ingram, et al. v. Vivus, Inc.*, 12-17398 (9th Cir.)
- *Kadel v. Flood (Homebanc Sec. Litig.)*, 427 F. App’x 778 (11th Cir. 2011)
- *Kaplan v. Charlier*, 426 F. App’x 547 (9th Cir. 2011)
- *In re Karkus (Spectranetics Sec. Litig.)*, 09-1500, 2010 U.S. App. LEXIS 24559 (10th Cir. Jan. 27, 2010)
- *Kleinman v. Elan Corp.*, 11-3706 (2d Cir.)
- *Maz Partners LP v. PHC, Inc. (In re PHC S’holder Litig.)*, 762 F.3d 138 (1st Cir. Mass. 2014)
- *Minneapolis Firefighters’ Relief Assoc. v. MEMC Elec. Materials, Inc.*, 641 F.3d 1023 (8th Cir. 2011)
- *In re Municipal Mortgage & Equity, LLC, Sec. & Derivative Litig.*, 12-2496 (4th Cir.)
- *Pearlstein v. Blackberry Ltd.*, 15-3991 (2d Cir.)
- *Phillips v. Scientific-Atlanta, Inc.*, 10-15910, 2012 U.S. App. LEXIS (11th Cir. Sept. 6, 2012)
- *In re Research In Motion Ltd. Sec. Litig.*, 13-1602 (2d Cir.)
- *Romig v. Jefferson-Pilot Life Ins. Co.*, 513 S.E.2d 598 (N.C. Ct. App. 1999)
- *R.W. Grand Lodge of F. & A.M. of Penn. v. Salomon Bros.*, 425 F. App’x 25 (2d Cir. 2011)
- *Sanchez v. Crocs, Inc.*, 11-1142 (10th Cir.)
- *In re SFBC Int’l Inc., Securities & Derivative Litig.*, 310 F. App’x 556 (3d Cir. 2009)
- *In re Soda*, 393 F. App’x 507 (9th Cir. 2010)
- *Sollins v. O’Neal (Merrill Lynch Derivative Litig.)*, 11-1589 (2d Cir.)
- *Segal v. Fifth Third Bank, N.A.*, 581 F.3d 305 (6th Cir. 2009)

- *Wright v. Ernst & Young LLP*, 152 F.3d 169 (2d Cir. 1998)

ANTITRUST LITIGATION

Brower Piven's antitrust practice focuses on representing plaintiffs in complex litigation, such as small businesses and individuals who have been the victims of price-fixing, unfair trade practices, or other anticompetitive conduct. Brower Piven attorneys have acted as lead counsel in a number of antitrust cases, including:

- *In re Initial Public Offering Antitrust Litig.*, 01 CIV 2014 (WHP) (S.D.N.Y.)
- *Monsanto Company, E. I. du Pont de Nemours and Company and Pioneer Hybrid International, Inc.*, 4:05-CV-01108-ERW (E.D. Mo.)
- *Simon-Whelan v. The Andy Warhol Foundation for the Visual Arts, Inc.*, 07 Civ. 6423 (S.D.N.Y.)

ATTORNEYS

DAVID A.P. BROWER

Mr. Brower has over 30 years of complex litigation experience. Mr. Brower has successfully represented plaintiffs in class action securities, consumer protection, environmental, antitrust and RICO actions, and representative shareholder derivative and take-over litigation. Mr. Brower, a member of the Bar of the State of New York, is also admitted to practice before the United States Supreme Court, the United States Courts of Appeals for the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth and Eleventh Circuits, innumerable federal and state trial and appellate courts. Mr. Brower has participated in the prosecution as lead or co-lead counsel in successful federal securities law class actions against, among others: E*TRADE Financial Corporation, The Blackstone Group, PowerSecure International, Cell Therapeutics, Spectranetics Corporation, Nvidia Corporation, Smart Online, Municipal Mortgage & Equity, LLC, Barrick Gold Corporation, K-V Pharmaceuticals, Bidz.com, Research-in-Motion/Blackberry, Ltd., Crocs, Inyx, Gaming Partners, Interlink Electronics, Arotech Corporation, Patriot Coal Corporation, Sonar Capital Management, LLC, First Trust Advisors, LP, Imperial Chemical Industries, Ltd., Fifth Third Bancorp, Southmark Corporation, Ideal Basic Industries, Bristol-Myers Squibb, Tower Semiconductor, Gibson Greetings, Arakis Energy Corporation, Scoreboard, Coastal Healthcare, Everest & Jennings International, B.T. Office Products, Profit Recovery, Enstar Corporation, Jenifer Convertibles, Warner Communications, Sambos Restaurants, Sunrise Savings & Loan, Phillip Morris Companies, Bausch & Lomb, Nanophase Technologies, Ramada Inns, Michael Stores, Consumers Power Co., Broadwing/Cincinnati Bell, Compaq Computer Corporation and Computer Associates. Mr. Brower has also participated in the prosecution as lead or co-lead counsel in merger litigation on behalf of, among others, public shareholders of Cole Real Estate Investments, PHC, Inc., American Realty Capital Properties, Laureate Education, XTO Energy, Merrill Lynch/Bank of America, Force Protection, Inc., Sheller Globe Corporation, Petro-Lewis Corporation, Floating Point Systems, Holnam Corporation, Wometco Enterprises, Great Bay Casinos Corporation, Home Shopping Networks, MCA, Holly Sugar Company and ARM Financial Group; and shareholder derivative actions on behalf of shareholders of Citigroup, Inc., Merrill Lynch, Inc., Under Armour, Banner Industries, Marsh & McLennan Companies and Merrill Lynch, Pierce, Fenner & Smith.

Since 2004, Mr. Brower has been one of the lead attorneys with day-to-day responsibility for the prosecution of the securities fraud claims in *In re Merck & Co, Securities, Derivative & ERISA Litigation*, MDL 1658, 2:05-CV-02367 (D. N.J.), one of the largest, most complex and longest running cases in the history of federal securities class action litigation. Mr. Brower was also one of the lead attorneys responsible for the day-to-day prosecution of the Securities Exchange Act of 1934 action, *Freudenberg v. E*TRADE Financial Corporation*, 07 Civ. 8538 (S.D.N.Y.), where the class recovered $79 million, and the Securities Act of 1933 action *Landmen Partners, Inc. v. The Blackstone Group, LP*, 09-4426-cv (S.D.N.Y.), which settled shortly before trial for $85 million. Mr. Brower also served as liaison counsel in *In re Sotheby's Holding, Inc. Securities Litigation*, 00-Civ.-1041 (S.D.N.Y.), which resulted in a recovery of over $75 million for Sotheby's investors.

In the appellate arena, among other cases, Mr. Brower also successfully argued before the United States Court of Appeals for the Second Circuit in *Litwin v. The Blackstone Group, LP*., 634 F.3d 706 (2d Cir. 2011), in which the Second Circuit established that a violation of SEC Item 303 of Regulation S-K can create federal securities law liability to investors; argued the expedited appeal before an *en banc* panel of the Supreme Court of Delaware in *Lembrecht v. O'Neal*, 3 A.3d 277(Del. 2009), where the Court unanimously determined the availability of the double derivative action for shareholders of an acquired company who continue to be shareholders of a Delaware acquiring company to continue to pursue pre-merger claims against the acquired company's former officers and directors; and argued before the Maryland Court of Appeals in *Shenker v. Laureate Education, Inc*., 983 A.2d 408 (Md. 2009), where Maryland's highest court unanimously determined that directors of Maryland corporations owe a duty to maximize shareholder value and make full disclosure to shareholders in a takeover of a Maryland corporation that cashes-out shareholders. Additionally, while at his former firm, Mr. Brower was one of the attorneys with primary responsibility for class certification issues, including successfully arguing the class certification motion before the trial court, in *In re Initial Public Offering Securities Litigation*, 21 MC 92 (S.D.N.Y.), among the largest securities litigations ever prosecuted, encompassing approximately 309 consolidated class action cases alleging market manipulation claims in connection with the initial public offering of securities by over 55 defendant underwriters.

Mr. Brower has also served as lead or co-lead counsel in consumer fraud actions against Aventis CropScience, Compaq Computer Corporation, Jefferson-Pilot Life Insurance Company, Sprint PCS Wireless, Metropolitan Life Insurance, Harvard Pilgrim Healthcare, and CVS Corporation.

In the antitrust field, Mr. Brower acted as lead counsel in litigation against Monsanto Company, E. I. du Pont de Nemours & Co. and Pioneer Hybrid International, Inc. (4:05-CV-01108-ERW (E.D. Mo.), on behalf of genetically modified seed purchasers, and participated in the *In re Initial Public Offering Antitrust Litigation*, 01 CIV 2014 (WHP) (S.D.N.Y.).

In the area of environmental law, Mr. Brower served as one of the lead attorneys in pollution actions on behalf of Oklahoma landowners against chicken producers, including Tyson Foods, Inc.; and as counsel for Missouri landowners in pork producer nuisance actions against Contigroup Companies, Inc. (formerly Continental Grain) and Premium Standard Farms, which resulted in verdicts in favor of neighboring farmers.

Before joining Brower Piven, Mr. Brower also represented a nationwide class of hospitals in RICO litigation against Tenet Healthcare Corporation based on claims that its conduct caused class member hospitals to receive reduced “Outlier” reimbursements from Medicare.

Mr. Brower has also represented: directors and officers of public companies in securities class actions, including the directors of Heritage Hospitals; represented a former multi-state hospital developer; advised boards of directors of public companies regarding their fiduciary responsibilities; provided opinions as special counsel under Delaware law to public companies, including MGM/UA; represented insurance and reinsurance companies in coverage litigation, including matters involving Johns Manville, PepsiCo and Hilton Hotels; represented commodities dealers and brokers in connection with Commodities Futures Trading Commission reparations actions; represented foreign corporations in United States litigation, including one of Japan’s largest electronics and international hotel and resort companies in litigation against its American counsel and financial advisors; represented a Brazilian trust holding claims for one of Brazil’s largest telecommunications companies; and defended a large, Florida-based, national mortgage brokerage company, Foundation Funding, in class action litigation brought under the Truth In Lending Act.

Mr. Brower, is a graduate of Columbia College of Columbia University (A.B. 1979), and the Georgetown University Law Center (J.D. 1982), and he attended King’s College, University of London (1980), where he studied comparative, international and European Community transactional law. Mr. Brower regularly lectures before professional organizations and at CLE-accredited conferences on class action procedures, the securities laws and shareholder and investor rights, including the American Law Institute/American Bar Association Advanced Course of Study Program, the Practicing Law Institute, and the New York State Bar Association. Mr. Brower regularly writes on class action procedures and new issues in class action jurisprudence. Mr. Brower is a long-time member of the New York State Bar Association Subcommittee on Class Actions, has participated as a member of the Executive Committee of the National Association of Securities and Consumer Law Attorneys, and actively participated in legislative and committee initiatives relating to the Private Securities Litigation Reform Act of 1995, the 2003 amendments to Federal Rule of Civil Procedure 23, the Class Action Fairness Act of 2005, and commentary on Fed. R. Civ. P. 23 in the Manual For Complex Litigation (Fourth).

CHARLES J. PIVEN

Mr. Piven is a seasoned litigator who has led his own practice since 1990. During his more than 35 years in practice, Mr. Piven has represented individuals, partnerships, trusts, pension plans and corporations in many types of cases. Mr. Piven’s experience includes litigation in the areas of complex securities, shareholder, consumer protection, personal injury and property damage class actions, merger and acquisition class actions, bankruptcy, first amendment, copyright, employment, wrongful death, and legal, medical, accounting and broker malpractice. While past results do not guaranty future success, Mr. Piven was always successful in recovering for his clients in his professional malpractice cases.

Class and representative actions in which Mr. Piven has served as lead, co-lead, liaison or local counsel include, among others, Baltimore Bancorp securities litigation, USFG securities litigation, Yorkridge Calvert Savings & Loan securities litigation, Maryland National Bank securities litigation, Reckson Associates Realty Company derivative litigation, Read-Rite Corporation securities litigation, Mid-Atlantic Realty shareholder merger litigation, Pan Pacific Realty shareholder merger litigation, Allied Irish Banks derivative litigation, Sprint Spectrum Cellular Telecommunications Company consumer litigation, IWIF Wiretap consumer litigation, Land Rover Group Ltd. consumer litigation, Cellular One consumer litigation, H&R Block Refund Anticipation Loan consumer litigation, Prison Telephone consumer litigation, and BlueCross/Blue Shield consumer litigation.

Mr. Piven took an active role in the prosecution of litigation relating to allegations that mutual fund investors have been victimized by directed brokerage arrangements, excessive fees, excessive commissions and deceptive sales practices or other actionable conduct. Some of the mutual fund families and brokerage firms involved in these cases that Mr. Piven was responsible for originating include: Lord Abbott, AIM/Invesco, BlackRock, Davis, Eaton Vance, Dreyfus, Evergreen, Federated, Alliance, Franklin, Hartford, MFS, PIMCO, Scudder, Columbia, Goldman Sachs, Merrill Lynch, Morgan Stanley, Salomon Smith Barney, Edward Jones, UBS, Wells Fargo and American Express. Investors in mutual fund cases initiated or led by Mr. Piven's clients have achieved a settlement with brokerage firm Edward Jones for approximately \$125,000,000, with American Express for approximately \$100,000,000, and with Merrill Lynch for approximately \$26,000,000.

Mr. Piven also directly represented the lead plaintiff(s) and/or proposed class representative(s) in approximately 25% of the 309 cases encompassed by the Initial Public Offering Securities Litigation pending in the Southern District of New York that resulted in a \$586 million settlement.

Mr. Piven also has experience in the field of ERISA class actions on behalf of former and current company employees. ERISA cases in which Mr. Piven is or has been counsel for named plaintiffs include: Aquila ERISA litigation (W.D. Mo.); General Motors ERISA litigation (E.D. Mich.); ConAgra Foods ERISA litigation (D. Nebr.); the Coca-Cola Enterprises ERISA litigation (N.D. Ga.); Fannie Mae ERISA litigation (D. D.C.); Delphi ERISA litigation (E.D. Mich.); Ford Motor Company ERISA litigation (E.D. Mich.) and the Pfizer ERISA litigation (S.D. N.Y.).

Mr. Piven is a 1975 graduate of Washington University and a 1978 graduate of the University of Miami School Of Law. During law school, Mr. Piven was a student law clerk for the late Honorable United States District Judge C. Clyde Adkins of the Southern District of Florida. Mr. Piven was admitted to the bars of the States of Florida (currently inactive) and Maryland in 1978. Mr. Piven is a member in good standing of the Court of Appeals of Maryland, the United States Court of Federal Claims, the United States Tax Court, the United States District Court for the Districts of Maryland and Colorado, the United States Courts of Appeals for the First and Fourth Circuits, and the United States Supreme Court.

RICHARD H. WEISS

Richard H. Weiss received an A.B. degree summa cum laude from Princeton University in 1979. In 1980, he received an M.Phil. degree in international relations from Cambridge University, England. He graduated from Yale Law School in 1983. His practice focuses primarily on class actions on behalf of defrauded investors, as well as other complex civil litigation. Among his accomplishments during more than 30 years of practice, Mr. Weiss was one of plaintiffs' lead counsel in *Makor Issues & Rights, Ltd. v. Tellabs, Inc*. (N.D. Ill.), in which the United States Supreme Court established the pleading standard for all federal securities fraud cases. Currently, Mr. Weiss is one of the attorneys leading the prosecution of the Merck/Vioxx securities litigation. Mr. Weiss served for two years on the Securities Editorial Advisory Board of Law360.

Mr. Weiss is admitted to practice in New York State, the United States District Courts for the Southern and Eastern Districts of New York, the United States Court of Appeals for the Second Circuit and various other federal appellate courts, and the United States Supreme Court.

YELENA TREPETIN

Ms. Trepetin is a graduate of Tulane University Law School. While at Tulane, Ms. Trepetin was the Senior Managing Editor of the Tulane Journal of International and Comparative Law. She also served as a student attorney for the Domestic Violence Clinic. In the fall of 2005, Ms. Trepetin attended Duke University School of Law where she was a visiting Staff Editor of the Duke Journal of Comparative and International Law. Ms. Trepetin graduated magna cum laude from Brandeis University. Ms. Trepetin also studied for a year at the London School of Economics and Political Science. Ms. Trepetin's legal work experience includes clerking at the Maryland Office of the Public Defender for Baltimore County and interning for the Honorable J. Norris Byrnes and the Honorable Lawrence R. Daniels in the Circuit Courts of Baltimore County. Ms. Trepetin is admitted to practice in the State of Maryland, and she is a member of the Baltimore County Bar Association and the Bar Association of the District of Columbia.

MARIA JOSE STEPHAN

Ms. Stephan obtained her law degree from the University of São Paulo Law School, and attended the Ibero-Americana School of Languages and Teaching (São Paulo, Brazil). Ms. Stephan has also obtained a Paralegal Certificate from New York University's Institute of Paralegal Studies. Ms. Stephan has lived in Sao Paulo, Brazil and is fluent in Brazilian Portuguese, English, and Spanish. Ms. Stephan has provided litigation support at, among other firms, Davis, Polk & Wardwell LLP and Arnold Porter Kaye Scholer LLP. Ms. Stephan has extensive experience in document organization and analysis in complex multi-state and federal litigation, including class action litigation. Based on her mastery of Portuguese and English, Ms. Stephan has also served as an interpreter in legal proceedings, meetings and conference calls; translated documents from Portuguese to English and from English to Portuguese; and assisted with case organization and trial preparation.

DANIEL KUZNICKI

Mr. Kuznicki is a 2008 graduate of New York University School of Law, and he received his bachelor's degree summa cum laude in 2005. Prior to joining Brower Piven, Mr. Kuznicki's practice focused on litigation and corporate matters involving trademarks, licensing, contracts, securities and real estate, and his clients ranged from companies with annual revenue in excess of $100 million, to individual stockbrokers, investors and attorneys. Mr. Kuznicki is admitted to practice law in the State of New York, and the United States District Court for the Southern District of New York, as well as the United States Court of Appeals for the Second Circuit.

GABRIELLA ORTIGARA GIRARDI

Ms. Girardi obtained her law degree from the Integrated Regional University in Brazil in January, 2008, and a postgraduate degree in tax law from the Instituto De Desenvolvimento Cultural in July, 2012. Ms. Girardi is currently pursuing an MBA from the Manhattan Institute of Management. Ms. Girardi is admitted to the Brazilian Bar and is a member of the Brazilian Bar Association. Ms. Girardi is a native of Brazil. Ms. Girardi's primary language is Brazilian Portuguese and she is fluent in English and Spanish. Ms. Girardi has worked as a Legal Consultant for Cabanellos Schuh & Sonntag Associates, (Porto Alegre/Rs, Brazil), and has represented HSBC in its portfolio of civil litigation and provided legal advice to internal clients in various departments of the bank. Ms. Girardi has also worked as the Legal Manager of the Girardi Law Firm (Rio Grande do Sul, Brazil), where she negotiated and drafted contracts, corporate memoranda, legal opinions and corporate meeting minutes. Ms. Girardi also has experience providing preemptive and litigation support on tax, regulatory, consumer and corporate law matters, advising clients on a wide range of commercial matters, and representing clients in court.

ALINE GUEDES KLEIN

Ms. Klein obtained her law degree from the Pontifical Catholic University of Rio Grande do Sul in August, 2008, and a postgraduate degree from Fundação Escola Superior do Ministério Público, in March, 2014. Ms. Klein is currently pursuing her LLM in corporate compliance from the Fordham University School of Law. Ms. Klein has been a member of the Brazilian Bar since 2009. Ms. Klein is a native of Brazil. Ms. Klein's primary language is Brazilian Portuguese and she is fluent in English and Spanish. Ms. Klein served as the Legal Department Coordinator for ML Gomes Associates (Porto Alegre and Brasília, Brazil). While working at ML Gomes Associates, Ms. Klein coordinated the debt recovery and banking departments in the law firm's Porto Alegre and Brasília branches and obtained experience in banking and finance. Additionally, Ms. Klein managed and supervised various administrative staff and interns at the firm. Ms. Klein has also worked as an Associate with the Peña, Fuga Cunha & Assis Brasil Law Firm (Porto Alegre, Brazil), where her focus was corporate law. Ms. Klein has also worked as an Associate for Jaeger Associates (Porto Alegre, Brazil), where she worked on various legal matters for clients in the healthcare, construction, and real estate industries, including representing clients in court for pretrial matters, trials and appeals. Ms. Klein has also worked for Auriga Capital Management, LLC (New York, New York), where she drafted corporate documents; conducted legal research on relevant securities and tax issues; supported the firm's managing partners; and managed the logistics of negotiations and transactions; the approval of case projects; and dissolutions of companies. More recently, Ms. Klein worked for Pomerantz, LLP as a Project Associate Attorney on a shareholder class action lawsuit against a major Brazilian oil company, where she conducted investigations to support discovery; analyzed relevant law, regulations, statutes, and decisions of regulatory bodies, especially on securities litigation issues; drafted memoranda on issues of U.S. and foreign law; assisted with deposition preparation; and provided guidance regarding Brazilian economic, cultural, and political issues.

MARIO ROCHA

Mr. Rocha has worked as an investigative journalist and obtained a B.A. in communications and journalism from the Pontifical Catholic University of Rio de Janeiro (Rio de Janeiro, Brazil). Additionally, Mr. Rocha completed a journalism fellowship with CNN (Atlanta, Georgia). Mr. Rocha is a native of Brazil. Mr. Rocha's primary language is Brazilian Portuguese and he is fluent in English and proficient in Spanish. Mr. Rocha has over 20 years experience as a journalistic television producer with major Brazilian TV networks. Mr. Rocha has conducted exclusive interviews and reported on breaking news for varied broadcast platforms. Mr. Rocha is the recipient of the 2005 Prêmio Globo de Jornalismo Award for coverage of the election of Pope Benedict XVI and the 2016 Portuguese Brazilian Award for excellence for Portuguese and Brazilian nationals in the United States.

EDUARDA ROCHA-WAID

Ms. Rocha-Waid obtained a B.A. degree from Campinas University, located in São Paulo, Brazil and another B.A. degree from the Université de Genève, located in Geneva, Switzerland. Ms. Rocha-Waid earned a Certificate in Translation Studies from New York University (New York, New York); a Certificate in Spanish from Instituto Cervantes (New York, New York); and a Certificate in Interpretation Studies from Hunter College (New York, New York). Ms. Rocha-Waid is a native of Brazil. Ms. Rocha-Waid's primary language is Brazilian Portuguese and she is fluent in English, French, and Spanish, and has over 40 years of experience translating legal and financial documents in Portuguese, Spanish and French. Since 2002, Ms. Rocha-Waid worked as a translator for Rocha-Waid Consulting, in New York City, where she has served as a translator and interpreter for the FBI; New York Public Schools; NYU Hospital; Memorial Sloan-Kettering Cancer Center; R.R. Donnelley; Douglas Gould & Company; Information Builders; and New York Presbyterian Hospital. Prior to 2002, Ms. Rocha-Waid worked for the Geneva Court System (Geneva, Switzerland) as a court interpreter for the Swiss Justice Department in cases regarding Portuguese-speaking immigrants' labor rights.

MICHAEL ZOLDAN

Mr. Zoldan is a 2011 graduate of Fordham University School of Law. While at Fordham, Mr. Zoldan served as an Articles Editor for the Fordham International Law Journal. In addition, Mr. Zoldan interned for the Honorable Martin Ritholtz of the Supreme Court of Queens County, New York. Prior to joining Brower Piven, Mr. Zoldan's practice focused primarily on mortgage default litigation, representing institutional investors throughout New York State. Mr. Zoldan is admitted to practice law in the State of New York.

EXHIBIT G

ALBERT FISHLOW

Professor Emeritus, Columbia University and University of California, Berkeley

Education

University of Pennsylvania, 1953-1956, B.A. with honors in Economics.

University of Pennsylvania, 1956-1957, Graduate Study in Economics.

Harvard University, 1957-1961, Ph.D., 1963.

Academic Appointments

Professor, University of California, Berkeley, 1966-1977, 1983-84

Visiting Fellow, All Souls College, Oxford, 1972-1973.

Professor of Economics, Yale University, 1978-83.

Professor of International Affairs, Columbia University, 2002-2007

Non-University Positions

Paul A. Volcker Senior Fellow for International Economics, Council on Foreign Relations, 1995-1999.

Service to Selected Professional Organizations

Editorial Board, Foreign Policy, International Organization.

Member, Inter-American Dialogue, 1983-.2012

Member, U. S. Senate International Commission on Central American Recovery and Development, 1987-89.

Co-editor, Journal of Development Economics, 1986-1994.

Member, Social Science Research Council Board, 1990-.1999; Chair, Executive Committee, 1994

Professional Appointments

Consultant, World Bank, (Chairman, Research Advisory Panel on Income Distribution and Employment, 1977-1978), Inter-American Development Bank, UN.

Consultant, Rockefeller, Ford and other foundations.

Deputy Assistant Secretary of State for Inter-American Affairs, 1975-76.

Selected University Service

Director, Center of International and Area Studies, Yale University, 1978-1982.

Dean, International and Area Studies, University of California, Berkeley, 1990-93.

Director, Center for Brazilian Studies, Columbia University, 2000- 2007.

Director, Institute for Latin American Studies, 2003- 2007.

Fellowships. Scholarships. Honors and Awards

David Wells Prize, Harvard, 1963.

Arthur H. Cole Prize, Economic History Association, 1966.

Joseph Schumpeter Prize, Harvard, 1971.

Guggenheim Fellow, 1972-1973.

Member, Council on Foreign Relations, 1975-.

Outstanding Service Award, Department of State, 1976.

National Order of the Southern Cross, Government of Brazil, 1999

Partial Bibliography

Books and Monographs

American Railroads and the Transformation of the Ante Bellum Economy, Harvard University Press, 1965.

Latin America's Emergence: Toward a U.S. Response, Foreign Policy Association Headline Series No. 243 (1979). (With Abraham Lowenthal).

Trade in Manufacturing Products with Developing Countries: Reinforcing North-South Partnership, Trilateral Commission Triangle Paper No. 21 (1981) (Principal Author; with Sueo Sekiguchi and Jean Carriere).

Co-editor, with P. Bardhan and J. Bereman, International Trade. Investment. Macro Policies and History: Essays in Memory of Carlos F. Diaz-Alejandro (Amsterdam: 1987).

Macroeconomia da Divida Externa Brasileira, (with Eliana A. Cardoso), Editora Brasiliense, 1988.

Co-editor, with Karen Parker, Growing Apart: The Causes and Consequences of Global Wage Inequality, Council on Foreign Relations, 1999.

Co-editor, with James Jones, The United States and the Americas: a 21st Century View, New York, 1999.

Desenvolvimento no Brasil e na Latinoamerica, Editora Paz e Terra, São Paulo, 2004.

O Brasil Novo: As Conquistas Politicas, Economicas, Sociais e nas Relacoes Internacionais, Editora Saint Paul, Sao Paulo, 2011.

Starting Over: Brazil Since 1985, Brookings Press, 2011. (Paperback edition with new introduction, 2013)

Agricultura e Indústria no Brasil: Inovação e Competitividade, IPEA, 2017 (joint with principal author José Eustáquio Ribeiro Vieira Filho)

Selected Articles

"Trends in the American Economy in the Nineteenth Century - A Review Article," Journal of Economic History, March 1962.

"Antebellum Interregional Trade Reconsidered," American Economic Review, May 1964. (Reprinted with a postscript in a volume of readings edited by Ralph, Andreano, New Views on American Economic Development.)

"Empty Economic Stages?", Economic Journal, March 1965.

"Levels of Nineteenth Century Investment in Education," Journal of Economic History, December 1966.

"Brazilian Size Distribution of Income," American Economic Review, May 1972. Reprinted in Spanish, in a collection of essays, Distribución del Ingreso, edited by Alejandro Foxley and also reprinted in Portuguese. Reprinted in Distribution of Income, ed. Alejandro Foxley, Cambridge University Press, 1977.

"Debt Remains a Problem," Foreign Policy, Spring 1978. Reprinted in Portuguese.

"Flying Down to Rio: Perspectives on U.S.-Brazil Relations," Foreign Affairs, Winter 1978/79. Reprinted in Portuguese.

"Brazilian Development in Long Term Perspective," American Economic Review, May 1980.

"The United States and Brazil: The Case of the Missing Relationship," Foreign Affairs, Spring 1982.

"The State of Latin American Economics," in Economic and Social Progress in Latin America InterAmerican Development Bank, 1985 Report, pp. 123-145 and in Changing Perspectives in Latin American Studies: Insights from Six Discioines, edited by Christopher Mitchell, (Stanford: 1988). Translated into Spanish in HISLA: Revista Latinoamericana de Historia Económica y Social, No. 5, September 1985, pp. 31-54.

"Lessons from the Past: Capital Markets During the 19th Century and the Interwar Period," International Organization. Summer 1985, Vol. 39, No. 3, pp. 383-439. Reprinted in Miles Kahler, ed., The Politics of International Debt, (Ithaca and London: Cornell University Press, 1986).

"The East European Debt Crisis in the Latin American Mirror," in International Organization, Vol. 40, No. 2, Spring 1986, pp., 567-575.

"Lições da Década de 1890 para a de 1980," in Pesquisa a Planejamento Econômico, Vol. 17, No. 3, December 1987. Published in English as "Lessons of the 1890s for the 1980s", in Calvo, Findlay, Kouri and Macedo, eds., Debt. Stabilization and Development, Blackwell, 1989.

"Defects, Debt and Destabilization: The Perversity of High Interest Rates," (with Samuel A. Morley), in Journal of Development Economics, Vol. 27, Nos. 1/2, 1987.

"Financial Requirements for the Developing Countries in the Next Decade," in Journal of Development Planning. No. 17, 1987. Published in Spanish as "Necesidades de Capital de los Países en Desarrollo en la Próxima Década," in Alejandro Toledo, ed. Cómo Financiar el Crecimiento, ESAN/IDE, 1990.

"The Latin American State," Journal of Economic Perspectives, Summer 1990.

"The United States and the Regionalization of the World Economy," (with Stephan Haggard), OECD, Paris 1992.

"Review of Handbook of Development Economics," Journal of Economic Literature, December 1991.

"Latin American Economic Development: 1950-80" (with Eliana Cardoso) in Journal of Latin American Studies, 1992.

"Distribução de Renda no Brasil é na Argentina, Uma Análise Comparativa," (with Ariel Fiszbein and Lauro Ramos), Pesquisa a Planejamento Econômico, April 1993.

"Tax Evasion, Inflation and Stabilization," (with Jorge Friedman), Journal of Development Economics, February 1994.

Selected Contributions to Books

"Productivity and Technological Change in the Railroad Sector, 1840-1910," in Vol. 30, Studies in Income and Wealth, National Bureau of Economic Research, 1965.

"The American Common School Revival, Fact or Fancy?", in H. Rosovsky ed., Industrialization in Two Systems, Wiley, 1966.

"Origins and Consequences of Import Substitution in Brazil," in Luis Di Marco, ed., International Economics and Development, Academic Press, 1972. Also in Spanish, in Di Marco, ed., Economía Internacional y Desarollo. Reprinted in Estudios de Economía Internacional y Desarollo, Reprinted in Estudos Econômicos, Vol. 2, No. 6; comments and reply in Vol. 3, No. 1.

"Some Reflections on Post-1964 Brazilian Economic Policy," in Alfred Stepan, Authoritarian Brazil, Yale University Press, 1973. Reprinted in Estudos, CEBRAP, No. 7, 1974.

"Brazilian Income Distribution -Another Look," (in Portuguese), in Dados, No. 11, 1973.

"The New International Economic Order: What Kind," in Fishlow, et. al., Rich and Poor Nations in the World Economy, McGraw Hill, 1978.

"Latin American External Debt: The Case of Uncertain Development?" in Syrquin and Terkel, eds. Trade. Stability. Technology and Equity in Latin America, (Academic Press, 1982). Published in Portuguese in Pesquisa a Planejamento, August 1981.

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"Tale of Two Presidents," in Democratizing Brazil: Problems of Transition and Consolidation, Alfred Stepan, eds., Oxford University Press, 1989.

"Conditionality and Willingness to Pay: Some Parallels from the 1890s," in The Debt in Historical Perspective, edited by Barry Eichengreen and Peter Lindert, (Boston: 1989).

"Hard Times: Latin America in the 1930s and 1980s", in C. Holtfrerich, ed., Interactions in the World Economy, Harvester Wheatsheaf, 1989.

"Foreign Loans, Debt and Economic Development in the 19th and 20th Centuries", in H. Van der Wee and E. Aerts, eds., Debates and Controversies in Economic History, Leuven University, 1990.

"The Macroeconomics of the Brazilian External Debt", (with Eliana A. Cardoso), in J. Sachs, ed., Developing Country Debt and Economic Performance, Vol. 2, University of Chicago Press, 1990.

"Some Reflections on Comparative Latin American Economic Performance and Policy," edited by Taniq Banuri, in Economic Liberalization: No Panacea, Clarendon Press, 1991.

"The State of Economics in Brazil and Latin America: Is the Past Prologue to the Future?" edited by Alfred Stepan, in Americas, New York, Oxford Press, 1992.

"Latin American Nineteenth Century Public Debt: Theory and Practice", in Reinhard Liehr, ed., The Public Debt in Latin America in Historical Perspective, Frankfurt, 1995.

""From NAFTA to WHFTA: The Summit May Tell," in Sidney Weintraub, ed., Integrating the Americas, Miami 1995.

"Latin America in the XXI century," in Louis Emmerij ed., Economic and Social Development into the XXI Century, Inter-American Development Bank, 1997.

"Contending with Capital Flows: What is Different about the 1990s?" with Barry Eichengreen in Miles Kahler, (ed.), Capital Flows and Financial Crises, Ithaca, 1998.

"Brazil: FTA, FTAA or WTO?," in Free Trade Agreements (ed. Jeffrey J. Schott), 2004

"Trinta Anos Combatendo a Inflação no Brazil: do Paeg ao Plano Real," in PAEG e REAL, Rio de Janeiro, 2007

"The Doha Round: Has It Now Expired," in The WTO: Governance, Dispute Settlement, and Developing Countries, (ed. Merit Janow, Victoria Donaldson, and Alan Yanovich), 2008

"Na Esteira da Grande Recessao: Guia para os Perplexos," Novos Dilemas da Politica Economica, (ed. Edmar Bacha and Monica Baumgarten de Bolle), Rio de Janeiro, 2011.

"The Recent Commodity Price Boom and Latin American Growth: More than New Bottles for an Old Wine," with Edmar Bacha, in Oxford Handbook of Latin American Economics, (ed. Jose Antonio Ocampo and Jaime Ros), New York, 2011. Reprinted in Portuguese

""Perspectivas para America Latina," in O Estado da Economia Mundial, (ed. Bacha, et. al.) Rio de Janeiro, 2015.

EXHIBIT H

Bloomberg

IBOV Index (Ibovespa Brasil Sao Paulo Stock Exchange Index)
CNV US Equity (Cnova NV)

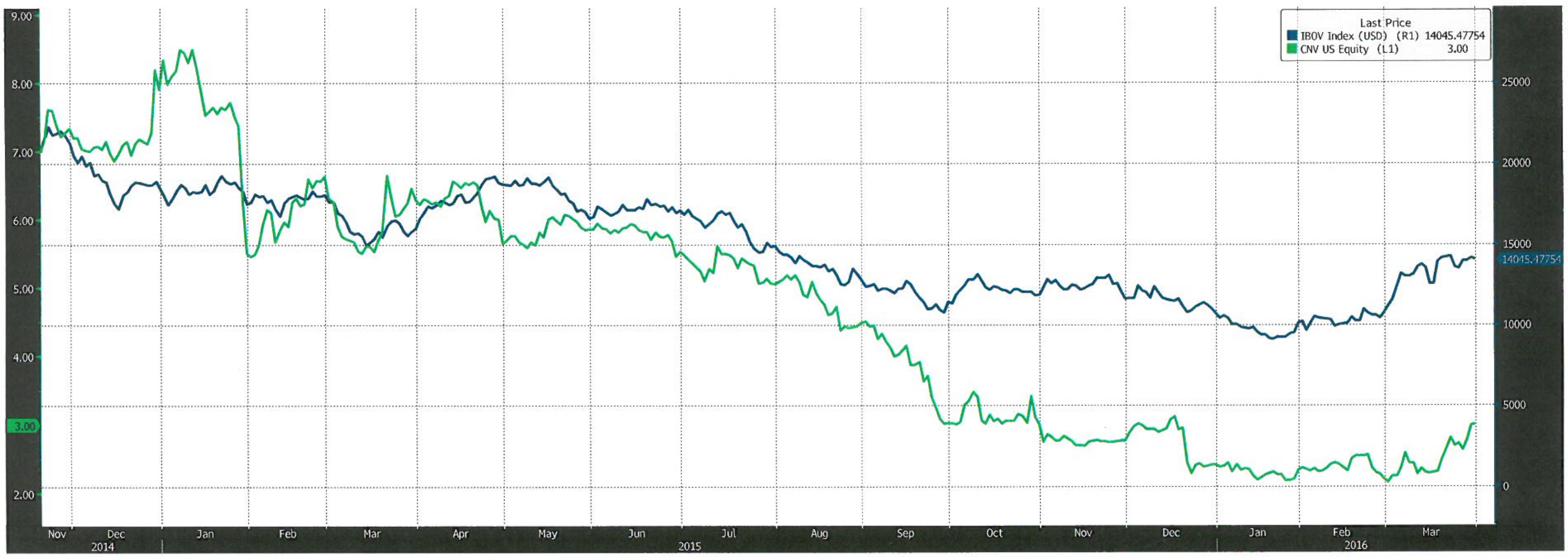

EXHIBIT I

CNOVA - Shareholder History Report

Thomson Reuters Eikon

Cnova NV
CNV.O

Total Shares in Offering :	29,157,327
Assumed Total Insider/Defendant Purchases :	4,000,000

Reporting Institutions :	17,395,224	15,086,551	17,246,066	15,509,616	15,059,694	11,795,507	13,180,491	13,436,323
Non-Institutions :	7,762,103	10,070,776	7,911,261	9,647,711	10,097,633	13,361,820	11,976,836	11,721,004
Total :	25,157,327	25,157,327	25,157,327	25,157,327	25,157,327	25,157,327	25,157,327	25,157,327
% Institutions :	69.1%	60.0%	68.6%	61.7%	59.9%	46.9%	52.4%	53.4%
% Non-Institutions :	30.9%	40.0%	31.4%	38.3%	40.1%	53.1%	47.6%	46.6%
Total :	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

#	Investor Name	Position 31-Dec-2014	Position 31-Mar-2015	Position 30-Jun-2015	Position 30-Sep-2015	Position 31-Dec-2015	Position 31-Mar-2016	Position 30-Jun-2016	Position 30-Sep-2016
1	Naouri (Jean-Charles)	414,114,952	414,114,952	414,114,952	414,114,952	414,114,952	414,114,952	414,114,952	414,114,952
2	Acadian Asset Management LLC			210	210	210	0	0	0
3	Alyeska Investment Group, L.P.	700,000	0	0	0	0	0	0	0
4	Amundi Asset Management	102,103	103,435	121,288	121,288	121,288	121,288	121,288	121,288
5	Apricus Finance SA			26,500	26,500	26,500	26,500	26,500	26,500
6	Bank of America Merrill Lynch (US)	27,062	4,520	3,520	1,750	2,650	2,650	1,000	1,000
7	Barclays Capital			3,374	300	0	64,295	39,822	39,822
8	BBR Partners LLC	15,000	20,000	0	0	0	0	0	0
9	BNP Paribas Securities Corp. North America					298	139	141	141
10	Boardman Bay Capital Management LLC	108,722	147,063	188,878	82,612	0	0	0	0
11	Bogle Investment Management, L.P.		86,290	0	0	0	0	0	0
12	Boussard & Gavaudan Investment Management LLP	720,514	653,623	767,892	767,892	767,892	767,892	1,830,594	1,830,594
13	California Public Employees' Retirement System	75,000	75,000	75,000	72,500	72,500	68,300	66,200	61,900
14	Carmignac Gestion	930,300	1,508,973	1,732,000	1,730,600	1,831,217	2,331,217	2,331,217	2,331,217
15	Citadel LLC		61,614	16,552	0	0	0	0	0
16	Citi Investment Research (US)		552	271	1	2,357	630	630	630
17	Credit Suisse Securities (USA) LLC	22,679	43,058	53,578	66,345	72,212	101,410	179,431	179,431
18	Cubist Systematic Strategies, LLC	12,365	10,659	0	0	0	0	0	0
19	Cutler Group, LP						1,513	500	0
20	Delta Lloyd Asset Management N.V.	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
21	Deutsche Asset Management Americas	129,629	0	0	0	0	0	0	0
22	Deutsche Bank Securities Inc.			600	0	0	0	0	0
23	DNCA Investments								214,026
24	Exane Asset Management			373,843	373,843	123,246	0	0	0
25	Federated Equity Management Company of Pennsylvania	45,400	34,086	18,482	2,015	2,015	2,015	2,015	2,015
26	Federated Global Investment Management Corp.	2,491,200	1,988,773	1,163,828	456,952	0	0	0	0
27	Fidelity Institutional Asset Management	13,414	8,156	7,737	8,730	15,308	13,042	1,981	1,981
28	Fidelity Management & Research Company	2,296,560	1,253,990	1,421,572	1,385,171	1,984,152	1,650,473	1,729,633	1,729,633
29	First New York Capital Corp.							29	3,229
30	Generali Investments Europe S.p.A. SGR		66,700	80,703	80,703	80,703	0	0	0

#	Investor Name	31-Dec-2014	31-Mar-2015	30-Jun-2015	30-Sep-2015	31-Dec-2015	31-Mar-2016	30-Jun-2016	30-Sep-2016
31	Geode Capital Management, L.L.C.	118,204	132,836	143,870	154,125	168,873	177,102	183,725	183,725
32	Gesiuris Asset Management S.G.I.I.C., S.A.					13,566	13,338	13,331	13,331
33	Gestion Valor				35,000	35,000	0	0	0
34	GNB Gestão de Ativos							5,500	5,900
35	Goldman Sachs & Company, Inc.	17,657	23,496	19,814	15,423	0	27,873	29,330	29,330
36	Hatteras Funds, LP	43,016	0	0	0	0	0	0	0
37	Indus Capital Partners, LLC	22,274	40,974	0	0	0	0	0	0
38	Invesco Advisers, Inc.		150,000	191,132	0	48,793	48,793	48,793	48,793
39	INVESCO Asset Management Limited			423,554	2,482,246	2,794,897	2,969,897	2,968,649	2,968,649
40	Invesco Canada Ltd.			34,526	0	0	0	0	0
41	Invesco Management Group, Inc.		1,000,000	1,833,034	0	0	0	0	0
42	Invesco PowerShares Capital Management LLC		195,808	176,755	204,841	259,733	0	0	0
43	J.P. Morgan Securities LLC	14,611	22,631	96,987	97,246	97,246	0	0	0
44	J.P. Morgan Securities plc							84,465	84,465
45	Kerrisdale Capital Management, LLC	254,816	0	0	0	0	0	0	0
46	La Banque Postale Asset Management	255,691	405,691	405,691	405,691	405,691	0	0	0
47	La Banque Postale Structured Asset Management			180,000	180,000	175,216	0	0	0
48	La Française AM	57,000	320,000	329,200	259,200	0	0	0	0
49	Laurion Capital Management LP	150,000	0	0	0	0	0	0	0
50	Levin Capital Strategies, L.P.	180,000	135,000	0	0	0	0	0	0
51	Marshall Wace LLP	426,982	0	0	0	0	0	0	0
52	Millennium Management LLC	286,013	271,541	190,176	155,773	97,907	11,408	0	0
53	Moon Capital Management LP	49,100	49,100	0	0	0	0	0	0
54	Moore Capital Management, LP	1,550,000	228,982	193,478	0	0	0	0	0
55	Morgan Stanley & Co. LLC	611,005	162,961	131,642	78,324	91,543	181,739	633,126	633,126
56	Morgan Stanley Investment Management Inc. (US)				4,404	3,700	0	0	0
57	Morgan Stanley Wealth Management	44,801	32,916	19,989	29,500	3,750	3,500	3,500	3,500
58	Oddo Asset Management			1,102,500	1,274,663	1,274,663	1,274,663	1,274,663	1,274,663
59	Oddo Meriten Asset Management GmbH			705,889	705,889	698,839	698,839	698,839	698,839
60	OppenheimerFunds, Inc.	131,510	164,710	570,400	0	0	0	0	0
61	Peak 6 Capital Management, LLC	5,500	15,021	15,238	0	0	0	0	0
62	PSquared Asset Management AG	512,547	0	0	0	0	0	0	42,911
63	Quinn Opportunity Partners LLC	14,400	190,980	190,980	190,980	0	0	0	0
64	Renaissance Capital LLC		4,324	4,255	3,732	0	0	0	0
65	Simplex Trading, LLC		32	25	0	0	0	381	476
66	Spark Investment Management LLC				13,800	77,800	0	0	0
67	Susquehanna Financial Group, LLLP			21,913	13,713	0	0	0	0
68	Sylebra HK Co Ltd	196,682	1,141,387	1,170,799	1,170,799	1,170,799	1,153,101	821,886	821,886
69	TIAA Global Asset Management	4,681,285	4,128,572	2,775,171	2,744,199	2,456,861	0	0	0
70	Tower Research Capital LLC	10	0	0	5,292	359	0	540	540
71	UBS Securities LLC	2,172	2,611	114,808	2,409	1,910	3,890	2,782	2,782
72	Wellington Management Company, LLP		120,486	68,412	24,955	0	0	0	0
	Total	**431,510,176**	**429,201,503**	**431,361,018**	**429,624,568**	**429,174,646**	**425,910,459**	**427,295,443**	**427,551,275**