



COLRUYT
GROUP

ANNUAL REPORT

2016-2017



Halle, 15 June 2017

FINANCIAL YEAR 2016/17

Annual report presented to the Ordinary General Meeting of Shareholders of 27 September 2017 by the Board of Directors and Report of the Auditor.

The Dutch language version of the annual report is the only official version.

Dit jaarverslag is ook verkrijgbaar in het Nederlands.
Ce rapport annuel est également disponible en français.





Together, we create sustainable added value through value-driven craftsmanship in retail



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The introduction is based on the Colruyt Group 2016-2017 management report as prepared by the Board of Directors of the company. The content of the corporate governance section forms an integral part of the annual report of the Board of Directors on the separate financial statements of the company for the financial year 2016-2017.



Intro

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JEF COLRUYT

CHAIRMAN OF THE BOARD OF DIRECTORS OF COLRUYT GROUP

BUILDING A MORE SUSTAINABLE FUTURE TOGETHER

Last year Colruyt Group continued to grow steadily. Our family of companies could continue to count on the confidence of its customers and was also able to attract new customers. As a result our Colruyt, OKay and Spar food stores saw their combined market share in Belgium rise further to 31,7%. On a group level the revenue rose by 3,4% to almost EUR 9,5 billion, while we registered a good net profit of EUR 383,2 million.

We were also able to produce these results thanks to continued investments, primarily in extra store space and in the renovation of our store network. We also continue to invest in our young retail formulas, convinced as we are of the strength of our family of companies. We are also continuing to play the **innovation** card. For example, we have developed a unique application for a tailor-made food choice, and our meat-processing company has opened an additional high-technology production site of 18.000 m² that is set to supply vegetarian food and alternative proteins.

The expansion of our activities is supported by our employees, precisely 29.255 at the end of the financial year. It gives me great pleasure that we can continue to recruit people and that Colruyt Group is becoming increasingly attractive as an employer year by year. This illustrates that our company culture works, that people can find a positive environment with us in which they can take advantage of the opportunities offered to develop themselves, both professionally and personally.

This financial year we also bid farewell to our subsidiary, Pro à Pro, our foodservice activity in France. I would like to take this opportunity to sincerely thank the 1.800 employees of Pro à Pro for the fine path that we have taken together over the last fifteen years. I am convinced that Pro à Pro - in a rapidly developing French market - will have the best opportunity with Metro Group to continue to grow sustainably. I wish them every success.

In a time when countries and population groups seem to be increasingly turning inwards, as a retail group we actually want to be more **“connected”**. Indeed, in our pursuit of sustainable entrepreneurship, we are recording the best results with projects that are supported by diverse partners. Our participation in CITRUS, a project that develops technology to optimise freight transport with real time traffic info in order to limit the miles travelled on the road, is a nice example of this. We are thus continuing to build on the close cooperation

between different departments and between diverse retail formulas. A collaboration that we crowned this year with the launch of our shared loyalty card, Xtra, a milestone in the history of our group.

With the Xtra card we greatly strengthen our ties as a family of companies and moreover we provide greater simplicity in the life of the customer, true to our group motto **‘Simplicity in retail’**. Together with our customers we are continuing to work intensively on improving our private label products, focussing on health and welfare. I am also proud that we have launched some nice social projects with various external partners. For example, together with the Food Banks we provide unsold food faster and more efficiently to the underprivileged.

Also on an **ecological** level we are taking on our responsibility and continue to invest heavily in renewable energy, in a greener vehicle fleet, in energy-efficient buildings, etc. In order to make more progress here, we have also joined forces with international partners. For example, we have helped develop a European method to map out the environmental impact of retailers. And we have joined an ambitious European partnership of companies, universities and research institutions, who together want to sustainabilise the food chain.

With initiatives such as these, we want to help make the difference and inspire others as much as possible to build a more sustainable future: customers and suppliers, trade associations and interest groups, knowledge institutions, public authorities, etc. For us it is a great honour that we have recently been able to act as an ambassador of the ‘Sustainable Development Goals’ of the United Nations.

Finally I would like to sincerely thank our customers for their confidence, our employees for their dedication, our suppliers and all other partners for their fruitful collaboration. We are writing the story of Colruyt Group together, a story that continues to focus on sustainable growth, today and in the future.

Call for fiscal and administrative simplification

Colruyt Group argues strongly for a simplification of the complex and administratively cumbersome Belgian tax system. We are an advocate of a simplified corporation tax with a lower nominal rate and a drastic simplification of the deduction items, with the preservation of specific incentives for investments, innovation, research and development. That would positively influence the investment climate and support Belgian competitiveness.



MANAGEMENT REPORT

1. OVERVIEW FINANCIAL YEAR 2016/17 - KEY FIGURES AND HEADLINES

(in million EUR)	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016	Variance
Revenue	9.493,5	9.177,5	+3,4%
Gross profit	2.414,5	2.320,9	+4,0%
% of revenue	25,4%	25,3%	
Operating cash flow (EBITDA)	743,7	720,3	+3,3%
% of revenue	7,8%	7,8%	
Operating profit (EBIT)	493,3	507,2	-2,7%
% of revenue	5,2%	5,5%	
Profit before tax	509,6	518,4	-1,7%
% of revenue	5,4%	5,6%	
Profit for the financial year	383,2	366,3	+4,6%
% of revenue	4,0%	4,0%	
Earnings per share - basic and diluted (in EUR) ⁽¹⁾	2,60	2,49	+4,7%

(1) The weighted average number of outstanding shares equals 146.729.840 in 2016/17 compared to 147.004.025 last year.

- The sale of the French foodservice business ("Pro à Pro") was closed on 1 February 2017. The consolidated income statement for the financial year 2016/17 includes:
 - The net result from the disposal (EUR 19 million).
 - Pro à Pro's result for the period from 1 January 2016 up to 31 January 2017 (13 months versus 12 months in 2015/16). This 13th month mainly impacts the revenue growth. The impact on the gross profit, EBITDA and EBIT margins relative to revenue and on the net result is negligible.
- Revenue grows 3,4% to over EUR 9,4 billion. Excluding the 13th month of Pro à Pro, the revenue growth amounts to 2,8%.
- Market share in Belgium increases to 31,7% (31,5% in 2015/16).
- The Colruyt banner delivers day after day on its promise to offer the lowest prices.
- Full-year gross profit margin improves by 14 basis points; margin decline in the second semester due to price pressure.
- Investments in the long term are continued.
- Stable EBITDA margin thanks to the gain on the disposal of Pro à Pro.
- EBIT margin decreases to 5,2% of revenue (5,5% in 2015/16)
- due to increased depreciation charges and one-off impairments.
- Lower effective tax rate primarily as a result of the sale of Pro à Pro.
- Net profit increases by EUR 17 million to EUR 383 million. Excluding the net result from the disposal of Pro à Pro, net profit amounts to EUR 364 million (EUR 366 million in 2015/16).
- Earnings per share up 4,7% to EUR 2,60 per share.
- Net cash and cash equivalents increase to EUR 524 million.
- Investments in tangible and intangible fixed assets amount to EUR 387 million.
- Excluding the sale of Pro à Pro employment increased by more than 1.400 employees in financial year 2016/17. As at 31 March 2017 Colruyt Group has 27.633 employees (full-time equivalents). The lower number of employees at year-end is due to the disposal of Pro à Pro.

2. CONSOLIDATED INCOME STATEMENT

Revenue rose by 3,4% to EUR 9.493 million in financial year 2016/17. The comparable revenue growth amounted to 2,8%. The difference in revenue growth is attributable to the deconsolidation of Pro à Pro on 1 February 2017. The financial year 2016/17 comprises Pro à Pro's results from 1 January 2016 up to and including 31 January 2017 (13 months). Excluding petrol, the comparable revenue increased by 2,5%. The revenue growth was driven by sales price inflation and sales surface expansion and was partly offset by an unfavourable calendar effect (-0,8%, mainly impact of Easter).

Colruyt Group's market share in Belgium (Colruyt Lowest Prices, OKay and Spar) expanded from 31,5% last year to 31,7% in the financial year 2016/17.

The **gross margin** improved to 25,4% (25,3% last year). Excluding petrol, the margin rose by 20 basis points, primarily as a result of a milder competitive climate in the first semester. In the second semester the gross margin was lower than last year as a result of tougher competition and our consistently applied lowest price policy. The Colruyt banner continues to offer its customers the lowest price for each product at each moment.

Colruyt Group kept its operating expenses under control, while continuing its long-term investments towards employees, efficiency, sustainability and transformation projects. This led to an increase of the net operating expenses to 17,6% (17,4% last year). The increase was partly offset by the gain realised on the net assets of Pro à Pro (EUR 22 million, after deduction of all disposal-related costs). The comparable net operating expenses increased to 17,8% of revenue.

The **EBITDA margin** remained stable at 7,8% of revenue: the increased gross margin was offset by higher operating expenses. Excluding the gain on the net assets of Pro à Pro, the EBITDA margin decreased by 20 basis points.

Investments in stores and the logistics infrastructure resulted in an increase of the depreciation charges by EUR 26 million to EUR 234 million.

As a result of the disposal of Pro à Pro, a one-off impairment of EUR 12 million was recorded on goodwill and customer portfolios in France.

Operating profit (EBIT) decreased by EUR 14 million to EUR 493 million. The EBIT decrease from 5,5% to 5,2% of revenue is due to the stable EBITDA margin, the higher depreciation charges and the one-off impairment in France. The disposal of Pro à Pro had a favourable impact on the operating profit of EUR 10 million. The comparable EBIT margin reached 5,1% of revenue compared to 5,5% last year.

The financial result was EUR 2 million higher than last year. The result from investments in associates increased by EUR 3 million.

The effective tax rate amounted to 25,5% in 2016/17 (29,9% last year). The decrease is primarily attributable to one-off effects related to the disposal of Pro à Pro: the realisation of tax losses carried forward (EUR 9 million) and the exempt gain on the sale.

Profit for the financial year increased by EUR 17 million to EUR 383 million. The net result from the disposal of Pro à Pro totalled EUR 19 million. The comparable net profit (EUR 364 million) was slightly lower than last year (EUR 366 million).

3. INCOME STATEMENT PER SEGMENT

3.1. Retail

Retail revenue grew by 2,4% to EUR 7.233 million. Retail accounted for 76,2% of the consolidated revenue. The Belgian and French retail markets remained competitive in 2016/17.

Revenue of the **Colruyt stores in Belgium and Luxembourg** climbed 1,4%. The positive impact of sales price inflation was offset by an unfavourable calendar effect (-0,8%). The investments in store modernisations were continued. The roll-out of the new store designs will be completed by the end of 2017.

Colruyt Lowest Prices delivers on its brand promise day after day by guaranteeing the lowest price at every moment and for every product. Price reductions and promotions offered by any of its competitors are immediately integrated in its sales prices. Colruyt remains the cheapest supermarket in Belgium, as was once again confirmed by consumer organisations and specialised trade press publications this year.

OKay, Bio-Planet and Cru reported an aggregate revenue growth of 11,5% as a result of new store openings, new customer inflow and sales price inflation. Over the past financial year, 9 OKay, 5 Bio-Planet and 2 Cru stores opened their doors. The new distribution centre for OKay and Bio-Planet has been fully operational since March 2016 and supports the further growth of both banners.

Colruyt Group offers its customers **3 clearly distinguishable brand layers**: (inter)national brands, products labelled Boni Selection (Colruyt Group's house brand) and products labelled Everyday Selection (the group's discount brand).



The **Colruyt stores in France** reported a 5,0% revenue growth, excluding petrol, thanks to new customers and an increase of the average shopping cart amount. The success of the Colruyt stores in the deflationary French retail market can be explained by store network modernisation and continuous investments in price positioning.

Colruyt Group will continue to invest in its French retail activities in the years to come.

The combined store revenue of **Dreamland and Dreambaby** declined by 3,0%. This decline is mainly due to an unfavourable calendar effect (no Easter in the financial year 2016/17), poor weather conditions in the spring of 2016 and the shift to Collishop online sales.

The share of **online** in the total retail revenue has increased further and investments in e-commerce retail continued. The websites of Bio-Planet and Collishop were updated. Collect&Go, the group's online shopping service, opened new collection points and existing collection points were enlarged. Early 2017 the SmartWithFood app was launched to help the consumer to make healthy dietary choices.

Colruyt Group invested in the development of a joint loyalty card for 9 store formats and webshops of Colruyt Group and in an accompanying app and login. Early April 2017 the **Xtra loyalty card** was launched. With the launch of Xtra, the group wants to tune its information, benefits and product range even more closely to the customer's interests and needs. We can speak of a success.

3.2 Wholesale and Foodservice

The wholesale and foodservice segment accounted for 17,6% of the consolidated revenue this year. Revenue from these activities climbed 6,4% to EUR 1.669 million. Excluding the 13th month of the French foodservice activities, revenue increased by 2,7%.

The **wholesale activities** include the deliveries to independent storekeepers in Belgium (Retail Partners Colruyt Group) and France (Coccinelle, Coccimarket and Panier Sympa). The 0,4% revenue growth to EUR 771 million is mainly attributable to the affiliated stores in France. Revenue of Retail Partners Colruyt Group, which comprises the collaboration with Spar entrepreneurs as well as the deliveries to Alvo, independent Mini Markets and independent storekeepers, remained stable.

Revenue from **foodservice activities** grew by 12,2%. Excluding the 13th month of Pro à Pro, revenue showed a 5,0% growth, which is attributable to the performance of both Solucious (in Belgium) and Pro à Pro (in France). The assets of our foodservice companies remain the delivery reliability, the service, the product quality and the personal contact with the customer.

In July 2016, following an in-depth strategic evaluation, Colruyt Group decided to sell its French foodservice business **Pro à Pro** to Metro Group in order to support Pro à Pro in its

future growth and to create sustainable added value for all parties involved.

The disposal of Pro à Pro was completed on 1 February 2017. At this date, the full ownership was transferred to Metro Group. The transaction comprised the brand name and the operational business, as well as the distribution centres, logistic platforms and truck fleet.

3.3 Other activities

Revenue from the other activities grew by 8,1% to EUR 591 million. These activities accounted for 6,2% of the consolidated revenue.

Revenue of the Belgian **DATS 24** filling stations increased by 8,0% to EUR 586 million. The revenue growth was driven by new filling stations, volume gains in existing stations and higher fuel prices in the second semester. DATS 24, that distinguishes itself with its ecologically sustainable strategy, continued to invest in CNG (Compressed Natural Gas) in 2016/17. The CNG network was expanded with 20 stations, bringing the total to 47. CNG is more economical and ecological than conventional fuels and less impacting on the environment and health. The group aims to have 100 CNG stations in Belgium by 2020.

Eoly, the sustainable energy producer of Colruyt Group, further developed its energy generation through wind turbines, solar panels and combined heat and power plants. Two new wind turbines became operational in 2016/17 and the hydrogen filling station in Halle was expanded. Colruyt Group will become increasingly self-reliant in its energy needs. Eoly supplies green energy to companies of Colruyt Group, to independent stores of Retail Partners Colruyt Group and to ZEB stores. Eoly has recently also started collaborating with private companies from the manufacturing sector, a collaboration which it intends to develop further. In 2017 Eoly also set up a participation model allowing neighbours of wind turbines to become co-owners and thus share in the profits.

4. BALANCE SHEET

The net carrying amount of the **tangible and intangible fixed assets** increased by EUR 54 million to EUR 2.174 million. This increase is primarily the net effect of new investments (EUR 387 million), depreciation (EUR 234 million), impairments (EUR 16 million) and the disposal of the French foodservice activities (EUR 75 million).

In September 2016 the new production plant for Colruyt Group Fine Food Meat came into use. The automated meat processing plant will be responsible for the production, cutting and conditioning of meat products, delicatessen articles and veggie products.

Net cash and cash equivalents increased by EUR 91 million to EUR 524 million as at 31 March 2017.

5. TREASURY SHARES

During the financial year 2016/17 2.096.447 treasury shares were purchased.

As at 31 March 2017 Colruyt Group held 4.300.386 treasury shares (2,9% of the total number of shares issued).

6. EVENTS AFTER THE REPORTING PERIOD

No significant events occurred after the reporting period.

7. OUTLOOK

We expect the market to remain competitive in 2017/18 and do not anticipate a significant upturn in the economic climate in Belgium and France in the short term.

Colruyt Group will continue to invest in its long-term strategy. The group will continue its investments in employees, stores, IT systems, quality and sustainability. Colruyt Lowest Prices will consistently implement its lowest prices strategy. Colruyt Group will keep its operating expenses under control.

Colruyt Group will present its full-year 2017/18 guidance at the General Meeting of Shareholders on 27 September 2017.

8. DIVIDEND

The Board of Directors will propose a **gross dividend** of EUR 1,18 per share to the General Meeting of Shareholders. This amount is the result of the consistent application of the group's dividend pay-out policy.

9. SEGMENT INFORMATION

(in million EUR)	Revenue	EBITDA	EBIT
I. RETAIL ⁽¹⁾	7.319,0	634,7	455,7
Retail Food			
- Colruyt Belgium and Luxembourg ⁽²⁾	5.712,3		
- OKay, Bio-Planet and Cru ⁽³⁾	845,7		
- Colruyt France and DATS 24 France	428,7		
Retail Non-food			
- Dreamland (Belgium and France) and Dreambaby	246,4		
Transactions with other operating segments	85,9		
II. WHOLESALE AND FOODSERVICE ⁽¹⁾	1.688,0	67,5	36,2
- Wholesale	771,5		
- Foodservice ⁽⁴⁾	897,9		
- Transactions with other operating segments	18,6		
III. OTHER ACTIVITIES ⁽¹⁾	638,2	22,2	12,2
- DATS 24 Belgium	585,7		
- Printing & document management solutions	5,3		
- Transactions with other operating segments	47,2		
IV. ELIMINATIONS BETWEEN OPERATING SEGMENTS	(151,7)	0,1	0,1
V. CORPORATE (not allocated)	0,0	19,2	(10,9)
TOTAL COLRUYT GROUP CONSOLIDATED	9.493,5	743,7	493,3

(1) Inclusive of transactions with other operating segments.

(2) Inclusive of the revenue of the Collect&Go, Bio-Planet, Collishop, Dreamland and Dreambaby webshops realised by the Colruyt stores.

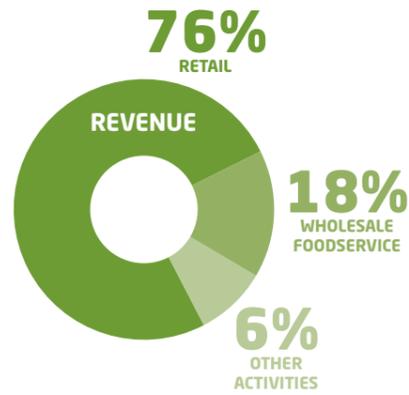
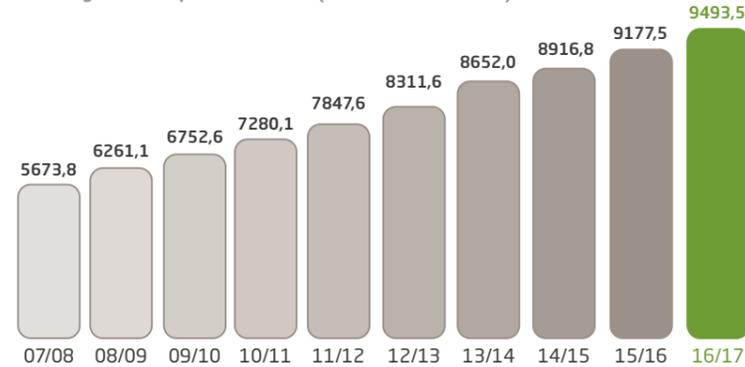
(3) Inclusive of the revenue of Collishop, Dreamland and Dreambaby realised by the OKay and Bio-Planet stores.

(4) Inclusive of the thirteenth month of the French foodservice business Pro à Pro.



KEY FIGURES

Colruyt Group revenue (in million EUR)



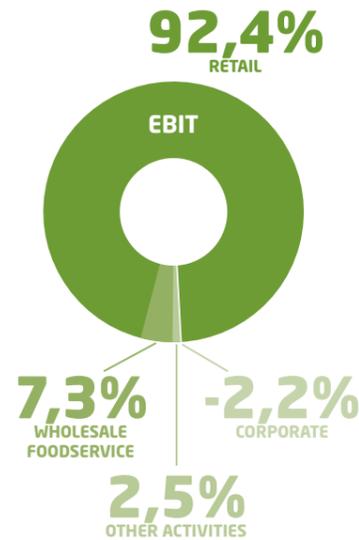
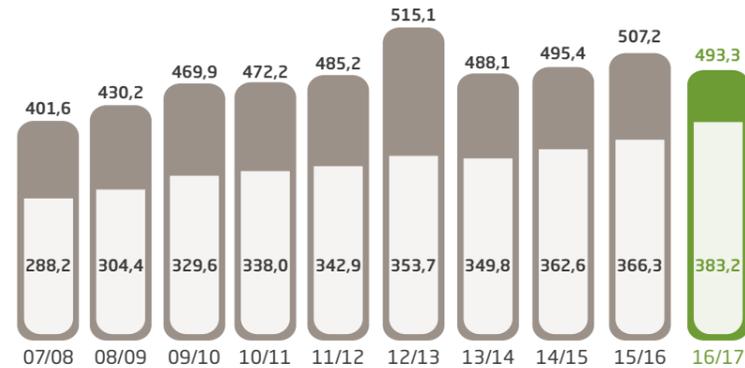
23
STORE OPENINGS



536
OWN STORES

667
INDEPENDENT STOREKEEPERS IN BELGIUM AND AFFILIATED STORES IN FRANCE

Colruyt Group results (in million EUR)

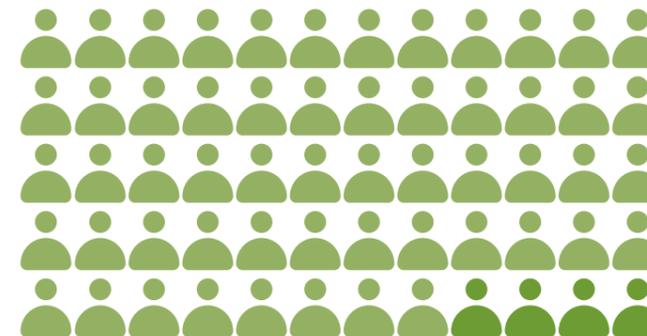



665.000 M²
STORE AREA OF OWN STORES

387
MILLION EURO INVESTMENTS

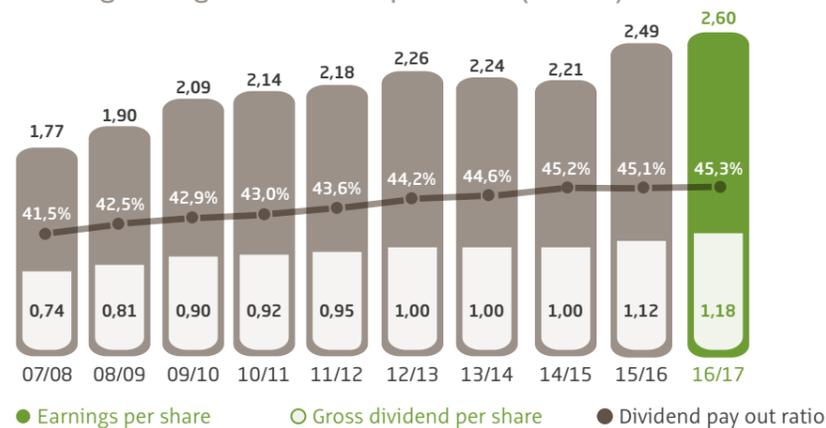
● EBIT ○ Profit for the financial year

For comparability reasons, the figures of the financial year 2014/15 are exclusive of the settlement with the Investigation Service of EUR 31.6 million.



29.255
EMPLOYEES

Earnings and gross dividend per share (in EUR)



● Earnings per share ○ Gross dividend per share ● Dividend pay out ratio

31,7%
MARKET SHARE OF COLRUYT, OKAY AND SPAR IN BELGIUM



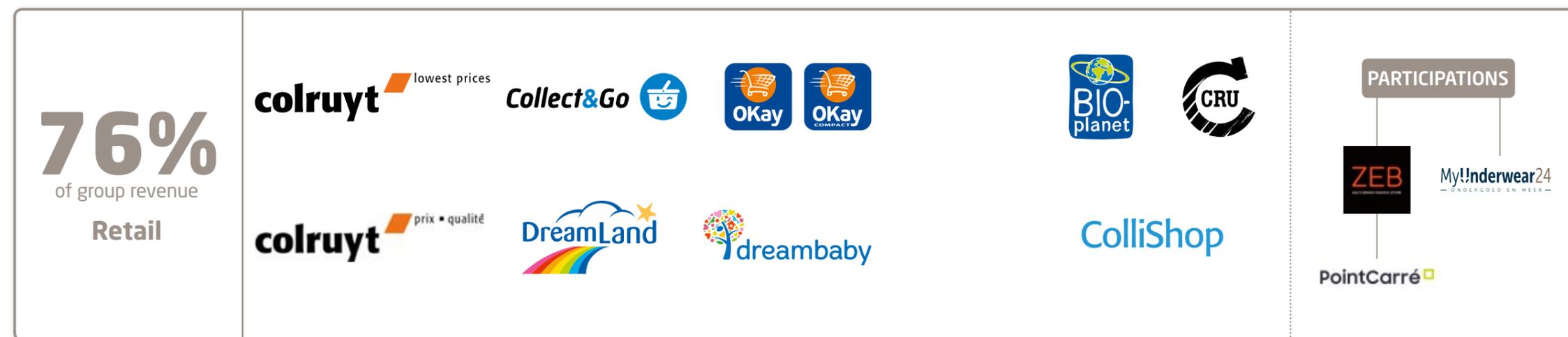
253 COLLECT&GO-COLLECTION POINTS IN BELGIUM, LUXEMBOURG AND FRANCE

47,7%
OF THE ADDED VALUE GENERATED IN BELGIUM GOES TO THE COMMUNITY VIA THE GOVERNMENT



ACTIVITIES

The operational activities of Colruyt Group are subdivided into retail, wholesale, foodservice, other activities and corporate activities. The retail store formulas and the deliveries to independent storekeepers (wholesale) and to professional customers in foodservice represent the lion's share of our operational activities. DATS 24, Symeta, Eoly and our financial participations in offshore wind farms are aggregated under the other activities.

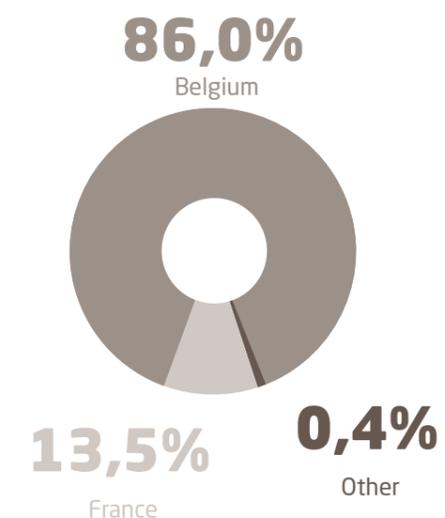


Geographic segmentation

The geographic segmentation is based on the various locations of the parent company and its subsidiaries and this from the point of view that we want to serve our customers from their own region to a maximum. Thus our commercial activities and group support services are located in Belgium, Luxembourg, France, India and Hong Kong.

- Belgium: all activities.
 - Luxembourg: retail and reinsurance company.
 - France: retail, wholesale, foodservice and DATS 24.
 - French overseas departments: wholesale and foodservice.
 - India: own IT department.
 - Hong Kong: own purchasing support.
- The list of all companies incorporated in the consolidation is given in note 34.2 of the financial section.

Geographic segmentation of revenue:



Corporate activities

The corporate activities comprise: all support services including Technics, Real Estate & Energy, Business Processes & Systems, Finance, People & Organization, Colruyt Group Academy, Corporate Marketing, Customer Communication & Experiences, In Contact and Colibri Foundation.

IN THE SPOTLIGHT



DATS 24 opens first CNG station in Wallonia
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Direct regional collections for Food Banks
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Employees can come to work on board the "office on wheels"
p. 37



Start2Re-Tale: innovative training programme for recent graduates
p. 96



Boni Selection launches innovative meal drink, Appetit
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XTRA: one single shared loyalty card for 9 retail formulas and webshops
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Cru opens second market in Wijnegem
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Colruyt Group announces sale of Pro à Pro
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Colruyt Group becomes a 'voice' of the UN Sustainable Development Goals
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Easy shopping with 'MyColruyt' app
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Official opening of Fine Food Meat 2
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SmartWithFood helps customers on the way to a tailor-made food choice
p. 38



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Together, we create sustainable added value through value-driven craftsmanship in retail



Nine values and points of interest

At Colruyt Group we aim for meaningful economic growth and we are highly dedicated to human and social development, including the long term. In order to realise this, every day we are inspired by our **nine group values**: respect, simplicity, readiness to serve, togetherness, faith, hope, space, courage and strength. These values form part of our identity, ensure that we speak the same language and guide our business.

In order to keep our customers satisfied we focus on **nine points of interest**. The **quality** of the service or product supplied must satisfy the expected level and we must deliver the demanded quality **efficiently and effectively**. In addition we expect every **individual** to work at his or her full capacity and every **team** to be fully operational. In order to enable these aspects, we want to create an environment in which there is **trust**, and we also make **resources** available to convert that trust into actions. And we **actively** observe and analyse our actions and adjust them if necessary. When this is satisfied, each team and individual automatically gets a positive feeling. We thus ensure **entrepreneurship** and **job satisfaction**. These two aspects mean that our customers like to shop in our stores and come back again. And to achieve this we all do our best time and time again.

COLRUYT GROUP FAMILY OF COMPANIES

Over half a century Colruyt Group has grown from a family firm into a family of companies with more than 29.000 employees. For a long time we were primarily known for our discount store, Colruyt, but over the last twenty years we have greatly diversified our activities. For example, in 1994 we took over the toy chain Droomland. After the turn of the century we launched the local store formula OKay, the bio supermarket Bio-Planet, and the baby specialist Dreambaby. In 2003 we became a license holder of the Spar formula in Belgium, in 2014 we took a shareholding in clothing chain, ZEB, and we created the covered market, Cru.

After an often modest start, most formulas have since grown into fully developed companies, with their own brand promise and target market. No matter how different, with every new initiative we want to provide meaningful added value, in line with the spirit of the times and the changing needs of the consumer. As a result, today all our activities are complementary and we are increasingly realising our ambition to provide relevant solutions with Colruyt Group for every stage of life of the customer. This year we have given extra emphasis to the strength of our diverse group with the introduction of Xtra, our shared loyalty card, app and login.

One mission

All businesses of Colruyt Group have one common identity and culture, summarised in our mission and inspired by our historically grown core values. The growth that we know as a company is the result of how we put our mission and values into daily practice, in the service of a satisfied customer.

Making the difference together

It is in our nature to deploy the available resources as effectively and as efficiently as possible. What was first a purely economic necessity to be able to realise our promised 'Lowest prices', has grown over the years into a broader sense of responsibility to conduct business sustainably. Today this means always looking for activities that are worthwhile and viable, so that we can continue to do business in the future. Based on respect for man and the environment we want to bring about a virtuous circle, not only on an economic level, but also on a social and ecological level. In other words: in everything that we do, we want to ensure maximum useful economic growth, human and social development, with a minimum of raw materials, energy and human effort.

We work intensively with many players and organisations across the entire production and distribution chain and continuously build sustainable partnerships in the long term. We are highly aware of our exemplary role and also want to actively contribute to a greater awareness of sustainability among partners, employees and customers. We believe that with our initiatives we can inspire them to take action in their turn. In this way we can make the difference together.





THE FAMILY OF COMPANIES BECOMES EVEN STRONGER

The new shared loyalty card for nine stores and webshops makes our family of companies more concrete than ever. With Xtra we facilitate the lives of our 3.700.000 customers. We will get to know them even better and can serve them with information and tailor-made benefits.

Self-managed personal data

With their Xtra login, customers can now manage their personal data themselves and for example specify what brochures and newsletters they would like to receive. In time they will also be able to add preferences for products, brands and dietary patterns, for example. At all times the customer remains master of his own data and can thus always change them.

Strengthened dialogue

With Xtra, on a group level we can gain more understanding of the needs and purchasing behaviour of our customers in the various retail formulas. As a result we will be able to harmonise our information, benefits and (retail) offering even more to their needs and interests. On the basis of new insights we can for example better adapt our store ranges or even the location of the stores to local preferences. Xtra thus provides a lot of potential to serve our customers even better. It is a big step in our ambition to further deepen the relationship with the customer.

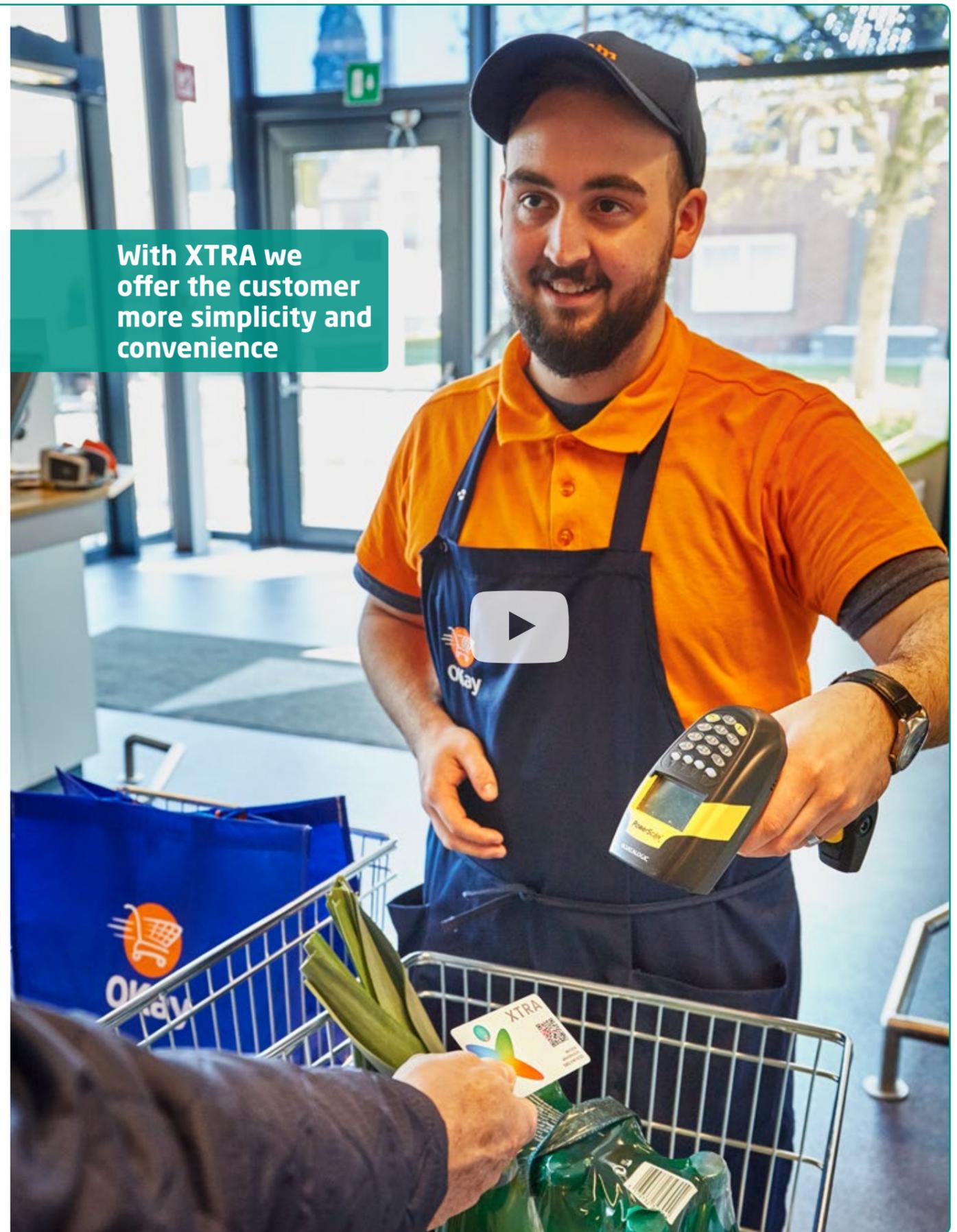


1 card, 1 app and 1 password

The shared loyalty card is a milestone in the history of Colruyt Group. With it, we aim to offer the customer simplicity and convenience in times that are already complex enough. With Xtra, the customer automatically and immediately enjoys the respective benefits that are ongoing in nine stores and webshops: Colruyt, OKay, Bio-Planet, Spar Colruyt Group, Collect&Go, Dreamland, Dreambaby, Collishop, and as of the autumn of 2017 also DATS 24. Xtra replaces four existing loyalty cards, and after the identity card is the commonest card in Belgian wallets. For customers who prefer to be mobile, there is the Xtra app. This has the same advantages as the card, plus the possibility to pay (when linked to a payment app). With the Xtra login finally, the customer now has access to all webshops with one user name and password.



With XTRA we offer the customer more simplicity and convenience



SUSTAINABLE ENTREPRENEURSHIP



The green roof on the Bio-Planet in Uccle purifies the air and ensures greater biodiversity.

Sustainability in our genes

Sustainable entrepreneurship is in our DNA and runs as a common element through all our operations. At the same time, starting with an economic impetus, we also aim to bring about a positive social and ecological dynamism with long term results in mind. Over the next few pages you will read about a selection of achievements during the past financial year. In order to keep things orderly, we have grouped them into three themes: Product, Environment and People.

Ambassador of the UN sustainability agenda

By creating sustainable added value in different areas, we also contribute to the realisation of the Sustainable Development Goals (SDG's) of the United Nations. These are the successor to the millennium goals (2000-2015) and will run until 2030. The seventeen goals revolve around five P's: people, planet, prosperity, peace and partnership. A large proportion of this development agenda is aimed at realising a positive development in these matters.

It is unique in that the SDG's are recognised by all countries and thus form a usable reference framework for every public authority, organisation or individual who wants to work towards a more sustainable world. The common sustainability agenda is now a useful reference for assessing the sustainability of initiatives. It makes it easier to combine forces in a targeted way and to make more progress together.



Inspiring and encouraging

In order to spread the message around the world, UN Secretary-General Ban Ki-Moon appointed a number of international ambassadors, including Queen Mathilde, Lionel Messi and Shakira. On a Belgian level the sustainability network The Shift and the Federal Institute for Sustainable Development chose eight organisations as an 'SDG Voice', including Colruyt Group.



We were happy to comply with the request and consider it a great honour to be the only retailer (and only company) in the company of people able to bear the title of 'SDG Voice' for a year.

As an ambassador we help make the sustainable development goals better known among the general public in Belgium. In this way, we want to inspire and encourage people and organisations to actively contribute to a more sustainable future. In practice, we utilise all our communication channels to warm the general public to the SDG's. On our intranet, in our customer brochures, and on our websites we make a link, for example, between every achievement and one or more development goals.



We are making our house brands more sustainable, from their origin through nutritional value to packaging



Recyclable tray for delicatessen products halves climate impact

For the sustainabilisation of our packaging we were the first in Belgium to launch a recyclable cardboard tray for sliced delicatessen products. Research and tests were done in close collaboration with Fost Plus, the collection and recycling specialist.

The base of the composite tray with the FSC sustainability label is 90% paper fibres, such that it satisfies the Fost Plus standard for recyclable paper waste. The clean tray (without covering film and food residues) can thus be put with old paper, such that the volume of the residual waste bag is reduced. This method is clearly stated on the packaging because we want to stimulate actual behaviour changes in the consumer.

55% less impact

Thanks to the new packaging, each year we put 12.5 million fewer plastic trays, or 130 tonnes less plastic, into circulation. The tray also takes up less volume, so that **less transport and storage space** is needed. Over its entire lifetime it has 55% less impact on climate change than plastic trays.



Product

We work hard on making some thousands of products of our house brands in food and non-food more sustainable. This is a complex process as the chain from raw material to end product is sometimes long and opaque. We achieve the best results by taking action in a number of links, in close cooperation with the cattle breeders in our country for example. For more exotic products we work according to the standards of internationally recognised sustainability organisations such as RSPO (palm oil), FSC (wood, paper) and GOTS (cotton).

In the sustainabilisation process we consistently focus on the ecological aspects. After all, we want to deal with raw materials sparingly and minimise the impact of cultivation, industry, transport and waste processing. Secondly we also increasingly work on animal welfare by refining our priorities and better monitoring the improvements on the ground. Finally, we always have the social aspect in mind. For example, we want guarantees from our producers and suppliers for acceptable working conditions and decent pay.



European partnership for sustainable and healthy food



Colruyt Group is supporting the development, approval and start-up of the new innovation community, EIT Food, an ambitious European partnership of large companies, universities and research institutions. Together we want to make the food chain more sustainable by stimulating innovation, new training courses and start-ups, with a strong involvement of the consumer. The 54 partners cover the entire chain from production, processing and distribution, to consumption,

packaging and waste processing. Over seven years the partners have invested EUR 1,2 billion and received up to EUR 400 million in European cofunding.

At EIT Food, together with a university, a knowledge institution and a company, we are currently researching the possibilities for calculating the environmental impact of food products. Moreover, we are examining whether we can automatically map out scenarios to reduce this environmental impact. In time, that would make it possible to report on environmental impact categories such as CO₂ emissions, eutrophication and land usage.

Forerunner in the development towards sustainable palm oil



Forerunner in the development towards sustainable palm oil

In 2016, the nature protection organisation WWF ranked Colruyt Group among the forerunners in the use of sustainable palm oil in its house brands. In 2013, we started with the sustainabilisation of six hundred products that contain palm oil, in close collaboration with our producers and suppliers. Where possible we reduce the palm oil content and choose alternative fats and oils. If palm oil is necessary for technical reasons, we cover 100% of the palm oil used by the sustainability certification system of the RSPO (Roundtable on Sustainable Palm Oil) since 2015. Since the end of 2016, around 78% of this palm oil comes from RSPO certified plantations, via the 'mass balance' or 'segregated' process. By the end of 2018 our aim is for 100% 'segregated' palm oil. In the meantime we offset the remaining 22% of palm oil through the purchase of Green Palm certificates. In this way we support the palm oil producers that already meet the RSPO standards.



Considering the food of the future together

During the 'Food for the Future' project, young people think about how we will manage food in the future and how we can continue to feed the world population. This is an ambitious project in which we are working together with Islands of Peace, Flemish Brabant province and the Catholic University of Leuven. 'Food for the future' aims to set up three sustainable food chains. Based on a number of criteria, such as nutritional value and health, we have chosen quinoa from Peru, red beans from Tanzania and seaweed from Indonesia. The objective is that these products will ultimately end up on the shelves of our retail formulas. We consider it essential to involve young people in this project. On the one hand to get them to understand the challenges of sustainable food. On the other hand because they will be the customers of tomorrow. The young people attend teaching modules, debate and participate in trial sessions, workshops and market research.



Working on sustainable initiatives with young people is nothing new for us. Our own Collibri Foundation initiative also creates sustainable products through training projects with young people. Read more about this on pages 104-105.

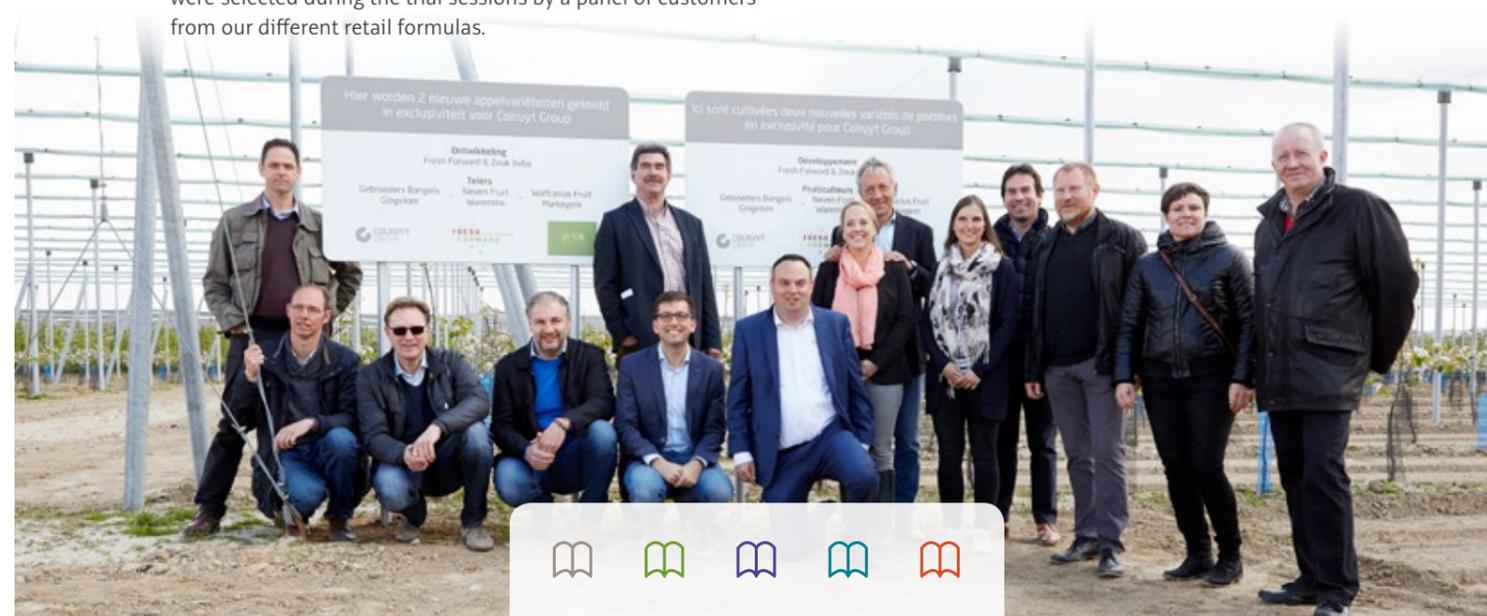
Learning together, improving together

The specifications for our growers and meat suppliers contain many quality and sustainability criteria. That is a good thing, but to make the most progress together with our partners we now want to make our specifications more dynamic. We have set a number of objectives for ourselves. With monitoring, we also want to obtain a better view of the improvements that our suppliers make. Due to the interaction between goals and results we can set realistic but ambitious priorities and gradually improve our specifications. The first 'learning' specification is for broiler chickens, in the test phase since the end of 2016. The priorities are the sustainabilisation of the feed and the health and welfare of the animals. Suppliers regularly send us their results in this respect, after which an independent inspection body processes the data. On the basis of this, we refine our objectives and the improvement process is given an extra boost through the entire chain.

Even more cooperation with local growers

This financial year we started a special collaboration with the fruit growers Neven Fruits Waremme, Wolfcarius Fruit Markegem and Gebroeders Bangels Gingelom. Together we worked on the cultivation of two new varieties of apples: the Magic Star®, developed by Fresh Forward, and the Coryphée®, developed by the family firm of ZOUK bvba. The two varieties were selected during the trial sessions by a panel of customers from our different retail formulas.

With this initiative we aim to offer apples that meet the expectations of our customers with regard to flavour, colour and origin. Moreover, with this collaboration we would like to extend the Belgian apple season. This also does justice to the skills of local farmers. We expect the first harvest in the stores in the autumn of 2019.



Our aim is to reduce our ecological footprint together



Employees participate in the Retail Clean Up Days.

Together for less litter

With our five year plan 'Together for less litter' we inspire others to adopt a sustainable behaviour change. For example, in September 2016 we started a two year pilot project with extra litter bins in the car parks of offices and stores. The first results are promising, so we will continue the test and draw up new standards for waste infrastructure.

During the Retail Clean Up days we cleared the vicinity of a good four hundred stores, sometimes together with customers, schools, local associations, etc. Around 1.250 people collected 1.500 bags of waste. We are doing this because we strongly believe that consumers will change their behaviour if we get on the same track with a lot of people together. We are convinced that these actions will lead to more efficient results than the introduction of a return premium for empties for example, which we don't believe will solve the litter problem. In 2017 we will again organise a big clean up action and we will specifically raise awareness among carriers and young people.



Environment

We are continuing to work on innovative solutions to reduce our ecological footprint. With projects in refrigeration and transport, for example, we are well on the way to reducing our relative CO₂ emissions by 20% by 2020, compared to the base year 2008. We expect to achieve that objective earlier and we are already forming our ambition for 2030. For example, we are providing EUR 70 million for the renovation of our stock of stores, because by 2029 we only want to have low-energy stores. We are also continuing to invest in the production of renewable energy. Eoly, our energy producer and supplier, does this with solar panels, combined heat and power generation and wind turbines on land. In addition, we participate in offshore wind farms. The underlying goal is to cover 100% of the group's power consumption with self-produced green power. We're at 25% today. Often we start with a shared commitment, for example within Renewable Energy 100, a worldwide consortium of companies. And through Eoly Cooperative, for the first time private individuals have been able to become the co-owner of a wind turbine.



More sustainable transport being our objective, we choose train or boat whenever we can. The port of Brussels is one of the possibilities.



Smart transport

For a long time now, we have been limiting the number of lorry miles by optimum loading and smart planning. In recent years we have also increasingly deployed alternative means of transport.



In a wide consortium of companies and public authorities we are participating in the CITRUS project that develops **technology** to optimise freight transport with real time traffic info. For example, we will test solutions to inform drivers of incidents or works and to control traffic lights.

That will reduce CO₂ emissions and also foster road safety and mobility. The CITRUS project has three years of support from the European Union.

Together with international partners we tested Cool Rail from the end of October to the end of March, a new **rail link** for fresh products between Valencia and Cologne. Every week we brought over a number of containers of citrus fruit from Spain. From Cologne they went by lorry to our distribution centre in Halle and returned with empties. Each lorry drove 83% fewer lorry miles, good for a CO₂ reduction of 70%. In the next citrus season we will again use Cool Rail, and together with the partners we are investigating its potential for the summer months.

Efficient cooling

All food stores in Belgium are getting a refrigeration system that operates with a natural refrigerant (propane or propene). Over its entire lifetime, such an installation emits 90% less greenhouse gas than a conventional system with synthetic refrigerants. In 2016 we started the rollout of this in all new stores. In the coming years we also want to replace all old refrigeration installations. The operation will reduce our total greenhouse gas emissions in Belgium by 11%.

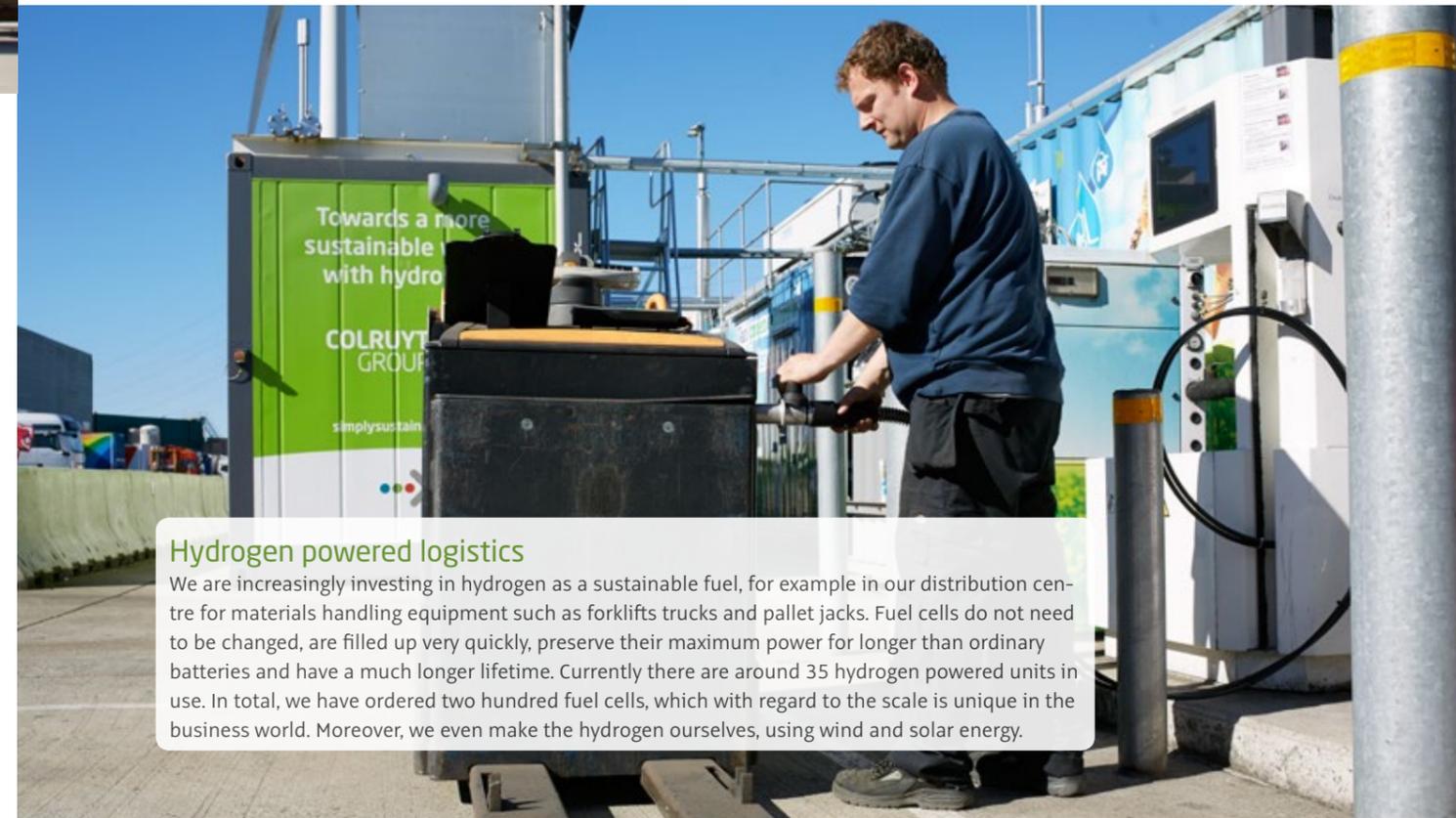
We were the first retailer in the world to develop a refrigerator cart that works with liquid ice to transport fresh produce. We make this ice with our own green energy and we reuse it continuously. Also due to the increased autonomy and greater load volume, the cart has 58% less impact on climate change than a conventional refrigerator cart. At the end of the financial year, more than 3.800 'liquid ice containers' were in use, or 35% of all refrigerator carts. By the end of 2018, all old models will have been replaced.

Refrigerator carts with liquid ice have 58% less climate impact.



Driving on natural gas and electricity

Our vehicle fleet has continued to become a lot greener in the last few years. For example, approximately 1.100 passenger cars run on natural gas (CNG), currently the most sustainable fossil fuel. Employees with a company car can now also choose from six completely electrically driven models. And our fuel specialist DATS 24 is investing heavily in the rollout of fuel stations with natural gas and electricity charging stations.



Hydrogen powered logistics

We are increasingly investing in hydrogen as a sustainable fuel, for example in our distribution centre for materials handling equipment such as forklifts trucks and pallet jacks. Fuel cells do not need to be changed, are filled up very quickly, preserve their maximum power for longer than ordinary batteries and have a much longer lifetime. Currently there are around 35 hydrogen powered units in use. In total, we have ordered two hundred fuel cells, which with regard to the scale is unique in the business world. Moreover, we even make the hydrogen ourselves, using wind and solar energy.



European standard for ecological footprint

In recent years we have helped to develop a method in a European pilot project to calculate the environmental impact of retailers. **We also helped write the rules for the Organisation Environmental Footprint (OEF)** and were one of the first to do this comprehensive exercise. We calculated our environmental impact according to fourteen categories, from land usage to emissions of fine dust and water pollution. In this way we could identify the high-

impact processes in our organisation, such as transport and refrigeration. In the meantime, we have shared the conclusions internally and we are currently examining what actions we can incorporate in the daily operations. Considered over our entire chain, however, production and consumption turn out to cause the largest environmental impact. We will also take action there: we will adjust our purchasing policy and stimulate the consumer to consume more sustainably.

The health and welfare of customers and employees is very important to us



In the 'office on wheels' employees convert their travel time into work time and thus paid time.



Greener commuter traffic with the Office on Wheels

We continue to encourage our employees to go to work sustainably. For example, since September 2016 they have been able to commute every working day using a specially equipped office bus (Office on Wheels) between Ghent and the offices in Halle.

The time that they are on the way to work counts as paid time. The bus with 28 workstations ensures less traffic stress and a better work-life balance. After six months of tests, practically all participants said that they wanted to continue using the bus. We are thus investing further in the project on account of employee welfare and sustainability. During the test period we saved many car miles and thus saved around 32.2 tonnes of CO₂.

Sustainable commuter traffic

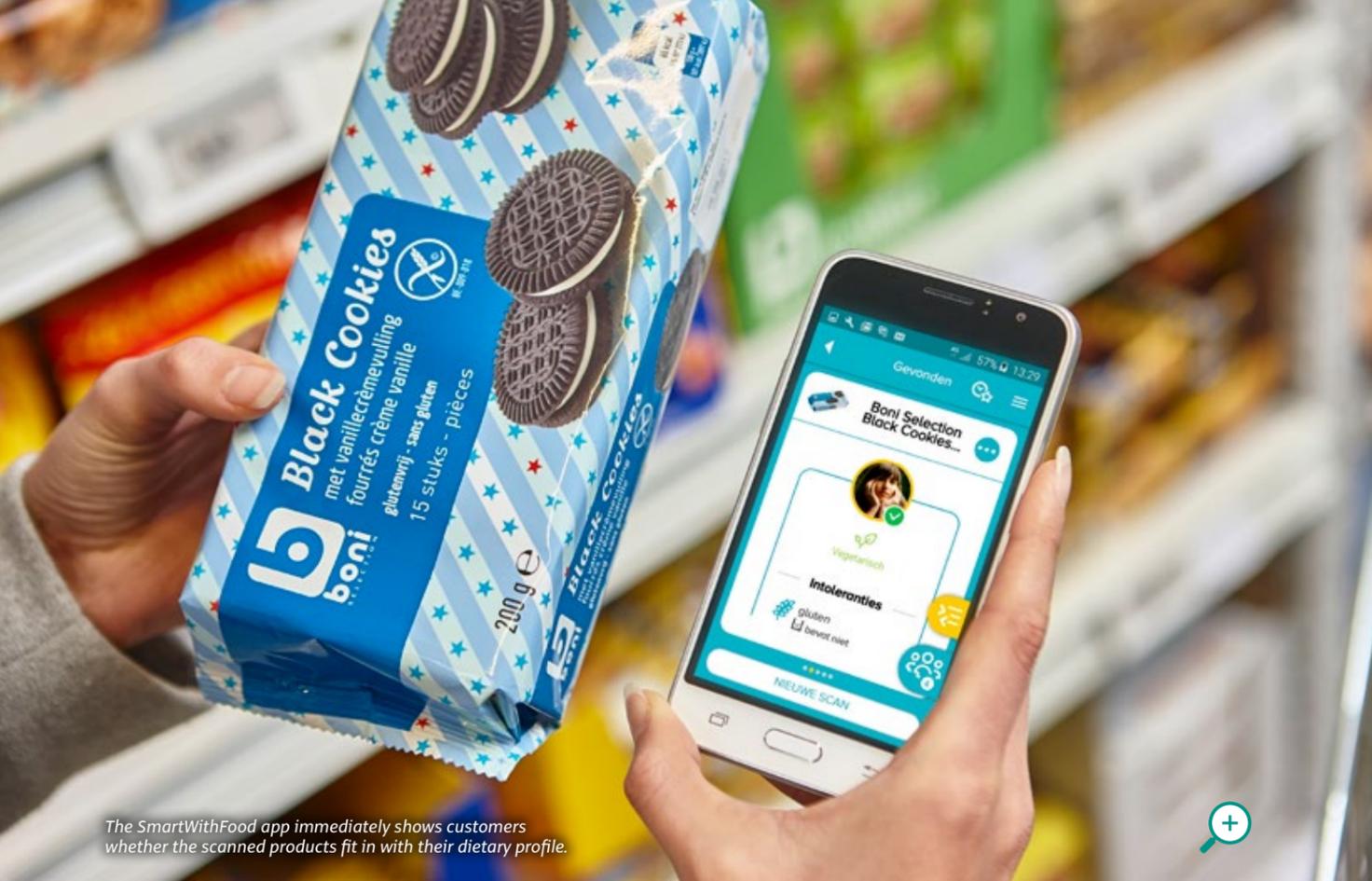
In addition to the office on wheels, we offer many other initiatives for more sustainable commuter traffic, such as conventional and electric company bicycles with a bicycle allowance, free public transport and a carpool database. We have also accelerated the greening of our vehicle fleet, for example by investing in cars that operate on natural gas and in 100% electric models. Colleagues with a company car can also combine it with free public transport or a company bicycle, or exchange it for a monthly wage supplement.



People

The health and welfare of our customers and wider society are high on our agenda. That is why we continuously improve the composition of our house brands and reduce the quantities of salt, sugar and fat. With a self-developed app we help the customer to make the very choices that fit in with his individual dietary pattern.

At the same time we are making an effort for the underprivileged. We are thus proud that we can further roll out the 'Dinner's ready in 1-2-3 euros' concept. In this project we are working with local governments to make delicious and balanced eating accessible to vulnerable families with children. Moreover, more Colruyt stores are donating their unsold but still perfectly edible products directly to local organisations. In this way, they can provide their customers with more products with a comfortable best before date. And we are also continuing to invest in education and training for underprivileged young people, both in Belgium and in the South. Finally, as a people-oriented company we give our employees abundant opportunities to develop themselves in their job and as a person. With many small and large initiatives we are ensuring a safe, pleasant and healthy working environment.



The SmartWithFood app immediately shows customers whether the scanned products fit in with their dietary profile.

Towards a tailor-made diet

In order to help people make food choices that fit in with their individual dietary pattern, we have developed the SmartWithFood app. It scans and recognises practically all barcodes of our products and immediately shows whether they fit in with the dietary profile of the customer. The app can take account of lactose or gluten intolerance for example, a vegetarian diet and many ingredient preferences. The user is also given suitable alternatives, info on nutritional values, the equivalents in physical exercise, etc. In brief, more convenience and simplicity for everyone who wants to or has to make a conscious choice.



A Colruyt employee prepares packages for the Food Banks.

Less food loss: stores donate directly to local organisations

Colruyt Group works on a number of fronts to limit food loss. For example 97,27% of our fresh products are actually sold and all unsold food is given a useful destination. A growing proportion of it goes to human consumption, as increasing numbers of Colruyt stores donate their unsold but still perfectly edible food directly to local organisations under the management of the Food Banks. At the end of 2016, fourteen stores were involved in local distribution, together good for 443 tonnes of food over the entire year. In early 2017 we expanded the system to 37 stores.

We take most fresh products off the shelves four days before the expiry date. The comfortable shelf life makes it pleasant work for the Food Banks. We thereby ensure that the cold chain is not broken.

Since 1997, we have worked structurally with the Food Banks. Every weekday they come to our distribution centre to collect products that are too close to the use by date to supply to the stores. In 2016 it involved 354 tonnes of food. During the annual collection action, our customers added another 234 tonnes.



At the Youca Action Day, 243 schoolchildren spent a day working at Colruyt Group for the benefit of the good causes that vzw Youca supports.

Working with young people on a more sustainable society

Through our Colibri Foundation education fund, for many years we have supported small-scale training projects for young people in difficult situations, especially in the South but also in Belgium. We share the belief that the training and education of young people form the key to a more sustainable future with vzw Youca (Youth for Change and Action, formerly known as Zuiddag). This non-profit association stimulates young people in the North and South to build a sustainable and fair society together. A dream partner thus, with whom we have already worked for twelve years. In 2016 we also participated in the annual Youca Action Day. During that day, 243 schoolchildren set to work for a day, after which we passed on the whole of their EUR 50 pay to Youca. As a result, this year the non-profit association is supporting two organisations that offer opportunities for education and participation to young people in the slums of Rio de Janeiro. On the Action Day itself, a Brazilian delegation of young people were guests in our company, who we brought into contact with Belgian schoolchildren and three interns from our schooling project in Indonesia. An instructive, entertaining and enthusing exchange moment for the youngsters and our company! Each year, Colibri Foundation also grants EUR 30.000 of structural support to Youca.

Dinner's ready in 1-2-3 euros

Delicious, balanced and budget-friendly food for underprivileged families with children is a real challenge. That is why Colruyt, the city of Kortrijk and the local social assistance centre developed the two weekly recipe booklet, 'Dinner's ready in 1-2-3 euros'. Every recipe is good for three generous portions that cost a maximum of EUR 1, 2 or 3 per portion. The test was positively evaluated and Colruyt is now rolling out the concept throughout Belgium, together with municipalities and social organisations. Colruyt will also offer 'smart shopping' and 'balanced and cheap cooking' workshops.



Activities

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colruyt lowest prices

Colruyt Lowest Prices is primarily aimed at households who want to shop rationally in a price-conscious way. The supermarket is known for its lowest prices, skilled and attentive staff, and its service, efficiency and simplicity. The supermarket chain has a wide range of quality products and pays a lot of attention to its butcher shop and fresh food department. Every two weeks in the personalised shopping folder, 'Selection for you', almost 1.700.000 customers can find a suitable selection of offers based on their needs.

For more than thirty years Colruyt has offered the lowest prices for national brands, house brands and discount brands. Every day employees record more than 62.000 prices and promotions in shops across the country. If a product is cheaper elsewhere, then the supermarket immediately lowers the price.

The revenue of the Colruyt stores in Belgium and Luxembourg rose by 1,4% and the number of customers remained stable. The operating costs remained under control and Colruyt was able to improve the gross margin, amongst others through a growing purchasing volume and through less promotional pressure, especially in the first half year.

The revenue increase results from a number of factors. First of all inflation played a positive role. Fruit and vegetables remained very popular among customers and the retailer strengthened its lowest price positioning with successful marketing campaigns. The retail formula also responded well to the different seasons. For example, the end of year period was highly successful due to the strong marketing campaign, the smart implementation in the logistics chain, and the dedication of our staff in the stores. The reservations in the webshops of Collect&Go, Collishop, Dreamland and Dreambaby that are collected by customers in a Colruyt branch are also included in the revenue of Colruyt.

In view of the challenging market conditions the performance is good. The supermarket notes that customers are making purchases in a more considered way. Some customers spread their purchases, and therefore come to shop more often and spend less at the end of the month. Due to a calendar effect, Easter did not fall within this financial year, as the previous financial year comprised two Easter periods. In addition, the hard discounters are expanding their ranges with national brands, they are concentrating more on fresh products and are also launching aggressive marketing campaigns. Finally, some article categories are getting under pressure due to e-commerce and the excise increase also had an impact on the sales of alcoholic beverages.

8.000 m² extra

One store was added this financial year. At the end of March 2017 Colruyt Walcourt opened its doors. Furthermore the branch in Quiévrain closed in January 2017. The employees of this store all went to work in nearby Colruyt stores. Five branches were enlarged and three stores were housed in completely new and larger premises. In total this ensured almost 8.000 m² more.

Further rollout of new generation of stores

The rollout of the new generation of Colruyt stores is on schedule. Last financial year twelve stores were converted to this modernised concept and 69 stores were given the look & feel. Upon the close of the financial year, there were 36 fourth generation stores and 130 stores presented the look & feel. Nine traditional butcher shops were converted into open butcher shops with self-service. The rollout of the fourth generation will be completed by the end of 2017. This new concept further emphasises the lowest prices of Colruyt and makes shopping more pleasant and more efficient for customers.

Maintaining growth trajectory

Colruyt aims to maintain its growth trajectory in the coming years and to this end will continue to play out its lowest prices strategy. In addition, the retail chain is working hard on store expansions and will bring in more computerisation into its stores: open WiFi, mobile devices for staff, apps for smart phones, etc. Around ten store openings are planned in the coming years, starting in Épinos.

RETAIL

Last financial year these activities realised a revenue increase of 2,4% to EUR 7.319,0 million.

Retail comprises the retail formulas of Colruyt Lowest Prices, Collect&Go, OKay, Bio-Planet, Cru, Colruyt France, Dreamland, Dreambaby and Collishop. The results of Colruyt Group Fine Food are also included in Retail. Finally, the participations in ZEB and the webshop MyUnderwear24 form part of Retail.

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° 1976

 **EUR 5.712,3 million**
revenue (+ 1,4%)

 **237 stores**
(including 3 in Luxembourg)

 **1.700 m²**
average store area

 **10.900 food (including fresh and frozen products)**
7.200 non-food
number of articles

 **18.036**
number of employees in FTE (+ 402)

 **Lowest prices**

 **colruyt.be**

Continued growth in Luxembourg

The three stores in the Grand Duchy of Luxembourg performed in line with the prospects and presented positive profitability. Just as in Belgium, customers can be assured of the lowest prices. In addition, the Luxembourg Colruyt stores fit in with the local culture with regional and Portuguese products. In the coming financial year a fourth store will open its doors in Wemperhardt, just by the Belgian border. In the next few years three other store openings are planned.

Three clear brand layers

The transition of the more than fifty former house brands of Colruyt Group to one house brand, Boni Selection, was completed in 2016. Colruyt has deliberately chosen to develop three brand layers in a broad and profound manner: national brands, the house brand Boni Selection and the discount brand Everyday. Customers can easily compare price and quality and shop efficiently. The retail formula notes that Everyday and Boni Selection are gaining popularity and that sales of national brands are developing less quickly. Read more about the brand simplification on p. 95 in the Corporate Marketing section.



Sustainable partnerships with suppliers

Colruyt aims to build long term sustainable partnerships with its suppliers. In order to support its suppliers, the supermarket chain also regularly launches different initiatives. This financial year there were, for example, regional barbecue actions in the store car parks in order to promote the meat of Belgian farmers. In addition, for the third year in a row Colruyt and OKay supported Belgian apple and pear growers. Under the house brand Boni Selection, 250.000 bottles of pure pressed apple juice and just as many bottles of apple-pear juice were sold. The juice was made from Jonagold apples and Conference pears from a few fixed fruit suppliers. Colruyt Group supports them because the sector is contending with both overproduction and low prices, for example due to the export ban to Russia.

XTRA card for almost 3 million customers

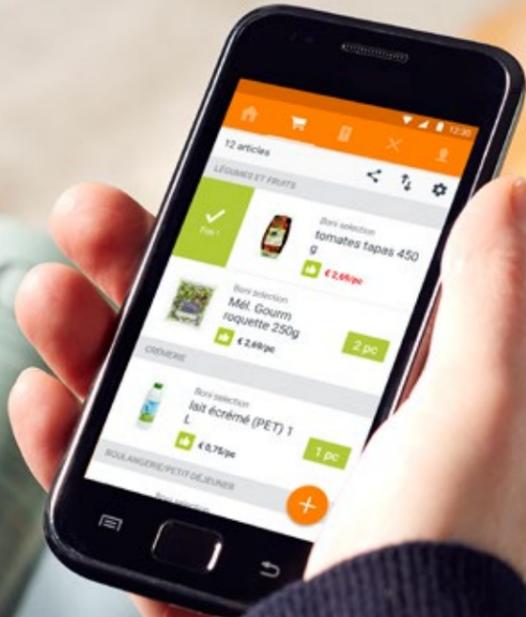
Since 4 April almost 3 million Colruyt customers have received their new Xtra loyalty card in their letterbox. The Xtra card replaces the familiar Extra card that was launched in 2008. With Xtra, Colruyt customers still benefit from all discounts, in addition to the lowest prices. Colruyt released a lot of time and resources in order to support the launch. Staff were properly prepared beforehand and in addition the customer was extensively informed through folders, newsletters, a landing page, social media and digital screens in the stores, and of course by the staff themselves. Read more about Xtra on p. 24 and 25.



With XTRA, customers still benefit from all discounts, in addition to the lowest prices

MyColruyt: app for shopping lists

In October 2016 the retail formula launched the 'MyColruyt' app for Android and iOS. The free smartphone app is functional and simple and ensures that customers can shop more efficiently and quickly. With MyColruyt customers compile smart shopping lists. They can choose from the entire range of their store and select ingredients from the 6.000 Colruyt recipes. They will also see all prices of their store, immediately see all products with a Red Price or discount, and they can save their favourite products. Many updates are planned. The search function will be expanded with extra filters, for example for vegetarian products. On 31 March 2017, 136.500 customers had downloaded the app.



Today there is open WiFi in almost all Colruyt stores.

New digital applications for store employees

The personal digital assistant (PDA) for store staff has been given extra functionalities. Employees can now consult their news reports and to-do's and use their PDA to order pick reservations for Collect&Go. These devices act as a pocket computer and barcode scanner and optimise the work processes. They make the work of employees more pleasant and increase their craftsmanship and helpfulness for the customers. Employees use this device for many tasks: increasing stock, requesting labels, consulting product information, conducting counts and price controls, etc.

Open WiFi in the store

Colruyt is increasingly deploying digital aids to make life easier for customers. For example, in almost all Colruyt stores there is now open WiFi. In this way using their smartphone customers can find the information they are looking for easily and free of charge while they are shopping, for example via the MyColruyt app. Since 2015 customers have been able to pay with their smartphone in all stores and make use of the open WiFi for this purpose. And in the spring of 2016 Colruyt launched a new responsive website.

Digital management and exchange of product information

Since this financial year Colruyt Group has used the Global Data Synchronisation Network (GDSN) to keep product information correct and up to date, and to exchange it with its partners more efficiently, more simply and faster. GDSN is a database for all kinds of product data: logistical and supplier information,

identification of goods, origin, claims, nutritional info, nutritional values, label information, etc.

To this end, the group works together with GS1. This is an independent organisation that bundles all information from all GDSN data pools into one large data source. The group also used the product information in GDSN for the development of SmartWithFood. This is an app that helps consumers to make more conscious dietary choices and to readily find products that they want or need for their health. Read more about this on p. 38.

Placing articles on the shelves more efficiently

Increasing numbers of goods are supplied in special boxes or on half pallets that immediately go on to the store shelf. This One Touch system increases the efficiency in the stores and the logistical flow. Because employees no longer have to place the goods on the shelves separately, the number of operations in the distribution centres and in the stores is reduced. The efficiency and ergonomics thus improve substantially. After potatoes, onions, Nutella, bleach, distilled water and regional beers, now soft drinks, water, milk and fruit juices are placed on the store shelves using this system. Colruyt is pleased that suppliers are prepared to supply articles on half pallets and thus enable One Touch. The retail chain hopes that even more suppliers will join this system in the future.





Colruyt takes various initiatives to involve children in cooking and food in general

Cooking is child's play

In the latest Colruyt cookbook there are only recipes for small chefs. 'Cooking is child's play' challenges children aged between six and ten years to prepare varied and fully-fledged meals and wants to stimulate them to learn to cook. Colruyt takes various initiatives to involve children in cooking and food in general. With Cooking Class for example the retailer offers schools a ready-made teaching programme on balanced diet and cooking at school.

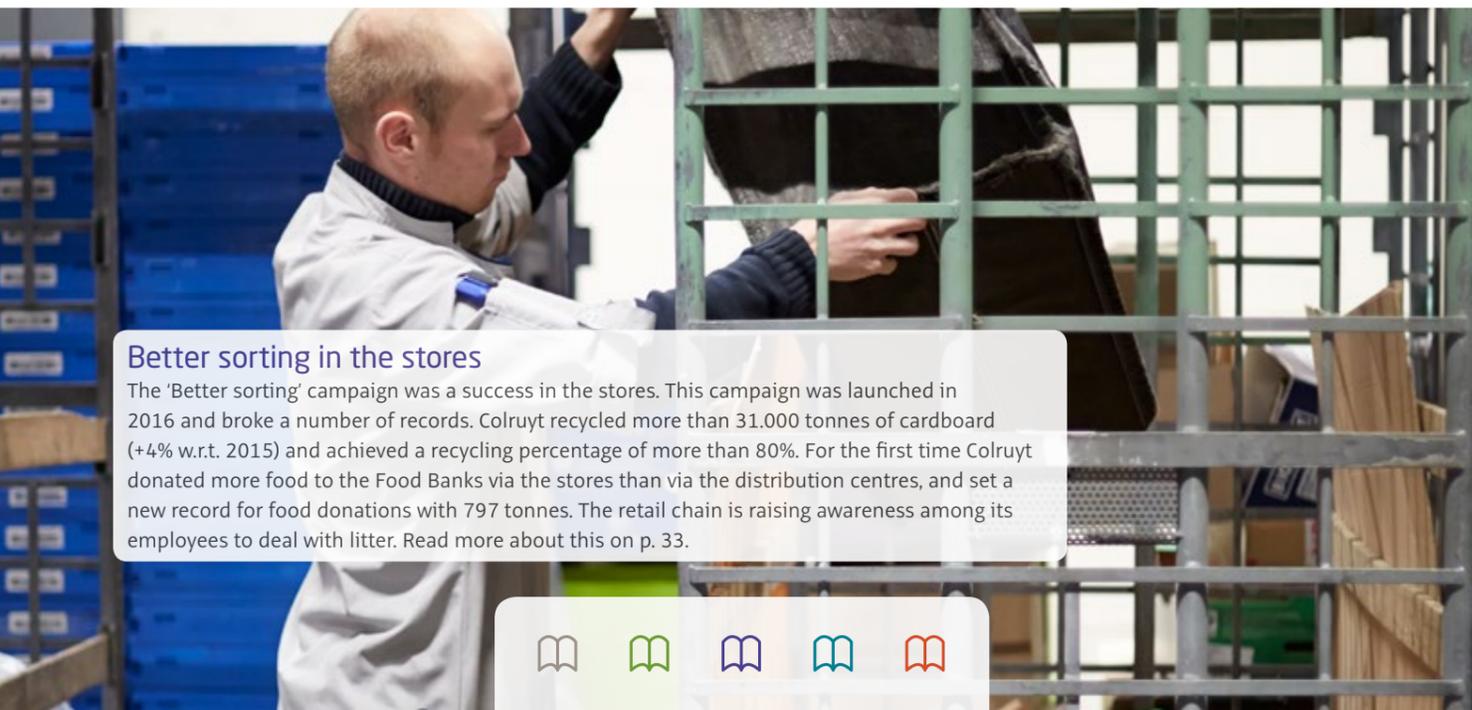
Most meaningful brand and best reputation

The Belgian consumer considers Colruyt to be the most meaningful brand. This is shown by a survey by Havas. For its annual 'Meaningful Brands' report, the advertising and PR company asked 30.000 consumers worldwide about their perception of brands. In Belgium the retail chain ended in first place, ahead of Google and Côte d'Or.

In addition for the sixth time in seven years the retailer achieved the best reputation in the annual Rep Trak consumer survey. With a total of 80,1 points, the retail formula was well ahead of Brussels Airlines (74,3) and Spadel (72,1). This year the survey also examined the influence of sustainability on the reputation. Colruyt scored the best here (73,3), ahead of Spadel (67,7) and Janssen Pharmaceutica (67,0).

The cheapest according to Test-Aankoop

Colruyt remains the cheapest supermarket in Belgium. This was again confirmed by the consumer organisation Test-Aankoop in their annual price survey. The supermarket is the cheapest for someone buying a mixed basket of A-brands, house brands and discount brands. In addition Colruyt also has the cheapest basket of discount products and the lowest price for a basket of A-brands only. Test-Aankoop compared 118.000 prices in 710 stores of twenty supermarket chains. In the GfK summer report, Colruyt also took first place together with Okay. Read more about this on p. 50.



Better sorting in the stores

The 'Better sorting' campaign was a success in the stores. This campaign was launched in 2016 and broke a number of records. Colruyt recycled more than 31.000 tonnes of cardboard (+4% w.r.t. 2015) and achieved a recycling percentage of more than 80%. For the first time Colruyt donated more food to the Food Banks via the stores than via the distribution centres, and set a new record for food donations with 797 tonnes. The retail chain is raising awareness among its employees to deal with litter. Read more about this on p. 33.



Expanding quiet deliveries

Colruyt Group is pleased that the adapted noise standards for supplies to retail companies came into effect in the Flemish Environmental Regulation (VLAREM). Due to this change, the loading and unloading at stores can be done with more legal certainty. In this way, in consultation with the local authority and local residents and where possible, the group can adjust the supply windows of its stores to the early morning and late evening.

In Flanders, Colruyt tested quiet deliveries at either end of the day during the PIEK project and is convinced of the many benefits. In addition to increased road safety, drivers spend less time in congestion, which ensures lower fuel consumption and fewer emissions. Furthermore, there is an efficiency gain for the retailer: shorter travel times, more targeted deployment of the available equipment, less stress for the drivers, etc. Colruyt hopes that in the future the Walloon and Brussels-Capital Region will also work on a legislative framework for quiet deliveries at either end of the day.

Collaboration with sheltered workshops

Colruyt collaborates with sheltered workshops for the packaging and conditioning of goods. Fruit and vegetables, non-food articles and regional beers are handled internally. The packaging of food products and goods with plastic wrap packaging such as detergents and perfumes are contracted out. The collaboration with sheltered workshops increases cost efficiency and at the same time Colruyt demonstrates its social commitment. The sixty employees who used to take care of this work now have another job within Colruyt Group.

Quiet deliveries at either end of the day increase road safety and efficiency

Working together on safe logistics

Colruyt pays continuous far-reaching attention to safety, also in the training of its employees. For example, this financial year all departments in the distribution centres worked on the theme, 'Working together on safe logistics'. Through workshops, for example, employees learn to talk to one another about what is and is not safe. In this way Colruyt wants to create a working culture in which safe work is obvious for every employee and to make employees aware of what the impact can be of certain behaviour.

A plea for a smart kilometre levy

The kilometre levy for lorries came into effect in Belgium on 1 April 2016. This introduction increased transport costs by 8%, but so far Colruyt Group has not seen any visible impact on mobility. In the opinion of the group the current form of this tax is not suitable for alleviating the mobility problem. The technology is not yet finalised, it is expensive and the impact is too small. Just like Comeos, Colruyt Group argues for a smart kilometre levy depending on the location and time. In addition, the retailer expects the government to spend the money obtained from this tax on better infrastructure.

Even more efficient goods flow

Since this financial year Colruyt has registered the flow of its logistical carriers throughout the supply chain. By doing so, the retail formula gains an understanding of the goods flows and can generate efficiency gains on the basis of this and foster the flows.

Automatic layer picker supplies all stores

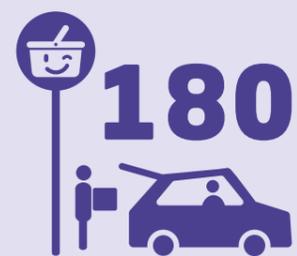
In the new logistics centre in Ath/Lessines the capacity of the automatic layer picker was further expanded. This installation now puts together layer pallets for all stores on which high rotation food articles, such as beers and waters, can be stacked in different layers on the same pallet. In this way the distribution centre can supply more packages with fewer operations and also supply in a more tailor-made way: tailor-made for the store and tailor-made for the article in the store. Finally, layer pallets are good for ergonomics and more space is released in the DC for other activities.

Collect&Go

Collect&Go makes shopping easy. The **online shopping service** of Colruyt Group distinguishes itself through its reliability, quality fresh products and friendly employees. On **collectandgo.be**, customers can choose from the range of Colruyt and Bio-Planet. The groceries that they reserve before midnight, can be collected the next day in the collection point and at the time of their choice. Collect&Go customers who choose from the Colruyt range are always certain of the lowest price online.

Collect&Go has **180 collection points** in Belgium and Luxembourg. 170 of them are in a Colruyt store. There are also ten standalone collection points. In 177 collection points the customers pick up their reservations themselves and put them in their car. In the three Collect&Go drives of Wilrijk, Roeselare and Sint-Niklaas store employees put the shopping in the car and customers pay electronically.

Collect&Go order picks the online reservations in the stores and in the dedicated distribution centres in Zaventem and Erpe-Mere.



The online shopping service has been the market leader in the Belgian online food market for a few years and is continuing on a nice growth trajectory in a highly competitive market. Collection points were added in four Colruyt stores, the revenue rose by 15% and Collect&Go drew in 75.000 new customers. Customers show their confidence in the craftsmanship of Collect&Go and reserve more fresh products than conventional store customers. The shopping basket is significantly higher online than offline.

In the coming years Collect&Go will continue to grow and further profile itself as the easiest and most reliable online shopping service. In the next financial year Collect&Go plans eight new collection points and fifteen expansions of existing collection points.



Continued investments in customer service

Collect&Go continuously invests in the service for its customers. For example, since this financial year there has been a new folding box for collecting the reservations. The boxes are sturdier, of better quality, and last longer. Ribs on the bases ensure that the shopping will not slide, for example in the boot of a car. The folding boxes have since come into use

in all collection points. In addition, there are now also designated parking spaces at the collection points that are located at a store. At busy stores Collect&Go customers can thus be certain that they can quickly and easily collect their shopping.

80 collection points for Bio-Planet

At the end of 2015 Collect&Go expanded its service with products from Bio-Planet. After a deliberately limited start-up the test was evaluated as positive and further rolled out. In the meantime customers can collect Bio-Planet products at eighty Collect&Go collection points.

More efficient order picking in the stores

Collect&Go introduced a new store order picking system (WRS) for PDA's whereby the order pickers can prepare the reservations faster and more accurately. The introduction of this WRS system again ensured an efficiency gain. Collect&Go strongly believes in the added value of its hybrid order picking system whereby reservations are prepared both in the stores and in the distribution centres.

// Collect&Go will further profile itself as the easiest and most reliable online shopping service

High satisfaction score

Collect&Go customers greatly appreciate the customer-friendliness and quality care of the online shopping service. This is shown by the online survey in which Collect&Go had its Net Promoter Score (NPS) measured through a sample survey among its customers. The NPS indicates how probable it is that somebody would recommend an organisation to a friend or colleague. The online shopping service achieved a particularly high score of 73,5 out of 100.

End of year record

The online shopping service broke all records before Christmas. In the week before Christmas 40% more reservations came in via collectandgo.be than the year before. A good half of the reservations were made in the evenings between 18h00 and 23h00. On 23 December an absolute record number of orders was recorded. On 23 and 24 December more than 1.000 employees prepared more than three football fields of folding boxes filled with shopping. Also due to the very strong end of year period, December 2016 was the best month ever for Collect&Go.





The **OKay neighbourhood stores** differentiate themselves with their friendly employees from the region and an extensive offering of quality fresh products at the lowest prices in the neighbourhood. OKay customers do their shopping fast, inexpensive and convenient. The stores have a **full range in a compact area**, large car parks and long opening hours. The neighbourhood supermarkets are located along busy approach roads close to town centres.

OKay offers a nice mix of national brands, house brands and discount brands. In addition to fresh bread, every day breakfast pastries are also baked in the store. The nice mix of convenience and ready-made products is also an asset.

The **six OKay Compact stores** are small neighbourhood supermarkets in the **centre of town**.

° 1998

EUR 845,7 million
combined revenue
OKay, Bio-Planet and Cru (+ 11,5%)

129 stores
(including 6 OKay Compact stores)

400-650 m²
average store area

6.400
number of articles

1.854
number of employees in FTE (+ 243)

Fast, inexpensive and convenient

okay.colruytgroup.be

OKay had another excellent financial year. A strong performance in a challenging market in which discounters are increasingly focusing on experience and now also sell national brands. The margin remained stable and the revenue rose more strongly than expected, especially due to the opening of ten new stores: eight OKay branches and two OKay Compact city stores. In addition, the existing stores again drew in more customers and the OKay card festivals were a success. Despite the fact that new customers generally spend less money during their first visits, the average shopping basket has remained stable.

OKay continues to respond to the demand for convenience food and for healthy, fresh products. The neighbourhood supermarket does this with prepared meals, veggie products, prepackaged salads and reclosable packaging. OKay is also becoming increasingly popular as a collection point for the webshop reservations of Collishop. The reservations in the webshops of Collishop, Dreamland and Dreambaby that are collected by customers in an OKay branch are included in the revenue of OKay.

Continue to open new stores

This financial year OKay opened eight neighbourhood supermarkets: in Pepingen, Zoersel, Diegem, Loppem, Hoeilaart, Grobbendonk, Nandrin and Bernissart. OKay Rinsdelle (Etterbeek) closed permanently. The leased premises in which the store was housed have been demolished and reconstructed again as a rest home. The employees have gone to work at nearby stores of Colruyt Group. In the coming years OKay plans around six openings per year. The neighbourhood supermarket will continue to grow by becoming more top of mind and by opening new branches. In time OKay aims for around 180 stores.

Continued learning from OKay Compact

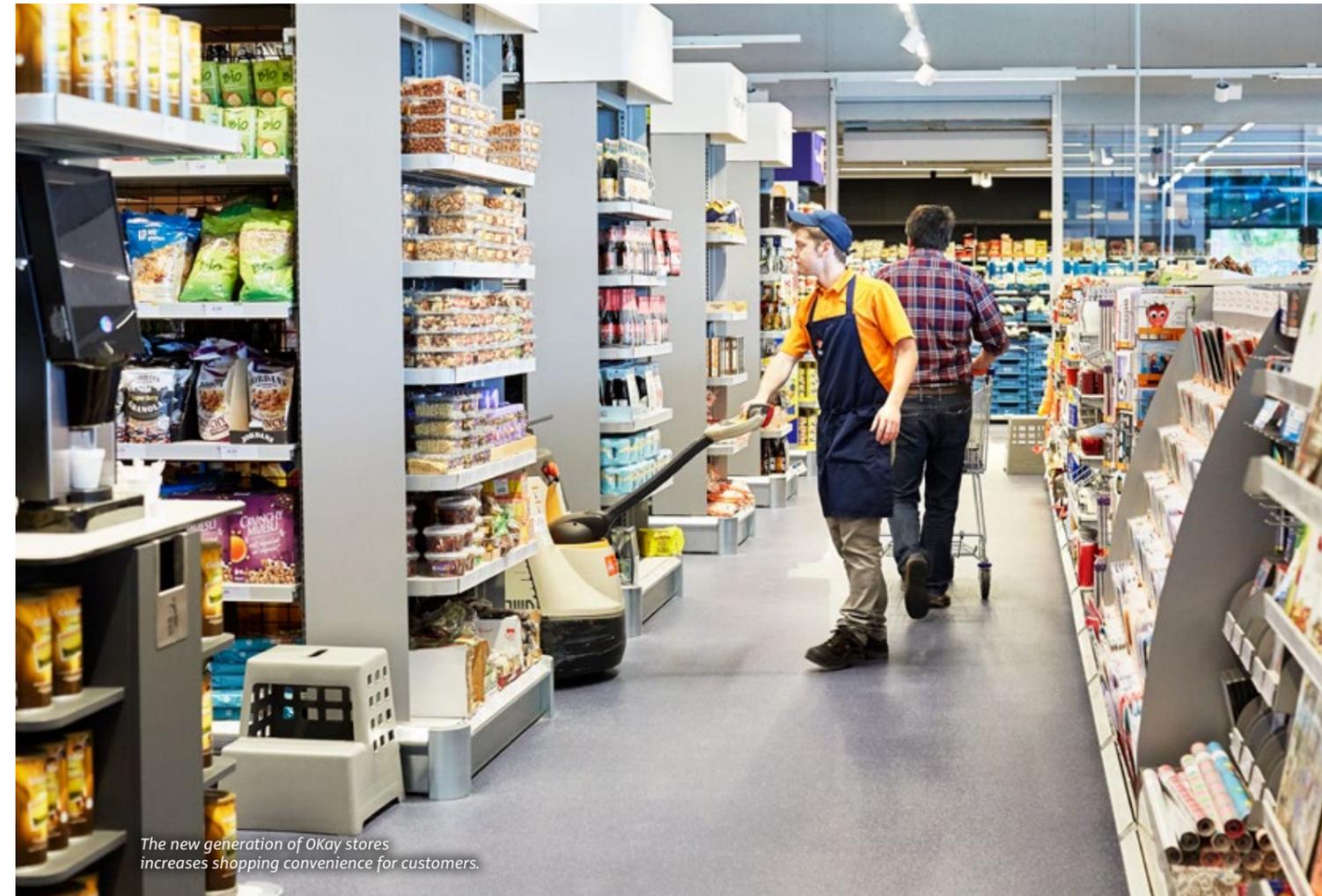
Two new OKay Compact stores opened their doors: one in Antwerp and one in Brussels. No store openings are planned for the coming financial year. OKay Compact is highly satisfied with its branches and can conclude from the revenue and customer reactions that it responds well to the needs of a city clientele and increasing urbanisation. The aim is to grow further in the coming years and to continue to learn the needs and requirements of a city concept.

Further rollout of second generation

OKay is further rolling out the concept of its new generation of stores. All new stores belong to the second generation concept that was introduced last financial year. This makes the stores contemporary and increases the shopping convenience for customers. Based on customer feedback and proper findings, OKay adjusted a few elements. For example the plinths were adapted and for sustainability reasons OKay switched to freezer bays with a glass cover.

OKay and Colruyt top the GfK summer report

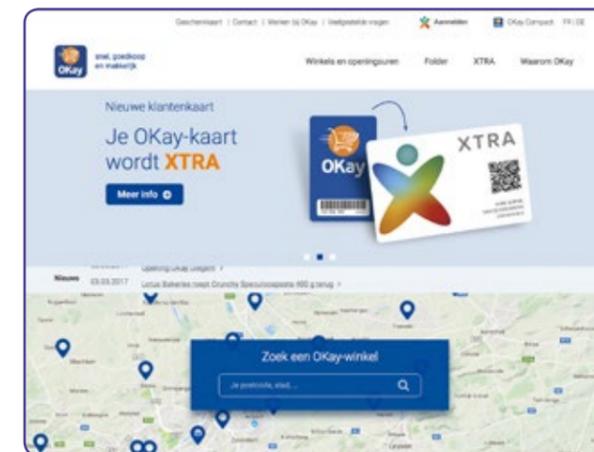
With a score of 8,50 OKay and Colruyt together took first place in the general rankings of the GfK summer report. It examines how satisfied customers are with the benefits, image and friendliness. Among the national chains Colruyt continues to be the best in the 'Benefits' category, ahead of OKay. With regard to the friendliness aspect OKay is in first place, ahead of Spar and Colruyt. With regard to image OKay also came out the best, followed by Makro and Colruyt. The independent research agency GfK asked around 5.000 supermarket customers to evaluate their stores.



The new generation of OKay stores increases shopping convenience for customers.

Website given a new facelift

In March 2017 OKay launched its revamped website. It has a modern and fresh look. Customers can find the folder, information on the closest store and also the ongoing inspiration benefits. Furthermore, the website can now also be consulted on smartphones and tablets.



Festival week with the launch of XTRA

In order to support the introduction of Xtra, OKay launched the 'Festival Week' folder. It contained seven simple but delicious recipes such as spaghetti bolognese and chicken with apple sauce and fries. From 5 to 11 April customers were given an attractive discount on the ingredients if they presented their Xtra card or Xtra app at the checkout. The Festival Week folder landed in the letterboxes of customers together with the OKay folder.





Bio-Planet is a bio-supermarket with an extensive range of **affordable organic and ecological products**. The fresh food market and the self-service counter with meat, vegetarian products, preparations and cheese provide a unique offering. The bio-supermarket inspires its customers to conscious enjoyment and differentiates itself with its skilled and hospitable employees. Customers can also do their shopping online through **Collect&Go**. Customers can collect their reservation from a Collect&Go collection point.

For Colruyt Group, Bio-Planet is a pioneer in organic food and **sustainability**. Where possible, Bio-Planet applies the latest new environmentally-friendly techniques in new branches. For example, in new establishments the energy consumption is lower thanks to LED lighting and skylights. And at most stores there are charging posts for electric cars.

The results of Bio-Planet are in line with expectations. The revenue increased substantially, especially through the opening of five new stores: Huy, Sint-Niklaas, Braine-l'Alleud, Uccle and Roeselare. Bio-Planet Uccle is the first branch in the Brussels-Capital Region, and with Huy and Braine-l'Alleud the bio-supermarket will further strengthen its presence in Wallonia. In addition, the existing stores drew in more customers, for example due to successful marketing campaigns such as the sticker action and the tasting month. Due to the large inflow of new customers the average shopping basket fell slightly. That is normal as new customers generally spend less during their first purchases.

The sale of organic products in Belgium has been on the rise for years and will only increase in the coming years. That will ensure that the market becomes more competitive. The sale of organic products is increasing among traditional retailers, foreign players are entering the Belgian city market and there are increasing numbers of small-scale organic initiatives, especially in Wallonia and Brussels.



Staying on course

Through various internal projects Bio-Planet is investigating how organic products can present a lower barrier for the consumer, for example by working on the price perception. The bio-supermarket also receives many requests to open new stores and sees opportunities around large cities in particular. In order to meet the increasing demand, three new stores per year are planned for the next few years. Next year new branches will open in Machelen, Marcinelles and Mol. In time the supermarket anticipates a potential of around sixty stores.

In order to further support its growth, Bio-Planet wants to develop more sustainable partnerships with its suppliers and thus ensure larger volumes. In addition the bio-supermarket will continue to invest in the growth and training of its employees over the coming years and will further professionalise its internal operation to increase the effectiveness and efficiency. In this way Bio-Planet will stay on course and continues to work on making its formula profitable.

Bio-Planet customers are the most satisfied

The consumer organisation Test-Aankoop surveyed customer satisfaction among Belgian consumers for the first time. It showed that Bio-Planet customers are the most satisfied with their store. Meat, vegetables, fruit and bread obtained high scores, as did the store layout and the helpfulness of the staff. 2.666 people completed a questionnaire for this survey.

Revamped inspiring website

At the end of September 2016 Bio-Planet launched its revamped website. The new site has been given a modern facelift and can be consulted on smartphones and tablets. The bio-supermarket wants to inspire its customers with recipes, by placing products in the spotlight and with reports on suppliers. In addition, customers can find information on events in the stores and on the workshops with Colruyt Group Academy. Customers who want to reserve products online do so through Collect&Go. Read more about Colruyt Group Academy on p. 102 and 103 and about Collect&Go on p. 48 and 49.

Collaboration with local growers

This financial year Bio-Planet tested an offering of regional products in its stores. To this end, the bio-supermarket entered into collaborations with small-scale local growers. In Bio-Planet Turnhout customers could buy locally produced asparagus for example, in Lier blueberries, and in Nossegem and Leuven apple juice. This test proceeded positively and was clearly appreciated by customers. In the coming years the supermarket wants to enter into more such collaborations.

Advantages thanks to its own distribution centre

The opening of its own distribution centre last financial year offers Bio-Planet various advantages. The bio-supermarket can better guarantee the quality of its products and fewer transport runs are needed to supply the stores. Increasing numbers of suppliers supply their products to the new DC and thus no longer directly to the stores. This has the advantage that Bio-Planet can include these articles in its own logistical flow.

Supporting customers with intolerances

Consumers with intolerances and specific eating patterns can easily come to Bio-Planet. There is a nice range of gluten-free, lactose-free, vegetarian and vegan products and the store staff help customers if they have questions. The personal digital assistant (PDA) is a handy aid in this respect. Because the PDA is linked to the SmartWithFood app of Colruyt Group, employees can immediately look up whether a product fits the dietary requirements or preferences of customers. Read more about SmartWithFood on p. 38.



- 2001
- EUR 845,7 million
combined revenue
OKay, Bio-Planet and Cru (+ 11,5%)
- 24 stores
- 650 m²
average store area
- 6.000
number of articles
- 530
number of employees in FTE (+ 75)
- Conscious enjoyment
- bioplanet.be





*Cru is a covered market experience for people with a passion for delicious food, pure flavours and quality products. The enthusiastic professionals of Cru provide **authenticity in a modern way**: ordinary things done extraordinarily well.*

*The market has **ten crafts** and offers a special selection of **fresh seasonal products**: fruit and vegetables, meat and delicatessen, poultry, fish, but also cheese, drinks, flowers, chocolates and self-made bread. Cru offers an alternating **convenience range**: quality semi-prepared and ready-made dishes from its own kitchen. Customers can peacefully taste them and ask for advice. In addition, in the **Cuit eating house** in Overijse and Ghent they can try simple preparations with products from the Cru market.*

Cru is satisfied with the previous financial year, which was marked by growth. Cru expanded from one to three establishments and opened two eating facilities. No openings are planned for the coming financial year: after its rapid growth Cru is going to take the time to optimise the internal processes and to prepare itself structurally for the future. Cru believes strongly in its market concept and feels that with its covered markets it is meeting a real market need. The two new covered markets in Wijnegem and Ghent drew in many new customers and a lot more customers also visited the existing establishment in Overijse.



Cuit stands for enjoying quality products together

New covered markets

Cru opened two new establishments. At the end of May 2016 Cru Wijnegem opened its doors in an old distillery along the Albertkanaal. Precisely four months later Cru Ghent opened in a renovated building on the Kouter, right in the centre of the city. Each of the three markets are established in unique premises.

Two 'Cuit' eating facilities

Cru introduced an original and innovative eating concept in Overijse and Ghent: Cuit. At the end of July Cuit opened in Overijse. The eating house provides space for 40 guests and has a terrace and a meeting hall. Since September customers have been able to sit down to eat in Ghent. Cuit stands for enjoying quality products together. Every day customers can go to the eating house for breakfast, lunch or pre-dinner. There are no set dishes on the menu: guests choose from a list of separate components, such as fresh fish, meat and vegetables with which they put their own meal together. These components are prepared separately while you wait and placed on dishes in the middle of the table.

Market every day

Since April 2016 the establishment in Overijse has been open every day of the year, even on Sundays and public holidays. This also applies to the covered markets in Ghent and Wijnegem, right from their opening. Cru adjusts its opening times to the desires of its customers. On Fridays, Saturdays and Sundays the three establishments open earlier than on the other days, for example. On weekdays Cru Ghent opens earlier than the markets in Overijse and Wijnegem in order to respond to the needs of a city clientele.

Continued dedication to top quality

Cru always chooses unique products of top quality that customers cannot find anywhere else and which they cannot get from normal retailers. Cru also wants to keep its chains as short as possible. Close collaborative links guarantee the origin and excellent quality of every product. Instead of working with 'suppliers' Cru rather works with 'partners' that have the same view of food.

Since this financial year the quality of the bread dough has been guaranteed even better by its centralisation in the bakery in Sint-Pieters-Leeuw. From there the dough goes to the three covered markets where professionals bake the bread themselves. In this way the bread certainly has 48 hours to rise, which does full justice to the flavour. In addition, Cru further increases the standing of its own products. For example, it now also makes sliced delicatessen products from its own breed of pigs.

Sharing expertise

Every day Cru employees make the difference with their professional knowledge and expertise. They inform customers about the products and their origin. Also within Colruyt Group Cru takes on an advisory role, for example with regard to short chains or authentic food.

Cru organises regular workshops, inspired by the products of the markets and according to the flow of the seasons. The employees of the covered markets give the workshops: they are after all experts in their craft. The sessions are open to all interested parties. There are even appropriate workshops for children on Wednesday afternoons. In addition companies can come to Cru for a tour, meeting or business lunch in the Cuit eating house.

° 2014

- EUR 845,7 million**
combined revenue
OKay, Bio-Planet and Cru (+ 11,5%)
- 3 markets**
- 650 m²**
average market area
- 850**
number of articles
- 155**
number of employees in FTE (+ 97)
- Market every day**
- cru.be**





In 2017 Colruyt plans to open around five new supermarkets

The Colruyt neighbourhood supermarkets **in the northeast of France** differentiate themselves with helpful staff, traditional butcher shops and an extensive quality range of fruit and vegetables and fresh products. The range of wines and regional products are also assets. 73 stores have a Collect&Go collection point.

Colruyt stores offer **the lowest price for national brands and comparable products available from national players**. Thus Colruyt is the cheapest for more than 3.500 products. The supermarket has a complete range in all brand layers: national brands, the house brands Belle France and Boni Selection, and the discount brand Everyday.

The contribution of the French DATS 24 filling stations is included in the revenue of the French Colruyt stores.

In a deflationary market with a lot of promotional pressure the French Colruyt stores have had an excellent year: the neighbourhood supermarket realised a revenue increase of 3,6%, DATS 24 revenue included. Colruyt France is still growing markedly faster than the market. The shopping basket has increased as did the number of customers. In addition, the Colruyt Plus Card is doing particularly well: almost 80% of all purchases are made using the loyalty card. DATS 24 saw its sold volumes and profitability rise.

In calendar year 2016 Colruyt opened two new stores, in Sens and Saint-Pathus. The neighbourhood supermarket in Saint-Pathus is also the first in the Seine-et-Marne department. Both shops have a Collect&Go collection point.



Rollout of new store concept

This financial year Colruyt continued to roll out its renewed store concept. After the successful introduction in 2015, the evaluation and reactions were positive and the number of customers also increased. At the end of 2016 twelve stores were fitted out according to the new generation. In 2017 there will be another eight renovations and five new stores are planned, which will bring the total to 25.

Furthermore the new stores are more sustainable thanks to heat recovery and the energy friendly cooling system. To this end Colruyt France works together with Technics, Real Estate & Energy. Read more about the internal technical department of Colruyt Group on p. 90-91.

Continued growth through expansion

This financial year Colruyt strengthened its internal organisation and invested in its employees, processes and systems. The retail chain believes very strongly in the renovated store concept. Strengthened by its own findings and by the positive customer feedback, the supermarket considers it is ready for accelerated expansion. Five store openings are planned for 2017. In 2018 Colruyt plans around seven new supermarkets. All new stores are immediately given a Collect&Go collection point.

Colruyt first wants to further strengthen its presence in France in the departments around the logistics centre in Rochefort. In addition, the retail chain is focusing on the regions in the northeast of France. Colruyt continues to concentrate on proximity and accessibility. New stores are preferably established along access roads amid a cluster of towns.

Cheapest food store in France

A survey by the French consumer organisation UFC-Que Choisir shows that Colruyt is the cheapest retail chain in France. Colruyt ended ahead of E. Leclerc and Géant Casino, which has headed the rankings for the last three years. UFC-Que Choisir notes that Colruyt offers a broad range of national brands, whose prices are on average almost 10% lower than the French market. This survey was published in September 2016 and took no account of the hard discounters and promotional prices.

Collect&Go continuously improves customer service

Colruyt continually invests in the customer-friendliness of Collect&Go. This financial year the retail chain launched a new website for its online shopping service, which is clearer and easier to use. In addition, Colruyt resolutely chooses collection points in its stores instead of the usual standalone collection points in France. Reservations are order picked in the stores and customers can always rely on the expertise of the store staff. Moreover, customers have the possibility to choose meat, fruit and vegetables in the store themselves and then collect the rest of their shopping from the Collect&Go collection point.

Emphasis on fresh products

The traditional butcher shop is an important spearhead. The retail chain only sells quality beef from Charolais heifers and all the fresh meat is of French origin. Furthermore, Colruyt responds well to the needs of its customers with fresh prepared meat dishes and handy packages for hamburgers, for example. Market research confirms that this approach pays. In a comparative study of customer perception in 2016, the butcher shops of the Colruyt stores scored significantly better than those of the French retail competitors.

In addition, in its range Colruyt pays more attention to fruit and vegetables. In order to guarantee optimum freshness, all fresh products are now in a separate chilled zone: from dairy and delicatessen to fruit and vegetables. Such a fresh food market is a unique concept in France. Fruit and vegetables are also given a lot of attention in the marketing communications, for example in the revamped weekly inspiration folders. Furthermore, Colruyt will focus even more on fresh bread in the coming financial year. In the stores where there is no bakery the retailer installs fully fledged 'points chauds' where fresh bread is baked on the spot.



° 1996

EUR 428,7 million
revenue (+ 3,6%) ⁽¹⁾

74 stores

1.000 m²
average store area

**7.000 food,
3.500 non-food**
number of articles

1.644
employees in FTE (+ 87)

39
DATS 24 filling stations (+2)

**Tout simplement
l'essentiel**

colruyt.fr

(1) Financial year from 1/1/2016 to 31/12/2016





The **family and seasonal store** has a wide and diverse range: from (outdoor) toys, multimedia and gifts, to school articles and sports accessories, to children's bedrooms and decoration material. Dreamland inspires children from 0 to 14 years and their parents, family and friends and stimulates them to play together.

Dreamland closely follows market trends and offers the latest licences and brands. Alongside a wide network of stores there is also a **highly developed webshop**. Customers can reserve online and collect their articles at a collection point in Dreamland, Colruyt, Collect&Go and Okay or choose for home delivery. The family and seasonal store guarantees the lowest price, both in the stores and in the webshop.



You have more fun when you play

Dreamland continues to roll out its new marketing and communication concept 'You have more fun when you play'. The family and seasonal store hereby makes its mission statement very tangible and thereby aims to reach a wider audience. Children are central, but Dreamland also pays attention to the parents, family and friends of children and encourages them to play together with children. The adapted product offer on cake design and gardening are good examples of this, just like the age-related e-mails with play tips.

In addition Dreamland focuses strongly on experience. Children are encouraged to try out games and bicycles in the shops and participate in various workshops that are organised in the stores. During the seventh edition of 'Learning to bike at Dreamland' for example, 3.435 children learned to ride a bicycle. The store layout in the new branch in Gosselies will stimulate the imagination of children as much as possible. The family and seasonal store has gone to great lengths in this respect. Even the checkouts, wrapping tables, doors and toilets are suitably decked out.

Responding to hypes

Hypes are very important for Dreamland. This financial year too, the family and seasonal store adapted its range at the right moments, for example with Hatchimals, the Balance Boards and Panini stickers during the Euro football tournament. A nice range of articles of Trolls and Paw Patrol ensured that the Saint Nicholas period was a success. In order to be able to respond to the latest trends, Dreamland continually invests in sustainable partnerships with licensees and suppliers.

Stores popular as a collection point

Customers are increasingly choosing to collect their reservations made in one of the group's webshops at Dreamland. They can see and feel their reserved articles in their familiar store and request further information. The payment at the checkout proceeds more quickly than in a supermarket and customers can also discover the entire range in the store. The majority of the reservations in the Dreamland webshop are still collected from other retail formulas of Colruyt Group such as Colruyt and Okay. The contribution of this reservation is then included in the revenue of this formula.

Strong growth online

In order to make it even easier for online customers, in the autumn of 2016 Dreamland integrated its revamped webshop in its website. This makes online shopping even easier, improves the online search results, and ensures more visitors to the site. These investments are bearing fruit. The number of reservations in the webshops has again grown strongly. During the Saint Nicholas period the online reservations amounted to more than 20% of the total revenue. Dreamland expects this growth to further increase in the coming years.

One new store

The family and seasonal store provides a potential of around fifty branches. Just before the close of the financial year a brand new Dreamland opened its doors in Gosselies. In the coming financial year a store will open in Mol in a combisite with Dreambaby and Bio-Planet. Due to the positive results the test with the outlet store in Tongerlo was extended. The outlet shop is a handy way of selling stock articles and at the same time familiarising the customers with the range.

It was a challenging financial year for Dreamland. In a stagnating and very competitive market the family and seasonal store of Colruyt Group met its objectives, both offline and online. The retail chain stood up to the challenges at all key times of the year: in the spring, during the summer holidays, the start of the school year and during the Christmas period.

Dreamland remains the market leader in the sales of toys and again saw its share grow slightly. Traditional toys have remained stable and the ranges of gaming and multimedia increased slightly, also due to the PS4, Pokémon and the rush for the new Nintendo Switch. Playmobil was popular throughout the year and in the second half of the financial year the sales of LEGO were on a rising line. Party games are on the rise. Dreamland responded to this in a suitable way with targeted marketing campaigns and a suitable range. Branded satchels and rucksacks peaked again at the start of the school year and the new webshop for amusement park tickets was a success right from the start. To close, the retail chain continues to concentrate fully on its house brand. The family and seasonal store evaluated the total line in the previous year and adjusted the packaging, for example.

The shopping basket remained stable, but the sales figures fell slightly due to a number of factors. First of all, due to a calendar effect Easter did not fall within this financial year. The poor weather in the spring had a negative effect on the sales of outdoor toys. One Dreambaby department pulled out of a Dreamland branch and the book market shrank slightly. In addition customers are increasingly shopping online and foreign webshops are putting the non-food market under permanent pressure.

- **1994**, acquisition of Droomland, renamed Dreamland in 2002
- EUR 246,4 million**
revenue, Dreamland and Dreambaby combined (-3,0%)
- 45 stores**
43 in Belgium, 2 in France
- 1.600 m²**
average store area
- 75.000**
number of articles (stores and online)
- 1.034**
number of employees in FTE (-19) (Dreamland and Dreambaby)
- You have more fun when you play**
- dreamland.be**





Belgian bubble blowing record

On 6 May 2016 Dreamland broke the Belgian bubble blowing record. On the international bubble blowing day, the family and seasonal store of Colruyt Group handed out bubble blowers to 12.500 visitors of Plopsaland. Together with Kabouter Plop, Kabouter Kwebbel and Xavier from Rox they provided a large bubble spectacle. Geert Gillis, Divisional Sales Manager at the time, looks back satisfied: "It is nice to see that something as simple as blowing soap bubbles generates so much pleasure and amazement. No high-technology toys needed to enjoy yourself. At the same time, with this fun record attempt we made our mission statement 'You have more fun when you play' very tangible."

Innovation with STEM toys

After the positive test Dreamland will go further with STEM toys. STEM stands for Science, Technology, Engineering & Mathematics and aims to stimulate the interest of children in technological, technical, exact scientific and mathematical education and professions. In five stores, the family and seasonal store grouped STEM articles together in one place and evoked the atmosphere of a laboratory with suitable furnishings. Using wobblers in the other branches it was made clear which articles are STEM toys. Dreamland is the first retailer in Belgium to come out with STEM. The family and seasonal store shows that it has its finger on the pulse here and at the same time is assuming its social role.

Toys for 6.358 underprivileged children

Under the motto 'Dreamland seeks toy savers' Dreamland collected toys for 6.358 underprivileged children. For the fifth year in a row, the family and seasonal store called on children to bring their toys that they no longer use into a store. The toys were carefully sorted by a sheltered workshop and then sent to 37 regional good causes that are devoted to underprivileged children.



Further growth as an omnichannel player with XTRA

Dreamland wants to continue growing in the coming years, both in its stores and online. The family and seasonal store is therefore concentrating on its strong webshop and the intensified market positioning with feeling in and around the stores. The omnichannel strategy is clearly appreciated by the customer and will be further refined in the future. The launch of Xtra plays an important role here. Thanks to the new loyalty card of Colruyt Group, Dreamland can get to know its customers even better and then respond to their needs more accurately.



Largest Saint Nicholas drawing ever

Dreamland presented the Saint with the largest St. Nicholas drawing ever. In November 10.000 children worked on a 60 m² mosaic via the website. They coloured in one (or more) of the nine available drawings digitally, Dreamland then combined all submissions into a gigantic mosaic. During the VTM KZOOM St. Nicholas weekend this drawing was handed to the Saint. The multimedia communication campaign was developed by Customer Communications & Experiences. Read more about CCX on p. 100-101.





*Dreambaby helps future and new mothers and fathers get off to a good start as parents. The baby specialist differentiates itself with its **service, personal advice and coaching role**. Dreambaby offers a complete and quality range at keen prices for infants from 0 to 24 months. The **Dreambee** house brand is a considerable asset here.*

*Birth lists are a spearhead. Customers can compose and manage them **both online and in the store**. They collect the chosen articles in their Dreambaby store, from Colruyt, OKay or Dreamland, or have them delivered to their home. Family and friends can also order articles in the stores and from home.*

A proportion of the online revenue of Dreambaby is included in the retail activity, depending on the collection point that customers choose.

Dreambaby looks back on a successful financial year. Its own prospects were well exceeded. The baby specialist kept the margins stable and realised a nice revenue increase, both in the stores and in the webshop. The revenue was little affected by calendar effects, if at all. Dreambaby opened one new establishment in Beveren.

The volatile market remains highly competitive, certainly online. At the same time this financial year the birth rate remained stable. Nevertheless, in the coming years Dreambaby aims to grow further, for example by opening new stores. In the coming financial year two store openings are planned, in Mol and Charleroi. In addition in the next few years the baby specialist will primarily focus on the Antwerp-Brussels-Ghent triangle. In this region the birth rate is rising exponentially despite the general stagnating trend in Belgium. Finally Dreambaby also aims to grow further in the south of the country.



more easily. The revamped website offers inspiration and advice to young parents and easily refers them to relevant articles in the webshop

Wider range

During this financial year Dreambaby further extended its range into different product categories. For baby clothes and sleeping gear the baby specialist is now aimed at infants from 0 to 24 months. In the meantime the pregnancy clothing range has become available in nine large stores and next year will be further rolled out to other stores.

Two new collections

In the autumn the Dreambee house brand successfully launched a new collection around the penguin, Niyu. The unisex collection has a good one hundred articles in practically all product categories. Niyu will stay on sale for two years. The other Dreambee collection based on the squirrel Ayko now runs until the end of 2017. In addition, the Belgian clothing brand Filou & Friends designed an exclusive baby clothing line for Dreambaby, Feliz by Filou. De collaboration was received very positively. Filou & Friends will now design two collections per year for Dreambaby.

More experience in the stores

The test with a different store layout in the new baby store of Beveren proved positive. The new store concept focuses on experience and primarily radiates warmth and inspiration. Dreambaby also experimented with the orientation of the shelves and the position of the various ranges. The new concept will be extended to the new establishments. Furthermore, the bedroom departments in all stores were given a very new look. Bedroom arrangements inspire the customers and display the range in an attractive way.

Webshop and inspiration blog on one website

Dreambaby integrated its dreambaby² blog in the webshop. Thus the content comes to the attention of the customers



dreambaby² card becomes XTRA

Just after the end of this year financial year Dreambaby exchanged its dreambaby² loyalty card for Xtra, the new loyalty card of Colruyt Group. With Xtra customers enjoy even more benefits. On presentation of the Xtra card or Xtra app, future mothers obtain a 25% discount on pregnancy clothing in the participating stores for example. Xtra enables Dreambaby to better harmonise the information, benefits and range to the desires and needs of its customers.

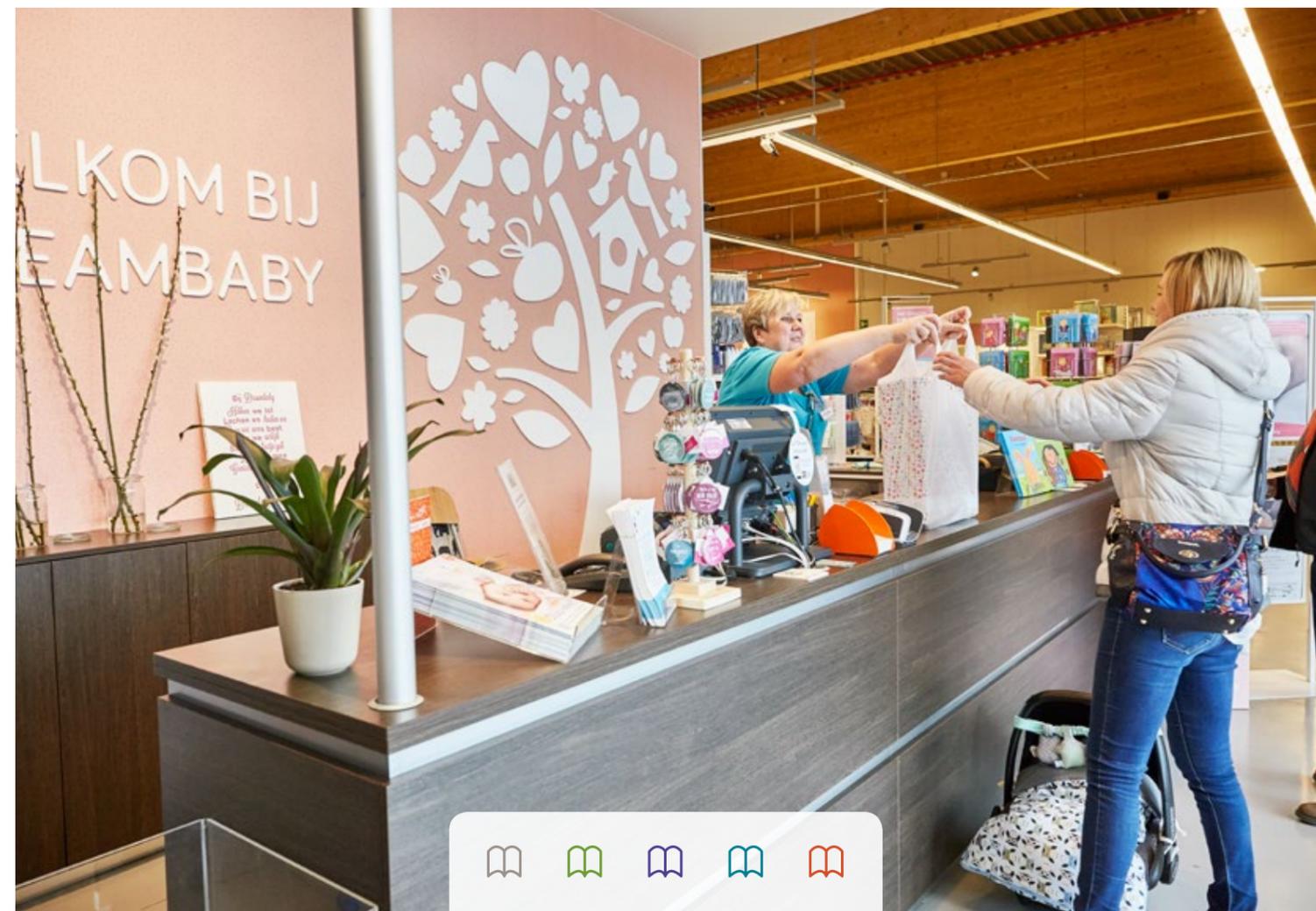


The revamped website provides inspiration and advice to young parents

New second-hand platform

In the autumn of 2016 Colruyt Group launched a second-hand platform: tweedehands.dreambaby.be. Dreambaby is the first retail formula that makes use of this platform for the purchase and sale of baby articles - and especially for investment articles such as pushchairs, car seats and cots. A logical step, as second-hand sales are becoming increasingly popular among young parents.

Sellers of second-hand products bring their article to one of the two collection points (Lochristi and Wilrijk) where staff check them for visible flaws and cleanliness. Dreambaby places the article online itself and deals with the selling process. The purchaser can thus have confidence that the product satisfies all visible safety and hygiene requirements. If the article is sold, the seller receives 75% of the sales price as a purchase voucher for Colruyt Group. He can use it at Dreambaby, Dreamland, Collishop, Bio-Planet, OKay and Colruyt.



° 2001

EUR 246,4 million
combined Dreamland and
Dreambaby revenue (- 3,0%)

24 stores

590 m²
average store area

8.000
number of articles
(stores and online)

1.034
number of employees in FTE (- 19)
(Dreamland and Dreambaby)

dreambaby.be



Collishop

*Collishop differentiates itself as a webshop with its physical presence: the webshop has an extensive network of **quality service points** where customers collect their reservations and obtain advice from expert employees. In addition Collishop continuously monitors the prices and promotions of competitors. The reservations are not only made online. Customers can also reserve in the store in Sint-Pieters-Leeuw, at the Collishop meeting point in a Colruyt store, or by telephone. Most customers collect their reservations in a Colruyt, OKay or Dreamland store. A proportion chooses home delivery. There are also temporary showrooms with season-related ranges.*

Collishop Professional is the B2B branch of Collishop and is specifically aimed at companies and organisations who want to offer their customers, employees or partners extra benefits.

The revenue and contribution of Collishop and Collishop Professional are included in the retail activity.

In a fast growing and promotion driven market with stiff international competition, Collishop has been able to maintain its revenue. Collishop remains the largest Belgian platform for e-commerce. The webshop performed strongly in the end of year period and in December 2016 realised a revenue growth of more than 10% with respect to the same period the year before. Collishop is further expanding its range with articles for animals and electric bicycles.



From catalogue to e-commerce

This financial year Collishop took the last step from a mail order to e-commerce company. In the spring of 2016 the catalogue definitively disappeared. In addition to the conventional media channels, such as the direct marketing folder, Collishop increasingly invests in the development and optimisation of its online channels. In order to operate as qualitatively and responsively as possible the webshop adapted its internal structure: the conventional sales and marketing departments were merged. Thus Collishop can now target its customers and also operate more efficiently and effectively.

Collishop goes to its customers with pop-up stores

In the spring of 2017, Collishop opened temporary showrooms for the fourth year in a row. In Aartselaar, Huy, Lot, Roeselare and Wetteren, from March to

June visitors could examine and order from around 800 m² of garden articles and electric bicycles, and in some cases take them away immediately. There they enjoyed exclusive discounts and benefits, and could get expert advice from the Collishop employees. As a 'webshop with a face' Collishop gives its customers the opportunity to physically experience investment articles such as garden furniture.

In the future the webshop will further experiment with pop-up concepts. For example, in the spring a demo team went on an 'electric bicycles' roadshow. In this way customers could examine and try out the electric bicycles of the Collishop range. The demonstrations took place in the car parks of Colruyt and Dreamland stores.



Inspiring customers with content marketing

Collishop increasingly concentrates on content marketing to inspire its customers and assist them with useful tips. On the website slapen.collishop.be the webshop informs consumers of sleeping habits, the ideal bed and sleep quality. In personalised newsletters customers can find professional advice on the subjects that they consider important. In this way in the webshop customers get all information that they need to make a well-considered choice.

First store in Sint-Pieters-Leeuw

In February 2017 Collishop swapped the showroom in Halle for a first store in Sint-Pieters-Leeuw. With an area of 700 m² the Collishop store continuously has a selection of articles in house from the Sleep, Fitness and Electro ranges. In addition there is a variable range attuned to the campaigns of the moment. The store is also an ordering, collection and return point. Customers can go there for expert advice, demonstrations and after-sales service. Collishop fully chooses a multichannel approach and considers the physical store as an extension of the webshop, and vice-versa.



° 1983

407 collection points in Colruyt, OKay and Dreamland stores

22.000 non-food articles spread across 11 categories

89 number of employees in FTE

Choosing made easy

collishop.be





MyUnderwear24
— ONDERGOED EN MEER —
PointCarré



Colruyt Group has a participation of **67%** in the Belgian clothing store ZEB and **40%** in the online underwear store, MyUnderwear24. These participations fit in with the ambition of the group to respond to the needs of the consumer in all his stages of life with suitable retail formulas.

ZEB was founded in 1993 and is the **main multibrand chain for ladies' and men's fashion** in Belgium. ZEB offers more than seventy brands in 62 stores with an average area of 785 m². The customer is always central and that is perceptible in every detail. The jeans specialist differentiates itself with nicely arranged and well accessible stores with large car parks, a handy webshop, a professional online and offline service and with strong actions the whole year round. ZEB believes in an omnichannel strategy and has a **successful webshop on zeb.be**.

The webshop **MyUnderwear24** was formed in 2010 and sells a broad range of underwear and night clothing at competitive prices.

ZEB is particularly satisfied with the last financial year. The double-digit growth in revenue was mainly attributable to the opening of three new stores and the success of the existing stores. In line with expectations the webshop also presents nice growth. Both the winter and summer collections did very well, offline and online. Successful marketing communication is essential to this. ZEB approaches its customers with trendy inspiration folders and strengthens the link with the webshop via large screens in the stores. In this way customers can immediately order a missing size or colour online. Under the heading 'Fashion Co.Creation by ZEB' the clothing store expanded its range again with exclusive collections from known designers.

ZEB opened three new stores: in Nandrin, Doornik and Eeklo. In addition the multibrand chain converted its store in Hasselt and moved the sales point from Ypres to a new location. Both stores were given a complete rebranding.

ZEB takes over PointCarré

In March 2017 ZEB took over the Walloon multibrand chain PointCarré. By joining forces, both chains can further develop their joint growth strategy, expand their store network and together counter the pressure from international players. The franchise concept PointCarré has 28 stores, primarily in Wallonia. Even after the acquisition, the two chains preserve their characteristics. ZEB and PointCarré are the two largest multibrand chains on the Belgian market. Colruyt Group has an indirect interest of 67% in PointCarré via ZEB.

MyUnderwear24 committed to growth

In order to grow further, MyUnderwear24 optimises its online marketing and newsletters. In addition the webshop wants to further increase its revenue by expanding the range and setting up special company actions.



Fine Food Meat:

the meat-processing company cuts, processes and packages poultry, beef, veal, and pork and also takes care of salads, preparations and vegetarian products. Fine Food Meat has 1.000 employees, 200 of which are qualified butchers.

Fine Food Wine:

the wine department purchases, assembles and bottles 120 wines from across the world. The 25 employees produce 14 million bottles and 4 million party boxes. One in four bottles of wine purchased in Belgium are from Colruyt Group.

Fine Food Cheese:

the largest cheese-processing production department in Belgium has 120 employees. They remove rind, process and package around eighty types of hard cheese, good for 120 articles. The twenty employees in France process and package 300 types of soft cheese.

Fine Food Coffee:

the only coffee roaster in Belgian distribution roasts, blends and packages around fifty types of coffee. Each year the 26 employees roast 7.400 tonnes of coffee in Ghislenghien.

Fine Food Bread:

Roecol is the bakery of Colruyt Group and bakery Roelandt. Both parties participate in the joint venture by 50%. On two production lines fifty employees produce up to 7.000 loaves per hour, with an eye for the tradition of a long rise time.

Colruyt Group Fine Food



Prime Minister Charles Michel attended the ceremonial opening of the new Fine Food Meat 2 production site.

As the only retailer in Belgium with its own production departments Colruyt Group has grouped them within Colruyt Group Fine Food. Through this craftsmanship the group can operate more efficiently, save costs, guarantee quality and create added value for its customers.

Colruyt Group Fine Food continues to grow and invest. Colruyt and OKay are the primary consumers and the number of their stores continues to rise. Fine Food supplies poultry products to Solucious and also produces for the French Colruyt stores. Thanks to the new meat-processing site in Halle the production of Fine Food Meat can increase to 14.000 tonnes during the next financial year. In time a capacity increase to 18.000 tonnes is planned. In this way Fine Food Meat can produce more for OKay and also supply Spar and Bio-Planet in the future.

In Belgium there is a general decrease in the sale of bread, meat and wine. Despite this changing eating pattern, the revenue and production volume of Fine Food remains constant. The market share is also stable for cheese, coffee and delicatessen. The far-reaching focus on the bread range and the presentation thereof in the stores made the bread sales increase by 9%. In addition, Fine Food closely follows the seasons and responds to them well with temporary ranges. For example, game sold particularly well during the autumn.





New high-technology production site Fine Food Meat 2

This financial year Fine Food Meat brought its new, more automated production site into use. The second site with an area of 18.000 m² not only accommodates the future growth of the company, but also offers space for a number of external activities to be brought back under its own management. In addition, Fine Food Meat also aims to work on vegetarian products and alternative proteins. In the design of the site, far-reaching attention was paid to hygiene, food safety and ergonomics. On many levels Fine Food Meat 2 goes further than the legal requirements and presents itself as ready for the future.

The construction and fitting out of the new site presented a considerable challenge. It required intensive cooperation with Technics, Real Estate & Energy and Logistics, for example. Eoly also installed a wind turbine that provides the site with green energy. Read more about the technical features of the building on p. 90 in the Technics, Real Estate & Energy section.

// In the design of Fine Food Meat 2 there was far-reaching focus on hygiene, food safety and ergonomics.

Modernisation of the Wommelgem site

Fine Food Meat improved the infrastructure of the site in Wommelgem, which is responsible for the processing of poultry products. This investment ensured a quality improvement and increased production. In addition, the site in Wommelgem was given the look & feel of Colruyt Group. In the next financial year, the infrastructure of Fine Food Meat 1 in Halle will also be re-examined.

RHC integrated in Fine Food Cheese

Since 1 February the French RHC site in Boissy has officially formed part of Colruyt Group Fine Food Cheese. This site cuts soft cheeses and primarily supplies the Colruyt stores in Belgium and France. In addition RHC also sells to the French hospitality and aviation sectors. An internal team is responsible for the smooth integration of RHC in Fine Food Cheese and reinforces the French production site on a commercial level. Today Fine Food works with different internal and external partners and continually examines which collaborations it can start in the future.

Innovation pays off

Innovation is very important for Fine Food. In this way the production department aims to differentiate itself and to this end it works closely with internal and external partners. Thus the Boni Appetit meal drink was developed in co-creation by the Research & Development & Innovation department of Fine Food, product developers, Corporate Marketing, suppliers and external players. The success of Appetit shows that Fine Food has its finger on the pulse and responds to the needs of contemporary society. Read more about Boni Appetit on p. 94 in the Corporate Marketing section. Furthermore, Fine Food continually searches for ways to improve its own production and to make it more sustainable. Good achievements are the recyclable delicatessen tray and the learning specifications for chicken. Read more about the benefits of this on p. 29 and 30.

Third edition of Meatland

In March 2017 Colruyt Group organised Meatland for the third time: an interactive journey of discovery for young butchers emphasising pride and craftsmanship. Around two hundred Flemish and Walloon student butchers visited the new site of Fine Food Meat in Halle. They got to know the various departments and services of the group and saw how things are done in a butcher shop of Bio-Planet and Cru. Butchers remain a bottleneck profession for Colruyt Group. This financial year the group recruited 151 new butchers for Fine Food Meat and for the butcher shops in the Colruyt stores.



Wine with a new facelift

The wine bottles that Fine Food Wine bottles itself have been given a thorough restyling. For example, the labels have been completely redesigned for the purpose of clarity and aesthetics. The first redesigned bottles went on the store shelves in May 2016. In the meantime all 120 articles have been given a new label. For this restyling Fine Food Wine successfully worked with Corporate Marketing and the retail formulas. In addition Fine Food notes that the demand for wine party boxes in Belgium and France continues to rise. In order to accommodate this growth, the wine bottling plant brought a new line into use for filling the boxes.

Continued investment in sustainable coffee

Colruyt Group Fine Food Coffee deliberately chooses certified coffee beans and increasingly purchases more coffee with a sustainability certificate. At the end of 2016 50% of the beans in the roasting house in Ghislenghien were certified. By the end of 2017 the group aims for 75% certified coffee. In this way Colruyt Group aims to give maximum support to small-scale farmers who work on sustainable coffee. The choice of sustainability can be seen in the new packaging of the coffee cups: less material is used and the packaging is of better quality.

Eighty years of coffee and wine

In 2017 the coffee roasting house and the wine bottling plant of Colruyt Group Fine Food celebrated their eighty years of existence. The group did not let this jubilee year pass by unnoticed. The wine bottles have been given a special top with the logo 'eighty years of in-house bottling', the house brand Graindor has created an exclusive coffee blend and customers receive a recipe book for coffee. Each year the production site in Ghislenghien roasts 7.400 tonnes of coffee and bottles 28 million litres of wine. With our own production departments, Colruyt Group can guarantee the quality and sustainability of its coffee and wine.



WHOLESALE

- 71 Retail Partners Colruyt Group
- 72 Spar
- 75 Codifrance

This financial year the combined revenue of the wholesale activities amounted to EUR 771,5 million (+0,4%). Wholesale comprises Retail Partners Colruyt Group in Belgium and Codifrance in France.



RETAIL PARTNERS COLRUYTGROUP

Retail Partners Colruyt Group (RPCG) comprises all activities of Colruyt Group that relate to independent storekeepers in Belgium.

Retail Partners looks back on this financial year with satisfaction. The organisation of independent storekeepers successfully integrated NV Alvocol and also worked on the rollout of the new store concept at Spar and the further integration of the 'Values Driven Customer-Oriented Partnership' programme. The shopping basket increased slightly and the number of customers at Spar increased. The margin of the Spar independent storekeepers and the independent retailers was at the same high level as last financial year, also thanks to the excellent purchasing policy of the organisation of independent storekeepers and the lower price pressure on the market. RCPG was also able to keep the operating and personnel costs well under control.

Retail Partners Colruyt Group has two clear objectives for the coming financial year: to continue to grow and to further roll out the new Spar store concept. Despite the planned investments and the challenging market, RPCG aims to maintain its own profitability and that of the independent storekeepers. The organisation of independent storekeepers is also open to new collaborations over the next few years.

Retail Partners Colruyt Group works closely with 215 independent Spar storekeepers. In addition to deliveries there is complete support and a **unique consultation model** based on partnership. A delegation of storekeepers sits on consultative bodies and thus give direction to the range, commercial focus and future of Spar.

RPCG supplies **fresh products and groceries** to 68 Alvo stores. In addition the organisation of independent storekeepers is responsible for the purchase, storage and transport of goods and gives advice on the range and promotional policy. The Alvo members chart their own commercial course.

Finally, there is the **supply** of 120 independent retailers, including 31 Mini Markets. Mini Market stores are small self-service businesses in the F3 branch with an area of between 70 and 300 m². The stores bear the banner of Mini Market and determine their pricing policies themselves.

- 2014 Retail Partners Colruyt Group
- 2003 Spar Retail, licensee of the Spar formula in Belgium
- 1932 De Spar, the current Spar International

215 Spar stores
68 Alvo stores
120 independent retailers (including 31 Mini Markets)

724 number of employees in FTE (+ 24)

retailpartnerscolruytgroup.be
mijnspar.be
alvo.be



Further integration of NV Alvocol

During last financial year Retail Partners integrated NV Alvocol, which takes care of the purchasing, storage and transport for the independent Alvo stores. This financial year RPCG further developed this integration, started a few revenue-increasing initiatives and analysed the first results of them. The integration of Alvocol also resulted in a greater logistical efficiency. All parties are taking full advantage of the scale increase.

Attracting independent storekeepers

Retail Partners is continually looking for motivated and competent candidate independent storekeepers for the opening of new stores and for taking over from storekeepers who retire. Potential independent storekeepers can count on thorough training and full support from RPCG.



Loyal customers choose Spar because of the authenticity, pleasure and daily fresh products

The Spar stores differentiate themselves with their personal service. In addition to the competitive prices and the focus on fresh products, it is the independent storekeeper in particular who makes the difference. His craftsmanship and love of delicious food make his store unique in the neighbourhood. The store area varies from 350 to 1.800 m².

Spar was founded in the Netherlands in 1932 as the first cooperative of independent retailers. With more than 12.150 member stores in 42 countries, Spar is the retail organisation with the largest number of stores in the world. Worldwide Spar serves more than 13 million customers every day. The cumulative annual revenue is more than EUR 33 billion. Spar International supports the national organisations from a central office in Amsterdam.

Seven new Spar stores

This financial year seven new Spar stores opened their doors. Two supermarkets left the Spar formula, but remained wholesale customers. Six stores temporarily closed while awaiting a new owner, three stores closed permanently. Three storekeepers had their store enlarged. This brings the count at the end of March 2017 to 215 Spar stores. Seven new Spar stores are planned for next financial year.

Retail Partners Colruyt Group keeps a close eye on the profitability of the Spar stores and supports the independent storekeepers as well as possible. When for financial reasons a store nonetheless has to close, RPCG investigates precisely where the difficulties lay on the basis of all data.



Rollout of new store concept

In 2015/16 Spar opened the first four stores of the new generation of Spar stores of Colruyt Group. This financial year eight Spar stores of Colruyt Group were refitted according to the new store concept, which brings the total to twelve. In the next financial year this concept will be applied in eleven stores.

The young concept has many advantages, for example the digital displays with inspiring tips, the different checkout system, the market feel and the homely atmosphere. After far-reaching analyses of customer needs and purchasing behaviour, the Spar storekeepers and Retail Partners chose a new approach to offer, feeling and routing. Thanks to the modular design, every storekeeper can integrate his own speciality in his store to a maximum, for example an extensive delicatessen or wine department. Retail Partners provides a great deal of support to the Spar storekeepers for the rollout of the fresher concept: from feasibility study, through financial advice to the practical realisation of the store.

Customers clearly appreciate the modified store layout: new generation neighbourhood supermarkets realise 8 to 30% more turnover than before. The new concept puts fresh products more in the spotlight. Dairy, meat, prepared meals, fruit and vegetables often account for more than half of the sales.

From Spar to Spar Colruyt Group

At the close of the financial year 149 Spar neighbourhood supermarkets displayed the modified facade presentation with the Colruyt Group logo. The presentation shows that the Spar independent storekeeper has gone through the entire 'Values Driven Customer-Oriented Partnership' programme of the Spar storekeepers and Retail Partners. The stores that are converted into 'Spar Colruyt Group' realise a higher revenue.

Image study confirms the good market position

In 2016 Retail Partners measured the brand resonance of Spar in Belgium. This clearly shows that the market positioning works. Faithful customers choose Spar on account of the authenticity, pleasure and daily fresh products. In addition many sporadic and potential customers also identify with the values of Spar.

Retail Partners will go further down the chosen path and continue to position Spar as the neighbourhood supermarket with fresh products. In addition Spar wants to further emphasise its long opening hours. Customers of Colruyt Group can also go to the neighbourhood supermarket on Sunday. In the coming financial year Spar will even lengthen the opening hours of a number of stores.



XTRA: a loyalty card for Spar

Just after the close of the financial year Spar Colruyt Group introduced the new Xtra card. The Spar stores did not yet have a loyalty card, such that the launch of Xtra is a big step forward for the storekeepers and the customers. Customers no longer need to collect coupons to benefit from discounts. With Xtra they automatically receive all benefits of Spar Colruyt Group at the checkout. Thanks to Xtra, Spar can get to know its customers better, respond to their interests more, and if applicable determine or refine the location of new stores

° 2003 Spar Retail, licensee of the Spar formula in Belgium

215 Spar stores

mijnspar.be





National tasting day

On Saturday 10 December 2016 Spar organised a first National Tasting Day. On this day customers could sample the special festive products from the end-of-year range in all Spar stores. More than seventy employees of Retail Partners Colruyt Group helped out in a Spar store on this day. RPCG supported the National Tasting Day with an extensive marketing campaign throughout the country: in newspapers, on radio channels, in folders and online.

The Spar storekeepers themselves determined what festive products they included in their end-of-year range. Retail Partners organised a culinary fair beforehand where the storekeepers could sample the entire range and obtain all kinds of cooking tips. In this way they could in turn inspire and

inform their customers about the end-of-year range. This form of involvement, consultation and support forms an integral part of the unique partnership. It nicely illustrates how Retail Partners Colruyt Group works together with the independent storekeepers.

Expansion of Spar range

Spar further expanded the range of its own Spar brand. At the close of the financial year the house brand had 700 articles, all for fresh products. Both the new and the existing Spar products sell very well. In addition, Spar also offers basic products of the Boni Selection and Everyday house brands. Although Spar uses house brands, A-brands remain the primary spearhead.

Codifrance supplies the affiliated independent stores of Coccinelle, Coccimarket and Panier Sympa in France. These superettes of the F4 segment are located in town or village centres and are aimed at customers who want to do daily shopping. Codifrance is responsible for the delivery of dry and fresh food and frozen products.

In addition, the retailers are supported in the area of marketing, communications, range and pricing. Fresh products, drinks, fruit and vegetables form the bulk of the offering of Coccinelle, Coccimarket and Panier Sympa. In addition to national brands there are also house brands and discount brands. Codifrance works on the development and expansion of the house brands together with the central purchasing organisation, Francap.

Codifrance also ensures the supply of over 1.400 independent retailers without a formula.

Split of integrated and affiliated stores

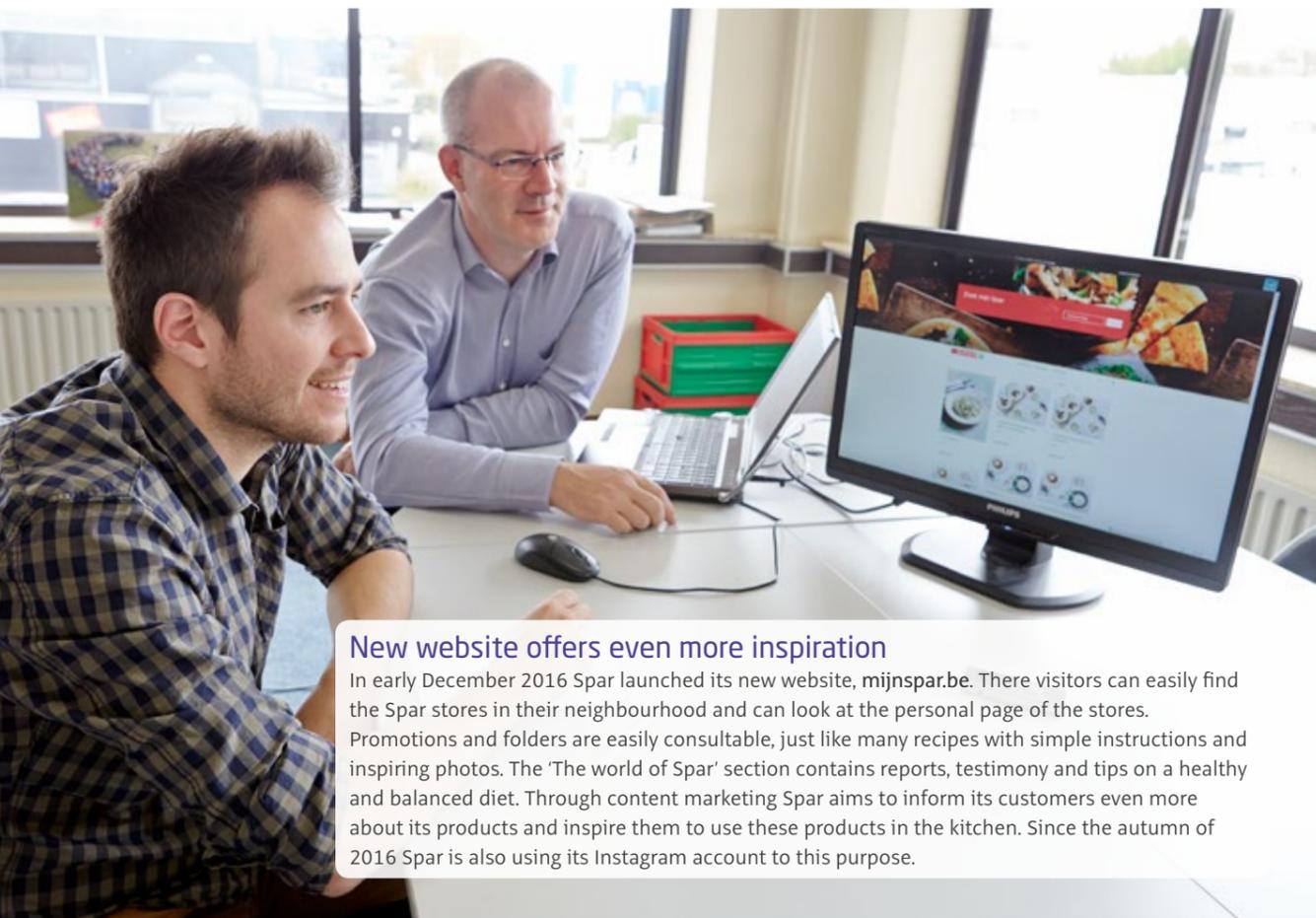
Since 1 January 2017 Codifrance has been split into two legal entities. SAS Colruyt Retail France manages the French Colruyt stores. SAS Codifrance comprises the central purchasing organisation of the affiliated stores of Coccinelle, Coccimarket and Panier Sympa. As a result of the split, both activities gain greater autonomy in their strategic choices and they can realise their growth ambitions more easily.

Aiming for sustainable collaboration

Codifrance has always aimed for good cooperation in the long term. In the interests of both parties, Codifrance closely screens the solvency, professional knowledge and sense of entrepreneurship of future independent operators. The organisation of independent storekeepers also closely monitors whether customers pay their bills promptly and whether they respect the quality requirements. As a result of this rigorous approach Codifrance can stop the collaboration with insolvent customers in good time.

Expansion and profitable growth

In the coming years Codifrance wants to further expand and thus drive up the revenue and profitability. In this financial year it is primarily the Provence Alpes Côte d'Azur region that saw strong growth. In addition Codifrance will increase its brand familiarity and become the reference for neighbourhood stores throughout France.



New website offers even more inspiration

In early December 2016 Spar launched its new website, mijnspar.be. There visitors can easily find the Spar stores in their neighbourhood and can look at the personal page of the stores. Promotions and folders are easily consultable, just like many recipes with simple instructions and inspiring photos. The 'The world of Spar' section contains reports, testimony and tips on a healthy and balanced diet. Through content marketing Spar aims to inform its customers even more about its products and inspire them to use these products in the kitchen. Since the autumn of 2016 Spar is also using its Instagram account to this purpose.

- ° 2003
Panier Sympa
- ° 1996
Coccinelle and Coccimarket
- 🏪 384 affiliated stores
of Panier Sympa,
Coccimarket and Coccinelle
- 🏪 1.404
independent retailers
- 📏 100-400 m²
average store area
- 📍 Two thirds of France
- 👤 217
number of employees in FTE (-17)
- 💻 codifrance.fr



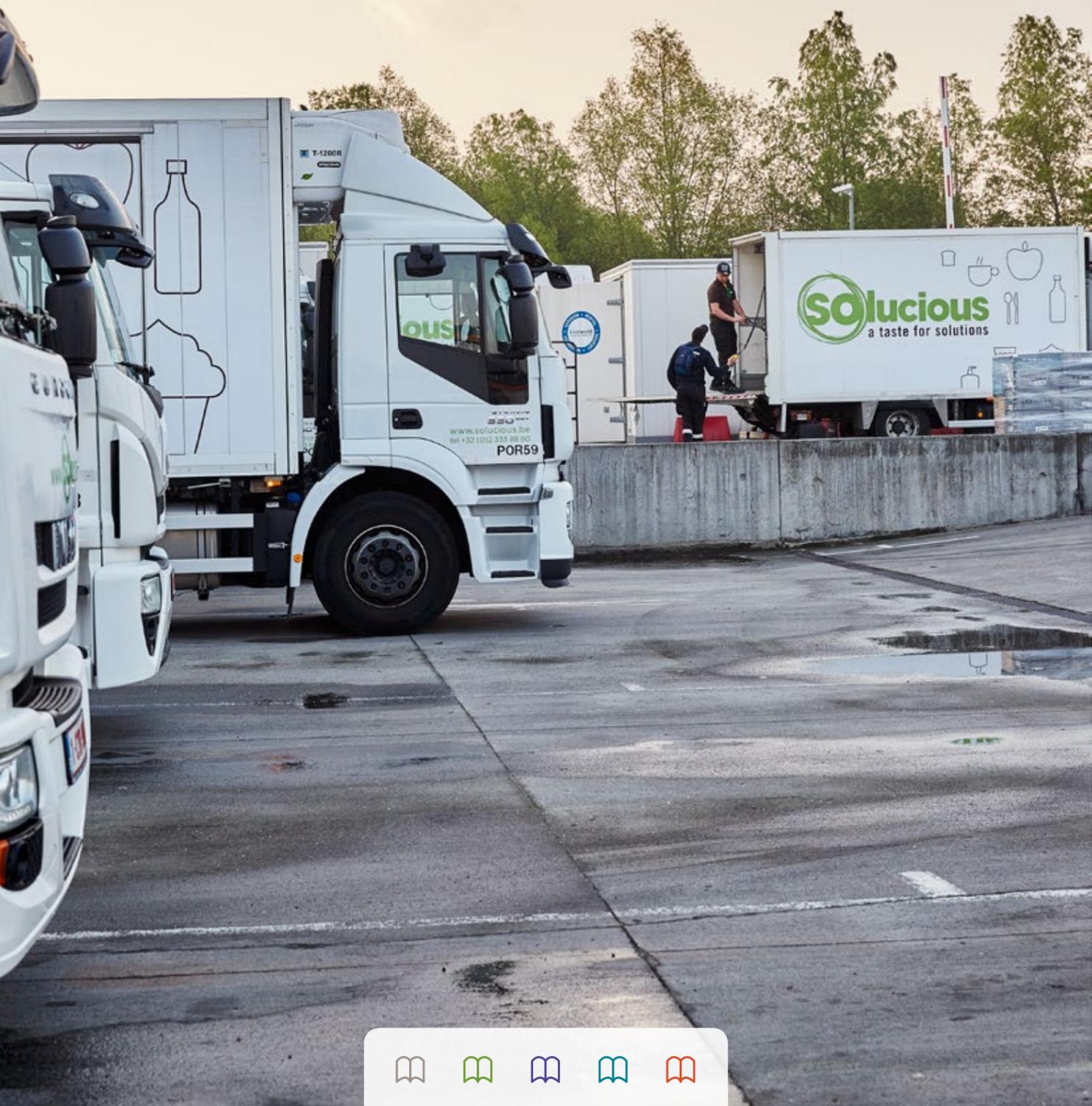
FOODSERVICE

This financial year the combined revenue of the foodservice activity was EUR 897,9 million (+ 12,2%). Foodservice comprises Solucious in Belgium, Pro à Pro in France and the export activity Colex.

77 Solucious

79 Colex

80 Pro à Pro



In a highly consolidating and competitive market Solucious realised a more than decent revenue increase and the gross margin increased slightly. The hospitality and social catering segments grew by 30%. The B2B revenue grew by 10%. Sales in Brussels and Wallonia grew faster than in Flanders. Solucious expects the market to further consolidate and continues to concentrate on growth and brand awareness throughout the country. The company sees considerable growth potential in the hospitality sector in particular.

Workshops for customers

The complexity of the foodservice sector is continually increasing, for example due to the rapidly changing legislation and new customer requirements with regard to healthy food, intolerances and allergens. Hence, Solucious supports its professional customers with info sessions and tailor-made advice. This financial year the foodservice company organised a number of workshops around allergens and vegetarian cooking in professional cuisine, in collaboration with Colruyt Group Academy.

Dry, fresh and frozen on separate sites

This financial year Solucious renovated its distribution centres in Lot and Bornem and now stores dry food, fresh products and frozen products on separate sites. The distribution centre in Bornem was completely converted to a chilled site for fresh products and has been operational since December. All dry food is now distributed from Lot. Solucious outsources the storage of frozen products to an external logistics partner. This investment and redistribution increases the cost efficiency and makes the stock availability of the range more reliable.

More collaboration with internal partners

This financial year Solucious increased the collaboration with different internal partners. These partnerships increase the efficiency and will further increase customer satisfaction.

For example the foodservice company strengthened the collaboration with Colruyt Professional. The two companies now approach customers together and harmonise their offering to one another even better. In this way professional customers can simply choose to shop themselves or have the products delivered.

Since the autumn of 2016 Solucious has also been a preferred partner of Retail Partners Colruyt Group. The Spar stores can now choose to purchase foodservice articles for their own delicatessen section. In addition Solucious strengthened its partnership with Colex, the export activity of Colruyt Group. Read more about this on p. 79.

*Solucious supplies food articles to professional customers throughout Belgium: hospitals, schools, companies, the hospitality sector, etc. The foodservice business has a complete foodservice and broad retail range. It offers **fresh products, dry food, frozen and non-food products**. Its greatest assets are ease-of-use, personal service, fast and reliable deliveries, and transparent and keen prices.*

*Solucious offers **national brands**, and with Econom and Culino has **two house brands** for professional kitchens. In addition there is an increasing fair trade range. The website offers specific ranges for twelve different customer segments such as education, day nurseries and hotels. 75% of customers order online.*

° 2013
merger between Foodinvest
and Collivery

27.500
customers (social catering,
SME companies, hospitality sector)

12.000
number of articles
(dry, fresh and frozen)

3 distribution centres,
6 hubs,
109 lorries and delivery vans

Throughout Belgium

466
number of employees in FTE (+ 21)

A taste for solutions

solucious.be

Collaborations with internal partners increase the efficiency and customer satisfaction

New house brand, Culino

In 2016 Solucious introduced Culino. This new house brand was developed for and by professional chefs. The range is primarily intended for hospitality and large kitchens, comprises products for daily use in the kitchen, and differentiates itself with its quality, innovation and inspiration. In this way Culino supplements the range of Econom. This other house brand primarily consists of budget-friendly basic products. Solucious will further expand the range in the coming financial year.



Season-related ranges

Solucious skilfully responds to holidays and events with temporary ranges and offerings. The periods around Christmas and Easter are very important for the foodservice company. This financial year Solucious also developed campaigns around the Euro football tournament and the Olympic games in Rio de Janeiro. For example there was a temporary apero kit for companies, entirely in the theme of the Euro tournament and placed a special Rio gastronomic brochure in the spotlight. For Days Without Meat, Solucious developed a brochure with inspiring veggie recipes and products. These campaigns attract new customers and have a positive effect on the revenue.



*Colex (Colruyt Export), the export department of Colruyt Group supplies retail products by container or by air **across the world**. Keen prices, own brands and the unique total service are the greatest assets of Colex. The largest customers are retailers, wholesalers and supermarkets in Africa.*

*Colex has a broad and profound 'three temperature' range: dry goods, fresh products and frozen. Customers can choose from **national brands and the Boni Selection and Everyday house brands**.*

*The export department has a prominent presence at **international fairs** and uses them as an opportunity for meeting prospects, customers and suppliers, assessing the needs of the market and considering potential collaborations.*

The revenue of Colex is incorporated in the foodservice activity.

- ° 1995
- 350 active customers
- 30.000 retail products
- 62 countries
- 24 number of employees in FTE
- You order, we make sure
- colex-export.com



Colex is fully focusing on the Boni Selection house brand in Surinam for example.

Colex realised a slightly increased revenue despite the highly volatile market. This financial year Colruyt Export gained eighty new customers and maintained its strong position in Congo and the surrounding African countries. The export department generates over two thirds of its revenue in this region. For Colex, China and South America are important growth markets.

Exploring new markets

Since this financial year Colex has offered products from the Boni Selection and Everyday house brands on the Chinese e-commerce platform, Alibaba. Colruyt Export is also exploring other markets in Asia and is increasing its presence in Africa. Since this financial year Colex has had an account manager in Rwanda to prospect the local market and the markets of the surrounding countries.

Boni Selection and Everyday in the tropics

The export department focuses strongly on Boni Selection and Everyday and supports its house brands with targeted marketing campaigns. Cara Pils, for example, is promoted abroad successfully as a Belgian premium beer. In order to penetrate new markets, Colex is working together with Colruyt on English product information on the packaging of Everyday. The rollout of

this new packaging will be completed by the end of 2017.

Synergy with Solucious

For their administration and logistics Colex and Solucious work very closely together in the distribution centre in Bornem. The two companies exchange expertise and employees on a daily basis according to the work volume. During a peak in orders at Colex the employees of Solucious are directly deployable and vice versa. This synergy increases the efficiency and flexibility of both companies. Colex is examining further collaboration with Solucious for its range.



PRO à PRO

The foodservice company **Pro à Pro** is active in the whole of France and the French overseas territories of Guadeloupe, Martinique, Réunion and French Guyana and supplies fresh and dry foodstuffs to around 42.000 customers. In the French foodservice market, also called 'RHD' or 'restauration hors domicile', Pro à Pro differentiates itself with its **reliability, speed and personal service**.

Pro à Pro supplies to various professional customers in the social and commercial sector: schools, hospitals, reception centres, the hospitality sector and caterers. The foodservice company has various **house brands** and an **extensive range**: from groceries, dairy products and meat products to drinks and maintenance products. In the French overseas territories Pro à Pro also offers frozen products.

On account of the sale of Pro à Pro on 1 February 2017, exceptionally the revenue and results of thirteen months (from 1 January 2016 to 31 January 2017) have been included in the results of Colruyt Group.

It was a very successful financial year for Pro à Pro. The revenue increased by 13,2%, partly due to the inclusion of a thirteenth month. That is a good performance in the highly competitive and consolidating French foodservice market. Pro à Pro was again able to win over the confidence of new customers with its extensive service and thus to increase its market share. The margin rose slightly, the operating profit rose substantially. Despite the further growth and the sales operations, Pro à Pro kept its costs under control. The financial results and profitability have been on a rising line for some time, for example because the projects that were established in the strategic plan three years ago have since been largely realised.

The hospitality sector in the Île de France region has partly recovered after the attacks of November 2015. Certainly in Paris the pressure on the tourism sector weighed heavily on the foodservice market. Pro à Pro notes that the market there has improved and its results are back on a rising line.

Pro à Pro sold to Metro Group

In July 2016 Colruyt Group signed an agreement with Metro Group for the sale of Pro à Pro. The French foodservice company has undergone a strong consolidation process. That is why Colruyt Group evaluated the strategic possibilities of Pro à Pro. The group believes that the growth plans of the French foodservice company can best be realised by combining the business with those of a strong and complementary market player. Colruyt Group is convinced that Metro Group will support the future growth of Pro à Pro with the trade name preserved.

The sale of Pro à Pro was finalised on 1 February 2017. On this date the full ownership of the French foodservice business was transferred to Metro Group.

The transaction comprises the trade name and the operational business, as well as the distribution centres, the logistics platforms and the lorry fleet of Pro à Pro.

Continued investment in the future

Pro à Pro expanded its distribution centre in Chaponnay, just below Lyon, by 3.000 m² and thus has more space for dry and fresh products in particular. The total area is now 9.000 m². In the coming financial year Pro à Pro will also expand the site in Saint-Gilles in Brittany by 3.000 m². The foodservice company will focus more on fresh products and thus optimised its range. Pro à Pro has deliberately chosen fresh products with greater added value such as vacuum packed sliced cold meat products, quality meats and cheeses. In addition Pro à Pro invested in 37 new lorries, both as replacements and to expand the lorry fleet.



With its own training lorry Pro à Pro gives training to sales staff and technical staff throughout France.

Cooking and meetings on wheels

Since December 2016 Pro à Pro has used its own training lorry to keep its employees, suppliers and customers throughout France abreast of the latest developments. The foodservice company can give training in the lorry to sales staff and technical staff at their workplace. The lorry is 16,5 m long and has a professional kitchen of 29 m² and a small meeting room of 10 m².

Thank you

Pro à Pro formed part of Colruyt Group for fifteen years. A good period to which the group can look back with particular satisfaction. Thanks to the dedication and motivation of its employees, between 2001 and 2017 Pro à Pro has grown into an important player in the French foodservice market. The decision to sell Pro à Pro was not an easy one. Colruyt Group and Metro Group looked for the best possible solution together, constructively and respectfully, with attention for all employees and stakeholders. In this way Pro à Pro has clear prospects for the future and, supported by the expertise of Metro Group, can grow into one of the largest players in the French foodservice market.

Thanks to the dedication and motivation of its employees, between 2001 and 2017 Pro à Pro has grown into an important player in the French foodservice market

OTHER ACTIVITIES

Revenue from other activities amounted to EUR 638,2 million (+ 7,6%). The other activities comprise DATS 24, Eoly and the participations in offshore wind farms. Symeta's external revenue is also included in the other activities. Read more about this on page 100.

83 DATS 24

85 Eoly

87 Offshore wind farms



At **DATS 24** customers always fill up at **low prices** wherever they are. The Colruyt Group fuel specialist distinguishes itself with its **green and sustainable policy**. 70% of the stations is located next to a store of the group. Customers no longer have to drive several kilometres to find a filling station. And they can pump up their tyres at every filling station for free as well. In addition, DATS 24 provides tips for environmentally-friendly and budget-friendly driving.

DATS 24 is the first fuel supplier in Belgium with **public natural gas filling stations** for vehicles (CNG or compressed natural gas). Natural gas is cheaper at the pump and better for the environment. Moreover, natural gas vehicles are quieter and consume less. Compared to diesel cars, they emit 12% less CO₂, 70% less nitrogen oxides (NOx) and 95% less fine particles. CNG cars do not emit benzene or other harmful substances and do not generate soot.

DATS 24



DATS 24 has had a good financial year. Despite the stagnating market for fossil fuels and the sharp price competition, revenue increased by 8%. The revenue increase can be attributed to the opening of six new filling stations, the expansion of the CNG network by twenty stations and an increase of prices at the pump of 5,5%. The volumes sold and the number of customers also slightly increased. The margin and the operating cash flow remain stable. In addition, more and more companies are entering into cooperation agreements with DATS 24. The number of B2B customers is constantly growing. The low prices, the personal service and the sustainable approach are appreciated in particular.

For the coming financial year, DATS 24 plans to open six new filling stations and 25 CNG stations. In time the fuel specialist wants to grow to around two hundred filling stations in Belgium, spread evenly across the country.

ISO 14001 certified again

In 2016, DATS 24 was awarded an ISO 14001 certificate for its environmental management system for the fourth year in a row. Companies are awarded this certificate if they make far-reaching efforts for the environment. The new ISO standard had stricter demands than last year, but DATS 24 was in line with all of the demands in the audit and is thus one of the few fuel suppliers with this certificate. For DATS 24, the ISO 14001 certificate is a valuable recognition of its rigorous

environmental policy. The fuel specialist monitors its impact on the environment continuously and pays great attention to the hygiene, security and fuel quality of its filling stations.

ISO 14001
BUREAU VERITAS
Certification



- ° 1972
- EUR 585,7 million** revenue (+ 8,0%)
- 118** filling stations (47 with CNG)
- 42** number of employees in FTE (+ 5)
- Smart refuelling**
- dats24.be**





The doubling of the Belgian CNG fleet can be attributed to DATS 24's efforts



Further rollout of new house style

This financial year, DATS 24 continued the rollout of the new house style of its filling stations. The new style is fresh and modern. At the same time the stations are safe, green and clean. With, among others, simpler fire extinguishers, ergonomic rubbish bins and anti-slip mats on the fuel island, DATS 24 wants to make refuelling even easier. 60% of the filling stations have been restyled so far. Over the course of the new financial year the remaining stations will be revamped.

First CNG station in Wallonia

In April 2016, DATS 24 opened its first CNG station in Wallonia, in Gosselies near Charleroi. This was followed by another three stations: in Eigenbrakel, Namur and Ghislenghien. At the end of this financial year, Belgium had 72 CNG stations, 47 of which were DATS 24. By March 2018, the fuel specialist plans another 25 additional CNG stations in Belgium, a considerable part of which in the south of Belgium. In addition, DATS 24 also wants to expand its network of traditional filling stations in Wallonia.

DATS 24 facilitates transition to green fuel

2016 was an excellent year for CNG vehicles. In 2016, the Belgian fleet doubled from 2.600 to 5.400 cars. This substantial increase can be attributed in part to the growing CNG network and DATS 24's marketing campaigns. In addition, drivers of CNG cars in Flanders do not pay any registration tax (BIV) or annual road tax.

Meanwhile, more than a quarter of all Colruyt Group company vehicles run on alternative energy. Most are CNG cars. Read more about the group's efforts to stimulate sustainable mobility on pages 34-35 and 37. DATS 24 keeps a close eye on the development of new technologies and is constantly investing in research to further facilitate access to green fuel for its customers. The fuel specialist is currently preparing the opening of its first public hydrogen station.

Network of electric charging points

After the successful Eoly pilot project, DATS 24 started the development of a network of electric charging points. Customers were able to charge their electric car free of charge at a number of Bio-Planet stores in exchange for their feedback and participation in a market survey about sustainable mobility. On 31 March 2017, there were DATS 24 charging points at fourteen Bio-Planet-shops, at Cru Wijnegem and Spar Diest. In the next financial year, the fuel specialist will install another forty new charging points at Colruyt stores. In time all Bio-Planet branches will also have electric charging points.

The online user platform and the charging pass were launched just after the close of the financial year. Customers pay EUR 1 a month and charge their car when they go shopping for EUR 0,25 per kWh. That corresponds to the average price for charging at home, but at DATS 24 cars charge up to eight times faster. Over the coming years, the fuel specialist will continue to invest in electric charging points and its network will expand as a function of the growing market.



Eoly, Colruyt Group's sustainable energy producer, generates green power with wind turbines, solar panels and combined heat and power generation. Eoly uses existing technologies and at the same time experiments with innovative techniques such as hydrogen to be ready for the future.

Eoly supplies sustainable energy to Colruyt Group companies and external companies. The power company is a reliable and transparent supplier. Together with its customers Eoly aims to lower their energy consumption and make their energy supplies more sustainable. In time Eoly wants to offer exclusively self-generated green electricity. Approximately 25% of the energy that the supplier offers is generated by itself. The rest is bought on the wholesale market. In the future, Eoly wants to produce enough energy to cover all of Colruyt Group's energy requirements.

Eoly aims for a sustainable relationship with the people in the vicinity of the wind farms and offers them the opportunity to become a participant through the Eoly cooperative.

EOLY

COLRUYTGROUP ENERGY

Eoly continues to invest in its production capacity. Two new turbines were added this financial year. The wind turbine on the Stroppen site has been operational since May 2016 and annually produces 6.500 MWh of green energy for, among others, Colruyt Group Fine Food Meat. The turbine has a capacity of 3,4 MW, good for an annual CO₂ reduction of 2.000 tonnes. Since December 2016, the wind turbine on the site of the Colruyt distribution centre in Ollignies has also been operational. With a capacity of 2 MW it will generate 4.700 MWh of energy annually and save 1.450 tonnes of CO₂. The two new turbines have raised the total to eleven.

Just before the end of the financial year, Eoly started the construction of three new wind turbines on the Dassenveld site. The turbines have a blade-tip height of 150 metres. One has a capacity of 2 MW, the other two 3,4 MW. The wind farm will generate the annual equivalent electricity consumption of 5.100 households and reduce CO₂ emissions by 5.500 tonnes a year. Currently there are permit procedures for wind farms in Frasnes-lez-Anvaing, Vreeren and along the A8 in Rebaix/Bouvignies. Three additional turbines are planned near the distribution centre in Ollignies.

First external B2B customers

Eoly took further steps this financial year as an external energy supplier. The energy specialist already supplied green power to the entrepreneurs of Retail Partners Colruyt Group and ZEB shops, and is now also working with a number of private companies in the production sector. Eoly guarantees a stable supply of green energy in all transparency in line with market conditions. For its professional customers, the sustainable energy supplier launched a new B2B portal site in the spring of 2017. Customers can find a clear overview of the development, the costs and the components of their energy bill here.

Partnership with Nobelwind

Part of the electricity that Eoly offers its customers is purchased on the wholesale market. The sustainable energy supplier submits guarantees of origin to the Flemish energy regulator (VREG) for this. Eoly primarily uses its own certificates, but in the future it will also purchase guarantees of origin from the Nobelwind offshore wind farm. In this way customers are certain they are supplied with 100% sustainable energy, produced in Belgium. Through the Parkwind holding,



Colruyt Group has a participation of 24,7% in Nobelwind. Read more about Nobelwind and Parkwind on page 87-88.





Eoly Cooperative: a huge success

Eoly Cooperative has made a good start. This cooperative society with limited liability (cvba) was launched in February 2017 for private individuals who want to invest in future wind turbines. The first capital round was a success. The population of Halle and Beert were given a month to become the first subscribers. They invested 40% of the capital. Afterwards, others were able to subscribe too. In barely six weeks the financing was completed: the cooperative raised EUR 4 million thanks to 1.200 private individuals. With the cooperative, Eoly wants to involve local residents as closely as possible in the wind turbines and increase the platform for green energy.

Oldest wind turbine to be dismantled

After eighteen years of energy production the V66 wind turbine on the site of distribution centre Dassenveld in Halle has been decommissioned. After an unexpected breakdown in the gearbox casing the repair costs did not match the remaining income. In the summer of 2017 the turbine will be dismantled and recycled. The top section, the cradle, rotor and blades will be given a second life in a training centre. In 1999, it was Colruyt Group's first wind turbine and the largest in Belgium at the time, measuring 70 m in height and generating 1,65 MW of power. Three new wind turbines will be added to the Dassenveld site next financial year.

31.400 MWh
the total energy production
from 1999 to 2017



9.600 tonnes less



during the total lifetime

Focus on hydrogen

Colruyt Group has expanded its hydrogen station on the Dassenveld site again. The station now has the capacity to service 200 machines and the logistics services are now also able to refuel their pallet jacks. In addition, Eoly provided a direct line to the DATS 24 service station. In this way both partners are able to facilitate the preparation of the first public hydrogen station of DATS 24. Read more about the advantages of hydrogen as a fuel on page 35.

Helping to monitor grid stability

On the request of the government and grid operator, Elia, Eoly is helping to monitor grid stability this financial year. The green energy specialist uses part of its contracted power in Halle as a reserve product. In the event of a big difference between energy production and consumption, there may be a power outage in extreme cases. If there is a threat of such an imbalance, Eoly offers its power to offset positive and negative peak demands.

Colruyt Group continues to believe in offshore wind energy and is investing in **wind farms off the Belgian coast**. The group has a 60,13% stake in **Parkwind holding**: an industrial company that is responsible for the development, contracting, financing, construction and exploitation of offshore wind farms in which it also is a shareholder. The holding company also participates in different **innovative initiatives**. At the end of 2016 Colruyt Group had an indirect interest in the operational wind farms Belwind (24,70%), Northwind (18,04%) and Nobelwind (24,70%) through Parkwind. The investment in Parkwind Group was incorporated in the 2016/17 Colruyt Group income statement based on these participation percentages. *Korys, the family holding company of the Colruyt family, and the Flemish government (via the Participatie Maatschappij Vlaanderen) also participate in Parkwind.*

*By investing in offshore wind farms Colruyt Group is assuming its **social role**. Offshore wind energy helps Belgium to gear its energy supply to demand. In addition, offshore wind energy helps meet the European climate objective to generate: by 2020, 20% of all necessary energy from renewable sources.*

Offshore wind farms



Although 2016 was a year with fewer hours of wind on average, the Belwind and Northwind turbines achieved a very high availability again. This availability was even higher than the targeted average. The Belwind wind farm, operational since 2010, has 56 turbines and a capacity of 171 MW (Megawatt). Since the start of 2016, the GE Haliade demo turbine (6 MW), on the Belwind concession, has also produced green power. The 72 turbines of the Northwind wind farm have produced electricity since 2014 and each have a capacity of 3 MW. The first Nobelwind turbines have been operational since January 2017. In all, Nobelwind has 50 turbines with a total capacity of 165 MW.

Parkwind owns more than 41,08% of the Nobelwind shares. The Japanese conglomerate Sumitomo Corporation possesses 39,02% and the Dutch investment fund Meewind holds 19,90%. The Northwind shareholders are Aspiravi, Parkwind and Sumitomo Corporation, who each hold 40%, 30% and 30% respectively.

Greater participation of Parkwind in Belwind

In March 2017, Japanese conglomerate Sumitomo Corporation sold its 39,02% participation in Belwind to Parkwind and Meewind. At the end of the financial year, Parkwind had an 78,54% stake in Belwind. The Dutch investment fund Meewind holds 21,46%.

Opportunities inside and outside Europe

In the coming years Colruyt Group will continue to invest in offshore wind energy. Through Parkwind the group is gaining experience in the development, construction and operation of offshore wind turbines. Parkwind also wants to use its expertise in other markets and is constantly looking for opportunities abroad, both in Europe and internationally.



178
**total number of
 wind turbines
 of Belwind, Northwind
 & Nobelwind**

Construction of Nobelwind finalised

The first connected turbines in the Nobelwind wind farm have been operational since January 2017. The 50 turbines have a total capacity of 165 MW and will produce enough energy for 186.000 households. Parkwind expects that all turbines in the wind farm will be fully operational by May 2017. As of that moment the company will be responsible for the operation of Nobelwind for twenty years. The Operations & Maintenance team in Ostend has been strengthened with five new employees.

Nobelwind supplies its electricity to the Belgian grid via a shared power cable with the Northwind wind farm. The connection of two big offshore wind farms with one electricity cable is a first. Despite the technical challenges, Nobelwind's construction is proceeding according to plan and within the earmarked budget without significant problems. NV Nobelwind started the construction of the wind farm of the same name in May 2016 just off the Belgian coast. The first turbines were installed in October 2016.

Waiting for further steps for Northwester 2

Colruyt Group has a direct 30% stake in the Northwester 2 wind farm 50 kilometres off the Belgian coast. Colruyt Group, together with the other partners in the project, is awaiting a final decision about the government's future supporting mechanism to start the final development. Northwester 2 can build a maximum capacity of 224 MW in the largest concession zone in the North Sea.

Sharing expertise in Blauwe Cluster

This financial year, Colruyt Group and Parkwind helped to establish the new, coordinating company vzw Blauwe Cluster. This new Flemish spearhead cluster aims to be the reference for aquaculture and sustainable innovation in the Belgian North Sea. Blauwe Cluster focuses on three pillars: coastal defence as a function of climate, sustainable seafood and green energy from the sea. All Flemish companies and project groups can contact the spearhead cluster for support. Thanks to its pioneering role in Blauwe Cluster, Colruyt Group can gain valuable insights and at the same time stimulate sustainable aquaculture.



Blauwe Cluster also supports Edulis, a study project on mussel cultivation in offshore wind farms. Both Colruyt Group and NV Belwind are members of the Edulis consortium. New techniques make it possible to grow mussels far out to sea on a long line with ropes. The first test line in the Belwind wind farm will be put in place in September 2017. The consortium receives subsidies from the European Fisheries Fund for this purpose.

CORPORATE ACTIVITIES

The corporate activities comprise all supporting divisions, departments and services. All Belgian supporting services are connected to their counterparts in the foreign departments.

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Technics, Real Estate & Energy

Technics, Real Estate & Energy is Colruyt Group's internal Technical department in Belgium and Luxembourg and also works for the French Dreamland stores. The partner supports the group's growth and provides efficient professional work.

Technics, Real Estate & Energy sets itself apart by its pursuit for **sustainable, innovative solutions** and often goes much further than required by law. The technical department offers a complete service, from study, design and procurement, to construction, installation and maintenance. The 1.300 employees are all skilled workers and have diverse profiles. Together they **design, build, renovate and maintain** stores, office buildings, filling stations, distribution centres, etc. And they protect them against fire or theft. They service vehicles and machines and carry out installation and repair works. And finally, Technics, Real Estate & Energy makes buildings more **environment-efficient** by systematically applying sustainable techniques and meticulously following environmental management rules.



Fine Food Meat 2: building for the future

Technics, Real Estate & Energy designed and built the innovative and multifunctional Fine Food Meat 2 production site. In the design and execution, the internal technical department paid special attention to sustainability and hygiene. In most cases the site exceeds legal requirements. For instance, Fine Food Meat 2 was given very advanced vacuum and compressed air installations to guarantee maximum hygiene and shelf lives of all products.

Fine Food Meat 2 has different temperature zones with their own climate requirements. Ammonia and CO₂ refrigeration installations and a high-efficiency heat pump that works on natural refrigerants allow the temperature to be accurately controlled in every zone. In addition, an extensive sprinkler system, good for 14 km of water pipes in the entire building, minimises the risk of fire. The smoke detectors are able to distinguish between water vapour and real smoke. Read more about Fine Food Meat 2 on page 68.

Every year the PURA installation will purify 10.600 m³ of rainwater into drinking water

PURA-installation for Fine Food Meat

Technics, Real Estate & Energy raised the water treatment plant for Fine Food Meat to an even higher level this financial year. The meat-processing company has purified and reused its waste water since 2014 already, good for approximately 81.000 m³ water a year. Technics, Real Estate & Energy employees designed and built a new installation. PURA (Purification of Rainwater) purifies the collected rainwater on the site and turns it into drinking water. The high water quality allows the water to be used immediately in the production of Fine Food Meat. Every year the PURA installation will purify 10.600 m³ of rainwater into drinking water.

Low-energy stores

Over the next twelve years, Colruyt Group will make energetic upgrades to all the stores built before 2007. The aim is to only have low-energy stores by 2029. The roofs, floors and walls are insulated and the building is made completely airtight so that the heat released by the cooling system can be used to heat the store. The group will also renovate and furnish all administrative buildings and technical areas in the coming years in accordance with the Colruyt Group style. Read more about efficient cooling systems on page 34.



Fire drill in Halle

In October 2016, Colruyt Group and the city of Halle, the Flemish Brabant-West fire brigade zone, the police zone Zennevallei and the civil defence organised a large-scale fire drill on the Dassenveld site. In addition to a distribution centre and a return centre, there is also a hydrogen fuel station, a wind turbine and a CNG service station. All these factors make the site an interesting test location. The fire drill was a success: all procedures of the crisis plan went as expected.

T&I builds innovation site

This financial year Technics, Real Estate & Energy launched its own innovation site to experiment with new techniques such as 3D printing and virtual reality. In this safe test environment, employees convert ideas into prototypes, which they can immediately test and evaluate in demo spaces. The new approach allows the technical department to translate ideas and prototypes into specific realisations in the stores faster and more efficiently.

More efficient organisational structure

Technics, Real Estate & Energy has reviewed its organisational structure. Since this financial year one department has always been responsible for the whole life cycle of an installation or building, from study to decommissioning. Merging the study, building, corrective maintenance and servicing has resulted in a major synergy of knowledge. The theoretical side of a project is now linked to practice, which facilitates growth and development. Furthermore, this also increases

the participation, the sense of responsibility and the cost awareness of employees.

Supermarket residences

In urban areas, Colruyt Group is investing increasingly in supermarket residences: the integration of residences in shop premises. It allows the group to offer a sustainable alternative for the traditional monofunctional stores with big car parks and respond to the lack of housing. Particularly in cities the retailer wants to make optimum use of the scarce area. This is possible by integrating housing, shops, green areas and even public buildings in one location and thus even more into the street scene. Technics, Real Estate & Energy has already completed twenty residential projects in Colruyt Group stores, among others in Halle and Wemmel. Twelve more projects are in the pipeline.



Business Processes & Systems

Business Processes & Systems (BP&S) provides quality and efficient business processes, information flows and communication systems. In the field of IT and process optimisation, BP&S provides support to all departments and companies of the group. In this way BP&S ensures that all employees can work more efficiently.

BP&S has many different profiles: from business process analysts and business architects to software engineers and project managers. The department responds to the requirements of the fast technological developments and translates them to the specific needs of Colruyt Group. Business Processes & Systems has 935 employees in Belgium, 50 in France and 400 in India. The department in India makes up for the shortfall of IT profiles in Belgium and continues to grow sustainably. For the flexible deployment of professional IT employees and to continuously bring in new expertise, BP&S works closely together with external partners.

BP&S manages more than 2.600 servers and 36.000 devices



Supporting and inspiring Colruyt Group

Business Processes & Systems is involved in most strategic group programmes and offers IT support to the different store formulas and supporting services. For instance, the department continuously monitors and optimises In Contact's technology and software. On page 98 you can read which improvements were implemented over the past financial year. In addition, BP&S also supports the roll-out of the second generation of OKay shops and developed a new store picking system (WRS) for Collect&Go. Read more on page 48.




Technical support for XTRA

BP&S played a key role in the launch of Xtra. The department was jointly responsible for the creation of different websites, the Xtra app and the related databases and registration tool. BP&S used various new technologies and processes for this and worked with a number of external specialists. In addition, BP&S adapted the infrastructure, increased the capacity and security of its systems and installed the wireless internet for customers in all the stores. The cash register systems were adapted or replaced.



Exchange between Belgium and India

CEO Jef Colruyt, CFO Marc Hofman and BP&S Manager Peter Vanbellingen officially opened the National Digital Literacy Centre in Hyderabad in the summer of 2016. More than 800 students receive digital training here. BP&S Hyderabad entered into a co-operation with two NGOs to provide education to underprivileged and disabled students. In this way the group assumes its social role in India. The Belgian delegation also opened the brand new 'Colruyt room'. It shows the group's history and BP&S Hyderabad's evolution.

BP&S finds the exchange between Belgium and India very important: via a rotation system about forty BP&S Hyderabad employees are continuously in Belgium. Belgian employees also regularly travel to India for meetings. This results in a better co-operation and a more efficient communication.

HR-award for Colruyt India

At the annual World HRD Congress, the BP&S department in Hyderabad won an employee engagement award and was voted the best regional employer. In India, Colruyt Group also starts from its own values, such as togetherness, simplicity and respect. The human approach and the work-life balance at Colruyt Group are very much appreciated by the BP&S Hyderabad employees.

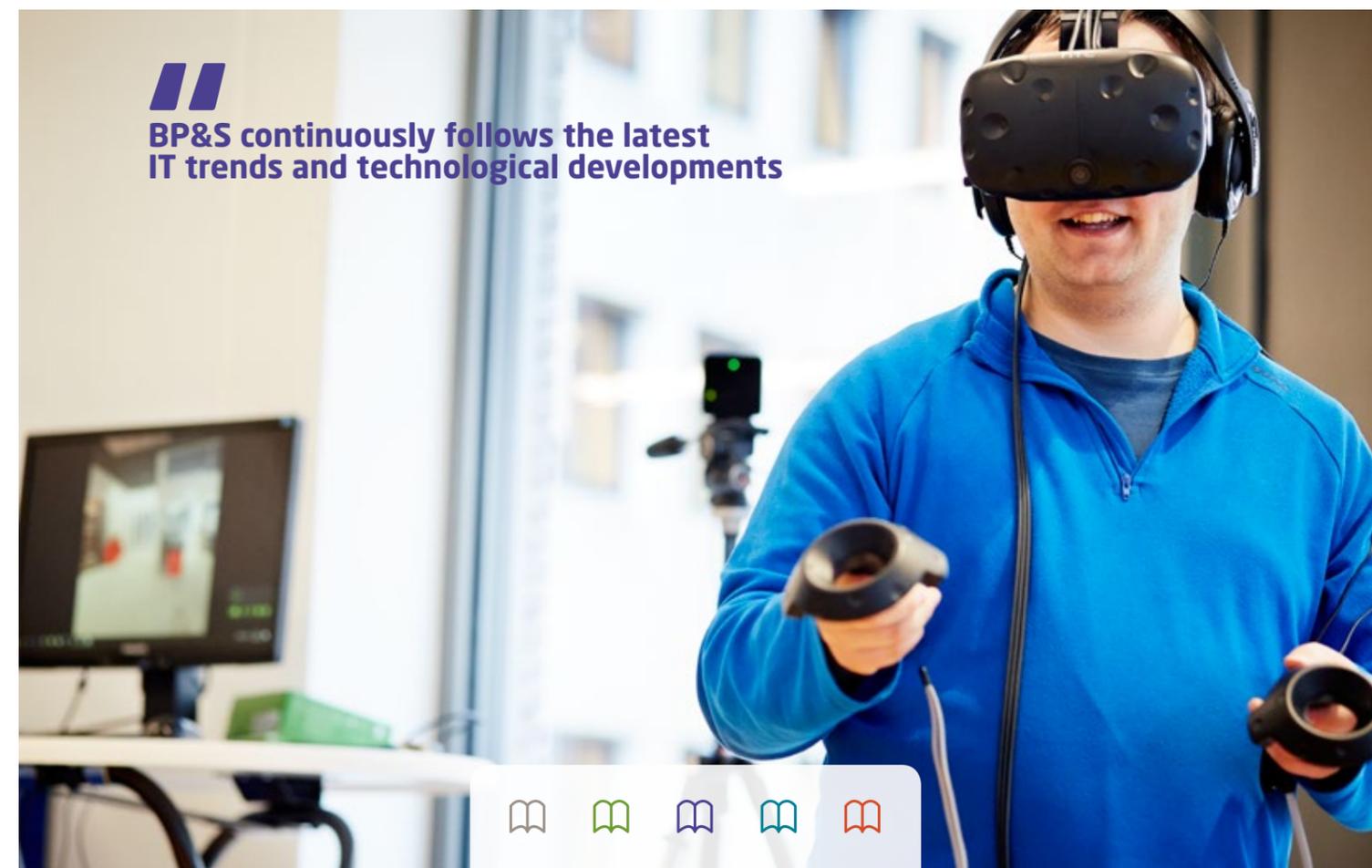
Successful disaster drill

At the start of February, BP&S carried out a successful IT disaster drill. Approximately 120 employees practised the action plans that need to be carried out in case of a disaster in one of the two most important data centres. At 5h30 about a thousand IT servers in one data centre were stopped. By using the test systems, the most important applications were fully on line again at 9h00. They were thoroughly checked to minimise the impact for the stores and logistics. The successful disaster drill means BP&S is even more prepared for a possible disaster in the data centres.

Investing in innovation

Business Processes & Systems continuously follows the latest IT trends and technological developments. The department visits international fairs and works with universities. For instance, BP&S is studying the applicability of artificial intelligence, voice technology and Blockchain for Colruyt Group.

The experiment with virtual reality is a good example. The Research & Development & Innovation department made an exact replica of the Bokrijk Spar store in 3D. With virtual reality goggles you can experience, test and evaluate the store just as if you are walking around an actual store. VR allows new store concepts to be digitally developed and tested, which is more budget-friendly, efficient and faster than a physical test store. BP&S is also studying different opportunities to make meetings more efficient. Projects on virtual meeting assistants, realistic remote meetings and smart conference rooms have already been carried out this financial year.



BP&S continuously follows the latest IT trends and technological developments

Corporate Marketing

Corporate Marketing has a threefold mission. First of all, the department gives strategic support to the management teams and marketing departments of the **store formulas**, including France. In addition, Corporate Marketing determines the **marketing strategy of Colruyt Group and of the sub-brands** such as Colruyt Group Academy and Collibri Foundation. And finally, the department is responsible for the **brand management of house brands** such as Boni Selection, Everyday, Dreamland, Dreambee, Kangourou, etc. Corporate Marketing thus develops the corporate branding within Colruyt Group, based on a strong identity, smart positioning and a recognisable house style.



Multi-stakeholder campaign for XTRA

For the launch of Xtra, Corporate Marketing devised the umbrella campaign and drew the outlines for the marketing teams of the nine store formulas. It was key to present Xtra as a communal story. Colruyt Group, the different store formulas and the customers had to be able to identify with the new loyalty card. Corporate Marketing co-ordinated the campaign, monitored the group's identity and made sure all store formulas' communication about Xtra was consistent.



Boni Selection innovates with meal drink Appetit

Colruyt Group introduced Appetit this financial year: an easy, complete meal drink based on oats and fruit. Appetit offers people with a busy lifestyle a more nutritious alternative than unhealthy snacks. With this launch Colruyt Group fills a gap in the market that was detected thanks to customer surveys by the Corporate Marketing market research team. Appetit is the result of in-house research and product development and was immediately launched via the Boni Selection house brand. Read more about the co-operation that made Appetit possible on page 68 under Fine Food.



The lorries supplying the Colruyt stores are being revamped.

Restyle for 790 trailers

Colruyt Group has restyled its entire fleet of Belgian trailers in the house styles of Colruyt, OKay, Bio-Planet, Collect&Go, Spar, Dreamland, Dreambaby and Solucious. The DATS 24 tank vehicles were also revamped. All trailers now clearly bear the Colruyt Group signature. Corporate Marketing co-ordinated the project, monitored the group house style and ensured the recognition across the different store formulas.

Most trailers have a permanent design. Colruyt reserved a quarter of its fleet for seasonal campaigns. The restyled trailers will gradually start driving around between July 2016 and December 2017. The 136 new trailers Colruyt Group purchased this financial year, were immediately revamped.

New packaging for the house brands

Together with the Colruyt Group suppliers, Corporate Marketing has renewed the outer packaging of the house brands. It has resulted in improved visibility, ergonomics and efficiency. The new outer packaging is ready to go on the shelf and simplifies both the transport, storage and resupply. It is also safer for employees thanks to its strength, the simple perforations and the ergonomic weight.

Every house brand was given an outer packaging that fits the brand identity: white for Everyday, a natural brown colour for Boni Selection Bio and a coloured box in keeping with Boni Selection product packaging. The new boxes are easy to recognise, strengthen the brand and add simplicity in the depots and store shelves.

Simplified brand architecture

In the packaging of spirits, Colruyt Group continues its brand simplification. Our in-house spirits are grouped under the overarching Marie Galante brand from now on. Every type of drink will keep its individuality and product experience. In this way, the group invests in transparent house brands and attractive fresh packaging. Read more about the renewed wine labels of Fine Food Wine on page 69.

Colruyt Group named strongest brand of 2017

For the second year in a row, Colruyt Group has been named the 'Best corporate brand' of Belgium. Research bureau GfK surveyed more than a thousand consumers, without a jury, in October 2016. The survey calculates the strength of brands based on their actual economic success and consumers' emotional perception. It showed that customers identify with the group and feel a strong connection with it. Colruyt Group was also one of the finalists in the 'Best Digital Brand' category. For Colruyt Group, the award is the pinnacle of the constant hard work of all its employees.

In addition, for the sixth time in seven years, Colruyt has the best reputation of 25 major Belgian companies, with a total of 80.1 points. Read more about this on page 46 under Colruyt.



People & Organization

People & Organization coordinates and supports Colruyt Group's personnel policy. The different departments have one common purpose: add **craftsmanship** to the sustainable support, development and connection of the people, team and organisation. The HR partner offers **full support**: from wage processing and recruitments, health and safety, coaching work simplification and a medical department to social and legal advice and negotiations with social partners. People & Organization assesses the needs regarding the **development of people, team and organisation**. The partner has a knowledge centre with HR domains such as personal and team development, remuneration, personal growth, health and craftsmanship.

Colruyt Group Academy is a close partner of People & Organization. The Academy includes internal training for Colruyt Group employees and external workshops for consumers. Read more about the Academy on page. 100-101.

Colruyt Group hired

3.385
employees this financial year



The poster of Start2Re-Tale could be found at different colleges of higher education and universities.

Start2Re-Tale seeks executive talent

Colruyt Group was the first retailer to launch a training programme tailor-made to young graduates with executive potential. At Start2Re-Tale ten youngsters are immersed in leadership training, their own competencies and the retail sector. Colruyt Group developed this programme to suit bachelors and masters with an aptitude and a sense for leadership. The group brought together the know-how of experienced professionals and managers with the expertise of Internal Partners such as Colruyt Group Academy, communication agency CCX and Corporate Marketing.

Through Start2Re-Tale, Colruyt Group aims to bridge the gap between education and the labour market. And at the same time the group also wants to show that retail offers many perspectives for young people. In case of a positive evaluation, the group wants to roll out this pilot project in several locations from the autumn of 2017.

//
With Start2Re-Tale Colruyt Group wants to create a link between education and the job market



195 students at sixth job day

On the 18th of March, the sixth job day for highly trained start-ups was held. The students in their final master and bachelor year were introduced to Colruyt Group and discovered the professional opportunities the retail group offers through workshops, tours and interviews with employees and selection managers. Of the 115 start-ups who came to the job day last year, 21 currently work at Colruyt Group.

Great score in Employer Brand survey

Colruyt Group achieved an excellent score again in the sixteenth edition of the Randstad Award. Randstad conducts an annual survey into the employer brands of major Belgian companies in different sectors. Colruyt Group's strong and constant progress over the past ten years is a remarkable and great performance. The group scores particularly well in the field of job security, working atmosphere, work-life balance, financial health and care for the environment and society. This good score is not just a snapshot, but more like the recognition of the continuing hard work into employer branding and Colruyt Group's good results over the past years. A strong employer brand results in greater appeal with potential employees and a lower staff turnover of current employees.

Employees as ambassadors

Colruyt Group sees its employees as ambassadors to the outside world. The retailer is convinced that when people enjoy their job it is apparent on the shop floor and to customers. With the hashtag #ColruytGroupie employees also express their professional pride to the outside world on social media. Customers value the friendliness of employees in Colruyt Group stores: in the GfK summer report, OKay ranks first in terms of friendliness, followed by Spar and Colruyt. Read more about the Colruyt Group score in the GfK report on page 50.

Improving the experience of applicants

This financial year the selection department studied the experience of applicants. The group developed a methodology to survey applicants repeatedly. Throughout the hiring process, applicants were asked questions about the process and how they experienced it. This resulted in many useful tips to adjust

and optimise the application process. People & Organization will continue to invest in the experience of applicants in the coming years.

In addition, People & Organization centralised all internship requests. Students can now consult the available disciplines on jobs.colruytgroup.be and also enter their internship application via the jobsite. This considerably simplifies the process for students. People & Organization also receives more information of potential interns and is able to offer qualitative internships that meet students' expectations and the organisation's needs.

Further development of partnerships with educational institutes

People & Organization is firmly committed to sustainable collaborations with higher and secondary education institutes and this financial year appointed a person to strengthen the bonds with schools. Colruyt Group has worked with different educational institutes, such as KU Leuven Campus Brussel and Katholiek Onderwijs Vlaanderen for some time already. The retailer ended this financial year with a number of new partnerships, among others with Community education and the Thomas More hogeschool. In this way the group bridges the gap between education and business. Colruyt Group offers its expertise, organises company visits and coaches students during projects. At the same time, the group positions itself as a potential employer of graduating talents.



In Contact

In Contact looks after all contacts with customers of the store formulas and with employees, suppliers and other partners of Colruyt Group in Belgium. The contact centre answers questions using various channels: telephone, mail, post, text message, web forms, social media, etc. For now, **telephone and e-mail** are the most commonly used channels, although *In Contact* sees a key role for **social media and chat** in the future.

The approximately **250 employees** of the contact centre are specialised in providing remote services to customers. In everything they do **the customer is key**. Colruyt Group gives the necessary support and resources to allow the *In Contact* workers to develop the necessary **expertise**: training courses, quality coaching, etc. In addition, the group invested in **modern technology, tools and ergonomic office equipment**.



Temporary reinforcement

For the launch of Xtra, *In Contact* concluded a partnership with three external contact centres. This partnership was to meet the influx of questions about the Xtra card. More than 3,7 million Colruyt Group customers received their new loyalty card at the start of April. Temporary reinforcement at *In Contact* was necessary to correctly and quickly answer the questions of thousands of customers every day.

Knowledge exchange

In Contact works closely with the commercial formulas and focuses chiefly on knowledge exchange. It has current information to help customers and reports recurrent questions to the store formulas. This feedback allows them to adjust their Service and processes where necessary and lift it to an even higher level.

Further professionalisation

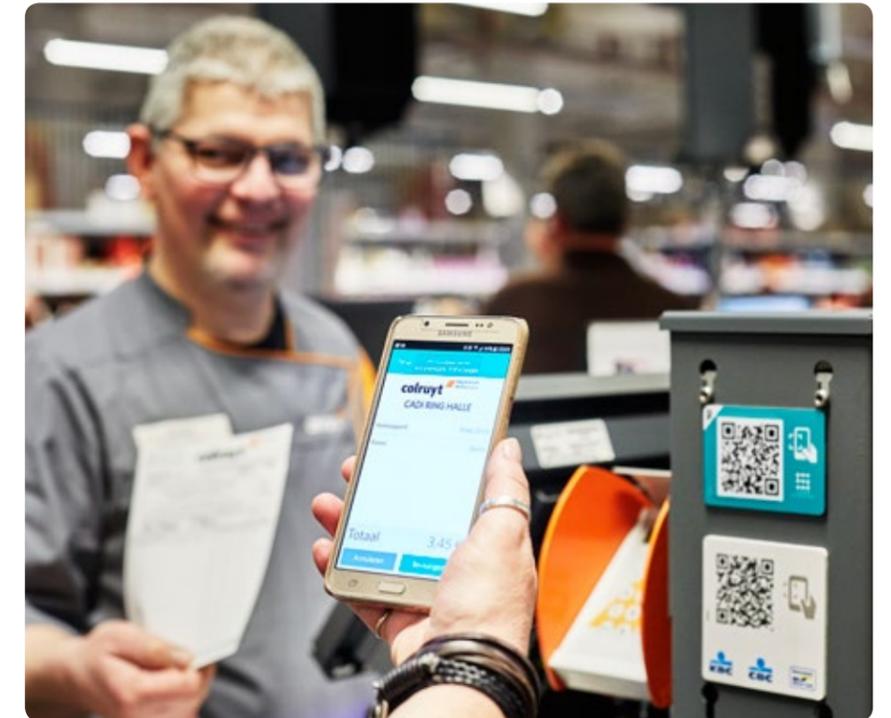
This financial year *In Contact* started integrating a number of new tools and processes. A ticket system will allow it to

provide better support to its customers. The contact centre is in the midst of a roll-out of a sophisticated work force managing system that manages the occupation as a function of peak periods. In addition, *In Contact* is working on smart routing and adapted selection menus which direct the caller to an employee with the correct expertise in less time. This professionalisation has resulted in better services, efficiency gains and cost cuts. With the same occupation *In Contact*, in 2016, processed 20% more calls than in 2015.

Even better accessibility

Since October, *In Contact* has longer contact hours to provide an even better service to its customers. From now on, it is open to customers every day between 8h00 and 20h00. The occupation is adapted to the peak hours. In November, *In Contact* launched one general number for all internal contact centres. Employees now call the same number regardless of what they want to know.

Finance



The **Finance** department supports all business activities within Colruyt Group. It offers a **full service package**: from invoicing support and accounting, financial and analytical reporting, and the production of forecasts, to financial risk management and commercial-legal support. The department has more than 350 employees in Belgium, France, India and Luxembourg. Finance is continually examining how it can improve its **efficiency and effectiveness** to raise its service to an even higher level.

In the coming financial year, Colruyt Group will exceed **1 million mobile payments**

Digital processing of invoices

All incoming Colruyt Group invoices are digitally processed as of this financial year. OCR technology (optical character recognition) allows Finance to process the thousands of incoming invoices every day more efficiently and in less time. The turnaround time is reduced as is the amount of paper, which is beneficial to Colruyt Group and its suppliers.

New registered auditor for Colruyt Group

Ernst & Young (EY) is Colruyt Group's new statutory auditor. Because KPMG's term ended in 2016, the Board of Directors started the tender process for a new auditor. Bids of different parties were studied in detail by the management and the Audit committee. On their advice, the Board of Directors chose EY. Following the General Shareholder's Meeting's approval, their three year term started in September 2016.

Mobile payments increasingly popular

Mobile payments are possible in all Colruyt Group store formulas since this financial year. The number of mobile transactions has gradually increased over the past two years. Xtra's launch is expected to strongly increase the number of mobile transactions. Customers are able to easily connect their payment app to the Xtra app and use their smartphone to show their loyalty card and pay with it at the same time.

Customers have been able to use their smartphone to pay in the Collishop, Dreambaby and Dreamland webshops since 2014. Since 2015 they can also do this in the Colruyt and Okay shops. As of this financial year mobile payments are also possible at Bio-Planet, Dreambaby, Dreamland and Spar, and the Collect&Go pick-up points. Customers are able to choose between three different payment apps: SEQR, KBC and Bancontact.

Customer Communication & Experiences

Customer Communication & Experiences (CCX) is Colruyt Group's communication agency. It translates the commercial and marketing objectives of the different brands into targeted communication. CCX excels in **personalised customer communication** and conveys the right message to the right person using the right channel.

Customer Communication & Experiences is involved in almost all communications of Colruyt Group: this includes folders, mailings, campaigns, the staff magazine, the annual report, websites, apps, video journals, webshops, strategies for social media, etc.

Symeta is Colruyt Group's print and document management specialist and is part of CCX. It simplifies and optimises **document and data flows**, has a unique print technology and is a major player in **specialised marketing communication**. Internal customers are good for approximately 70% of Symeta's revenue, external customers for 30%. Symeta's external revenue is recorded under 'Other activities'.

With 673 employees, 201 of which external specialists and freelancers, CCX is Belgium's **biggest communication agency**.



Symeta as an external brand name

The brand name Symeta stays the same for the external activities around print and document management. As a market reference for personalised customer communication in Belgium, Colruyt Group's print and document management specialist does not want to lose its name recognition and good reputation in the graphic sector. Symeta's external activities remain important for CCX: in this way the communication agency keeps a finger on the pulse and is able to anticipate changes sooner. Moreover, the activities also contribute to CCX' total result.

Integration of NV Symeta in NV Colruyt Group Services

In January 2017, NV Symeta merged with NV Colruyt Group Services (CGS). Symeta was one of the only supporting services that was still part of CGS. The merger has simplified Colruyt Group's company structure and was therefore a logical step. A new collective bargaining agreement was also negotiated. The merger brings together all expertise around communication under one roof and CCX is able to join forces to be even more efficient, more effective and versatile.



Multimedia Saint Nicholas campaign for Dreamland

CCX devised and realised the successful Saint Nicholas campaign for Dreamland. The communication agency deployed various channels: offline carriers, web ads and radio and television spots. The biggest Saint Nicholas drawing was the campaign's finale. The campaign made a lot of children very excited about Saint Nicholas' arrival. Read more about Dreamland and check out the Saint Nicholas drawing on page 61.



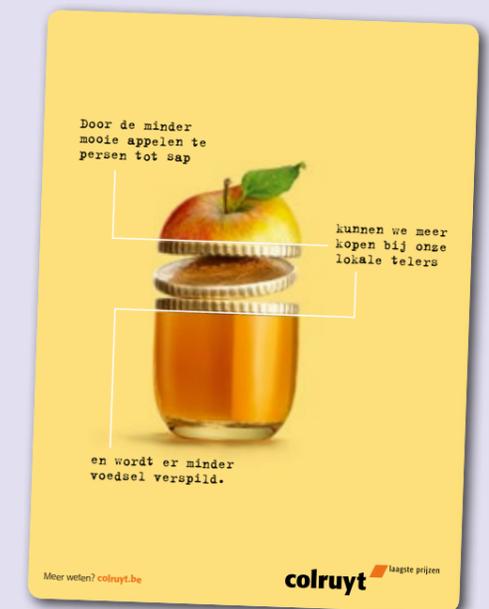
Indispensable partner for XTRA's launch

CCX gave far-reaching support during Xtra's roll-out. The communication agency was responsible for the development of all (customer) communications coming from Xtra and the stores and webshops in question. The extent and impact of this unique project were enormous. More than 100 CCX employees were directly involved: webmasters, copywriters, designers, photographers, project co-ordinators, print specialists, etc. Together they translated the strategic marketing plans into clear communications for customers, suppliers and employees, took into account the specific style of every store formula and at the same time monitored the Xtra-house style. CCX developed letters, folders, mailings and ads and together with BP&S integrated the Xtra platform in twenty Colruyt Group sites. Symeta was responsible for printing all paper communications and the contacts with the external parties in question, such as bpost.

Successful image campaign for Colruyt

In the autumn of 2016, Colruyt launched a new marketing campaign, developed by CCX. The communication agency worked out the entire campaign, from marketing strategy and concept to creative development, specific performance and production of all carriers. The campaign focused mainly on TV commercials and on the Colruyt advertising leaflets, but was also clearly visible online, in newspapers and in the stores.

This campaign put Colruyt in the spotlight in a contemporary and refreshing way. The message is that the retailer offers the lowest prices in a sustainable way thanks to the lowest costs. CCX uses different stories for this, in three layers every time. For instance, the campaign shows what Colruyt does, what the impact is on the retailer itself and what the impact is on customers and stakeholders. For example, by choosing local farmers Colruyt limits its transport costs and is able to offer the freshest leeks at the lowest prices. Read more about Colruyt op page 43-47.



Colruyt Group Academy comprises the internal training courses for Colruyt Group employees and the external workshops for consumers.

Every year the group invests about **3,6% of the payroll** in training for its employees, about EUR 41 million. The group does this based on the conviction that the company grows to the extent that people grow in **knowledge, skills and personality**. In this sense, development is a shared responsibility between employer and employee. Employees follow job-related training courses, company-related courses and training courses for personal development. This financial year **20.171 employees** followed training.

Private persons in Belgium have been able to follow workshops at Colruyt Group Academy since 2012. The workshops are held at nine meeting centres and are about **day-to-day themes with regard to living life more consciously**. They are broken down into 6 six categories: Food & Drink, House & Garden, Health & Relaxation, Society, Kids & Co and Babies. Meeting and inspiration are key in an open and informal learning environment.



Increased co-operation with internal training teams

Since this financial year a new training floor groups all training centres of the Wilgenveld site, the head office in Halle. They used to be spread all over the site. Colruyt Group Academy took care of the reception, but training courses of the whole group were held here. For instance, the specialised technical training courses (such as the check-out training, the language lessons or the Excel course) were provided by the training teams of the store formulas and the supporting services. The training floor is a first manifestation of the increasing collaboration between the different training teams. Colruyt Group Academy co-ordinates and stimulates knowledge exchange and further internal collaboration.

Digital learning of employees

In the coming years, Colruyt Group Academy will invest more in e-learning because of the many advantages for its internal training courses. It allows employees to follow a training when they need it instead of at pre-set times. And also, digital training courses can be more focused on a specific department or employee, which means the information is concretely applicable. In addition, e-learning tools have the advantage that employees are able to test immediately whether they have processed the content properly. Five training teams are currently testing a number of digital training tools in practice. In co-operation with the training teams, Colruyt Group Academy is making preparations to collect, group and develop e-learning modules.

Increasing offer for consumers

Colruyt Group Academy continues to grow. The workshop offer increased from 1.600 to 1.845 and since September 2016, children are also welcome for birthday parties. This financial year approximately 23.000 people followed the workshops. For example the cooking workshops of the 'World cuisine' cluster are very popular. Colruyt Group Academy continues to resolutely choose useful and social relevant themes and expanded its offer with workshops about food intolerances and kids workshops about technique and science.

Anchoring meeting centres locally

Colruyt Group Academy wants to anchor its meeting centres locally as much as possible. This is why in March 2017 the Academy organised a meeting day for all local associations in its new site in Ukkel. The local residents got to know Colruyt Group Academy during various mini workshops in a very accessible way. Meeting days are an ideal opportunity to think about possible collaborations and to discover what is happening in the neighbourhood. In this way Colruyt Group Academy learns about the needs of the local community and is able to respond to it. Most of the associations in Ukkel have already signed up for a workshop.

All workshops came about through internal and external co-creation. The Belgian store formulas give content to the workshops, each based on their field of expertise. In addition, suppliers and teachers also offer their expertise. The Academy helps to develop the workshops and is responsible for the practical organisation.

New meeting centres in Hasselt and Ukkel

In September 2016, the new Academy in Hasselt opened its doors. In April 2017, the meeting centre in Ukkel also opened. Colruyt Group Academy Ukkel offers workshops in Dutch and French and thus has the biggest offer of all sites. That brings the number of meeting centres to a total of nine. By 2020 there will also be workshops in Melle, Kortrijk and Liège. With the two new sites Colruyt Group Academy is targeting 27.000 participants in the next financial year. And from the next financial year it also wants to organise more internal training courses for employees in its regional meeting centres.





Through the **Collibri Foundation**, Colruyt Group supports educational projects in developing countries and in Belgium. The aim is to strengthen young people through education and training so they can take control of their own future. The educational projects of Collibri Foundation in developing countries are always linked with the development of sustainable chain projects for Boni Selection to create an enriching interaction. The corporate fund connects young people from all over the world through **exchange initiatives** and thus creates a socially relevant story, across boundaries and cultures.

Colruyt Group gives **financial support**, but also wants to consciously involve employees, customers and partners. Every project has an **ambassador**: an employee who is committed to promoting the project. In addition, customers of Colruyt, OKay, Bio-Planet and Spar and employees of the group are able to support the fund with **specific Boni Selection campaigns**. Colruyt Group doubles the proceeds. For the most efficient use of the funds, the group works with the King Baudouin foundation and specialists in personal growth and development co-operation.



Nine ambassadors

Nine employees of Colruyt Group engage themselves to act as ambassadors of a Collibri Foundation project for two years. They get to know the project and the young people, they actively participate where possible and communicate about their project and experiences to employees and customers.

Life learning trip to Benin

This financial year ambassador Jan Robberecht visited the Collibri Foundation educational project in Benin. Thirty young rice farmers were following a professional training about organic and integrated agricultural techniques and are supported to establish their own

company. Collibri Foundation works with local schools and cooperatives and with the UC Leuven-Limburg college of higher education (UCLL). The educational project in Benin is integrated in the International Co-operation North-South bachelor after bachelor course. Every year one or two UCLL students follow an internship in Benin. Together with local partners they guide the educational programme.

Collibri Foundation stimulates exchange initiatives between young people, the ambassadors and the partners of its projects. On page 39 you can read how Brazilian, Belgian and Indonesian youngsters and the Collibri ambassadors met each other at Colruyt Group.



EUR 2,1 million
This is the amount Colruyt Group will invest in Collibri Foundation over the next three years



Collibri Foundation stimulates exchange initiatives between young people, the ambassadors and the partners of its projects



Supporting youngsters in Belgium

Collibri Foundation's BOOST project supports 26 underprivileged Brussels students for four years. These youngsters are in their last year now and have to decide which higher education course they want to follow. For this reason, the BOOST coaches and Collibri Foundation ambassadors organised a workshop together about competencies and making targeted choices. The ambassadors shared their experience and professional expertise to get them thinking about themselves and their talents.

Following the refugee crisis, Collibri Foundation decided to set up a relevant domestic educational project, in co-operation with the vzw Mentor-Escale. This organisation, with houses in Brussels and Namur, supports unsupported refugee minors to choose an appropriate school and training. It also helps the youngsters with homework support, for instance, and the search for housing. In addition, the non-profit organisation provides psychological support and language lessons. Collibri Foundation assists Mentor-Escale financially and offers the youngsters workshops and exchange possibilities. In the same way as with BOOST, Collibri Foundation and its ambassadors will connect Colruyt Group and business. In this way, it creates an added value for the youngsters through apprenticeships, company visits and workshops.



Collibri connects Burundi and Colombia

In the spring of 2017, Collibri Foundation organised a unique exchange trip that was all about young coffee farmers. Burundian youngsters, together with a delegation of employees of Colruyt Group, the King Baudouin foundation and Belgian coffee importer Efico travelled to Colombia. They were joined by the ambassadors of both projects. In Colombia, the delegation got to know the coffee chain and visited the local Collibri Foundation educational projects for young coffee farmers. Technical and personal exchanges between Burundian and Colombian youngsters were key during the whole trip.

The idea for this special South-South-exchange originated during a visit of young Burundian coffee farmers to Colruyt Group towards the end of 2015. They visited Colruyt Group Fine Food's coffee-roasting house and found out how their coffee beans were processed. They also discussed education and training together with the Collibri ambassadors and representatives of our training partners. One of the main conclusions from the discussion was that youngsters get most inspiration and energy from the active exchange of experience and ideas.



COLRUYT GROUP IN FIGURES

- 107 Activities
- 109 Employees
- 115 Key figures over five years

1. Activities

1.1. Investments realised

(In million EUR)	2016/17	2015/16
I. Retail	291,9	292,6
Colruyt stores Belgium and Luxembourg	119,6	109,9
OKay, Bio-Planet and Cru	31,9	31,5
Dreamland Belgium and France and Dreambaby	1,8	5,1
Colruyt France and DATS 24 France	7,9	9,2
Other retail and real estate	130,7	136,9
II. Wholesale and Foodservice	19,6	31,0
Wholesale	3,9	7,6
Foodservice	11,5	11,6
Real estate	4,2	11,8
III. Other activities	23,6	24,9
IV. Unallocated corporate activities	51,4	39,2
Total consolidated Colruyt Group	386,5	387,7

The investments during the reporting period primarily relate to:

- The construction and modernisation of stores for Colruyt, OKay / OKay Compact, Bio-Planet and Cru in Belgium and France.
- The completion of an additional production facility for Colruyt Group Fine Food in Halle.
- The completion of a new administrative wing on the Wilgenveld site in Halle.
- The restyling of the administrative buildings in Halle.
- The investments in our machine park.
- The investment in new refrigerator carts with liquid ice technology.
- The investments in CNG and green energy.
- The investments in our transformation projects.

Excluding any acquisitions or participations, for financial year 2017/18 Colruyt Group expects to realise an investment programme in a range between EUR 375 and EUR 400 million. The majority of the investments relates to the construction of new stores or the renovation of existing stores and filling stations in Belgium and France. The other expected investments are for the restyling of the administrative and logistical buildings in Halle, the construction of various meeting centres for Colruyt Group Academy in Belgium, and finally the further investments in important transformation projects, liquid ice technology, CNG and green energy.

1.2. Distribution centres and administrative buildings

	m ²	number
Production/distribution centres		
Belgium	574.996	22
France ⁽¹⁾		
Food retail	25.954	2
Supplies to independents	24.063	1
Administrative buildings (office area)		
Belgium	141.021	26
France ⁽¹⁾	6.903	3

(1) Overview as per 31/3/2017, after the sale of Pro à Pro.

1.3 Integrated stores of Colruyt Group at the end of the reporting period

	16/17	15/16	14/15	13/14	12/13
BELGIUM + LUXEMBOURG					
Colruyt					
- number ⁽¹⁾	237	237	236	234	227
of which leased externally	19	19	21	19	22
- in '000 m ²	403	395	384	373	349
OKay ⁽²⁾					
- number	129	120	110	98	88
of which leased externally	26	22	19	12	11
- in '000 m ²	75	70	63	56	49
Bio-Planet					
- number	24	19	13	11	8
of which leased externally	12	10	7	5	3
- in '000 m ²	16	13	9	8	6
Dreamland					
- number	43	42	41	39	38
of which leased externally	15	15	16	15	13
- in '000 m ²	79	78	77	74	72
Dreambaby					
- number	24	23	22	17	11
of which leased externally	11	11	11	11	6
- in '000 m ²	14	14	13	10	7
Cru					
- number	3	1	1		
of which leased externally	2	0	0		
- in '000 m ²	2	1	1		
FRANCE ⁽³⁾					
Colruyt					
- number	74	72	73	67	62
of which leased externally	3	3	4	5	4
- in '000 m ²	72	68	70	64	60
Dreamland					
- number	2	2	2	2	2
of which leased externally	2	2	2	2	2
- in '000 m ²	4	4	4	4	4

(1) Since financial year 2013/14, the stores that were closed at the end of the reporting period on account of renovation works have been included in the total. In the financial years before that, the temporarily closed stores at the end of the reporting period were not included in the total.

(2) Figures include 6 OKay Compact stores.

(3) For the French retail activity the table takes account of the number of stores on closing date 31 December. At the end of March 2017 there were 74 integrated stores.

2. Personnel

2.1. Job creation

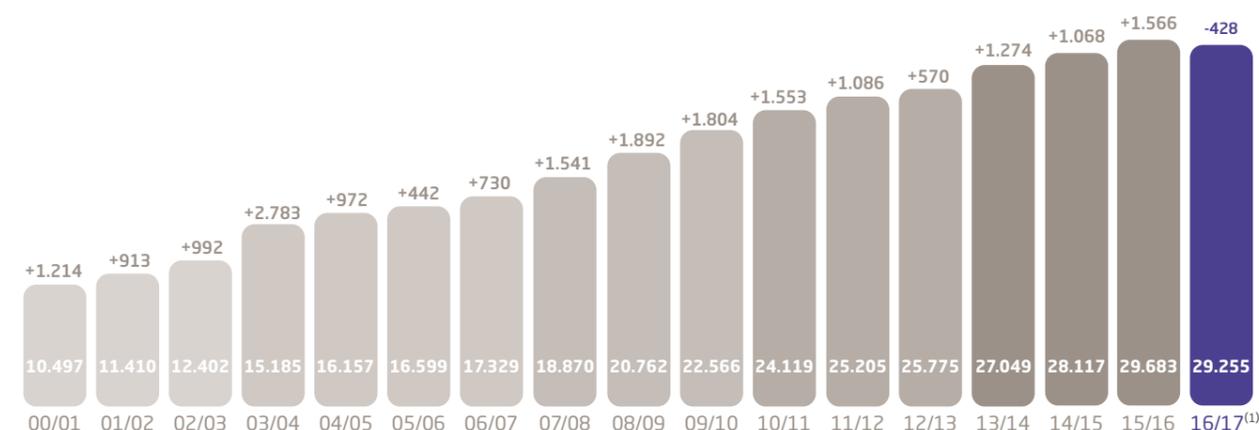
Breakdown by segment	In number of employees			In full-time equivalents		
	31/03/2017	31/03/2016	Evolution employment	31/03/2017	31/03/2016	Evolution employment
Retail	24.793	23.919	+ 874	23.296	22.406	+ 890
Wholesale and foodservice ⁽¹⁾	1.488	3.191	-1.703	1.448	3.142	-1.694
Other activities	237	223	+14	226	212	+ 14
Corporate (not allocated)	2.737	2.350	+ 387	2.663	2.287	+ 376
Total Colruyt Group	29.255	29.683	- 428	27.633	28.047	-414
- Belgium ⁽²⁾	26.623	25.412	+ 1.211	25.221	24.045	+ 1.176
- Luxembourg	97	84	+ 13	97	84	+ 13
- France ⁽³⁾	2.121	3.847	- 1.726	1.901	3.578	- 1.677
- Other countries	414	340	+ 74	414	340	+ 74

(1) Due to the sale of Pro à Pro, 1.837 employees (1.832 in FTE) left the group on 1 February 2017.

(2) These figures are exclusive of job students employed during the weekend or in the school holidays. (5.497 on 31/03/2017 and 6.369 on 31/03/2016).

(3) For the French retail and wholesale activity, the table includes the number of employees on closing date 31 December. On 31/03/2017 these French activities accounted for 2.162 employees (or 1.908 full time equivalents).

2.2. Evolution of Colruyt Group workforce (in number of employees)



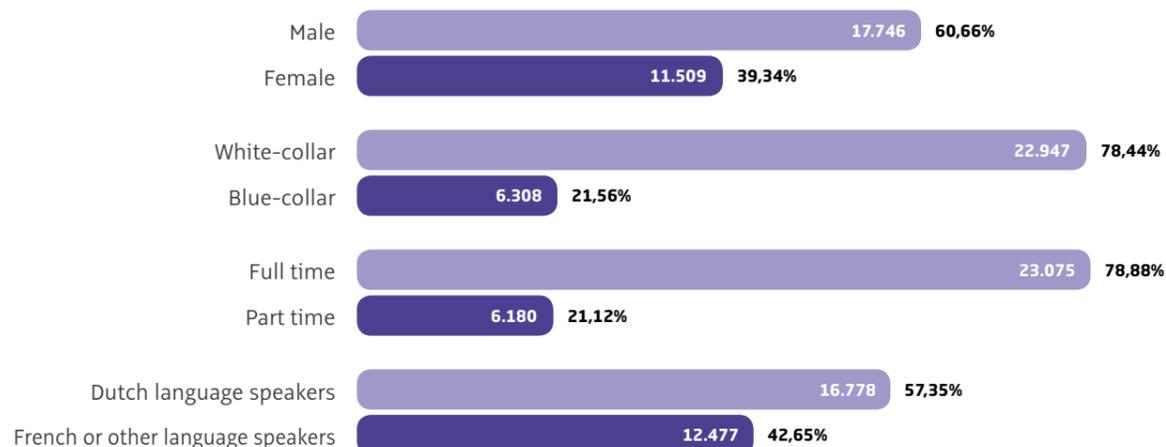
(1) Due to the sale of Pro à Pro 1.837 employees left the group on 1 February 2017. Excluding the sale of Pro à Pro, employment grew by 1.409 employees in financial year 2016/17.

2.3. Nationalities

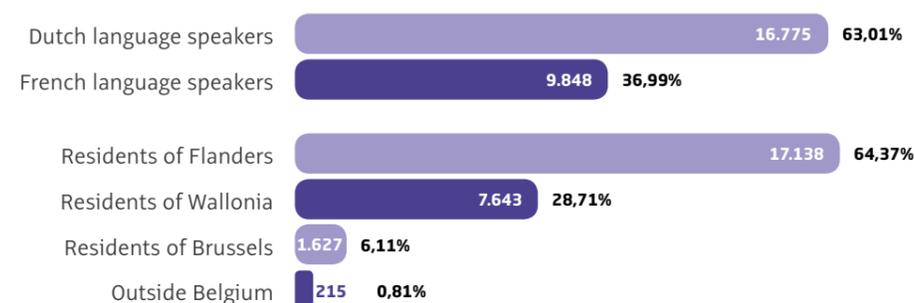
At the end of the financial year the workforce in Belgium comprised 83 nationalities, among which 181 French, 171 Dutch, 148 Italian, 50 from Spain and Portugal, 44 from Bulgaria, Hungary, Poland and Romania, 21 from Germany, 9 from Greece and 32 from other European countries. Of the 477 employees of African nationality, the majority come from the Congo (127), Morocco (109) and Cameroon (103). Finally there are 94 employees from Asia (of which 26 from China and 18 from Turkey) and 21 from North and South America together.

2.4. Number of employees at the end of the reporting period

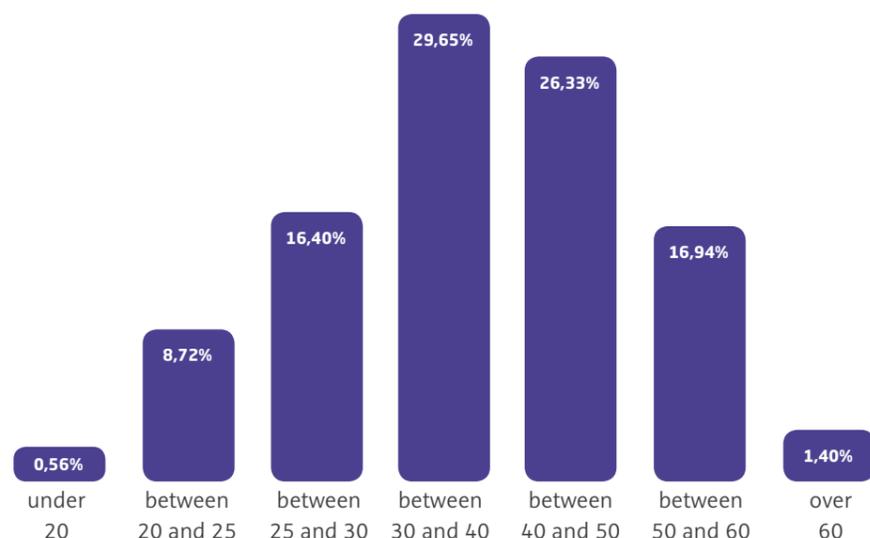
The number of employees in the group at the end of the reporting period was 29.255, of which:



At the end of the reporting period the employment percentage of Colruyt Group in Belgium was 91%. The number of employees employed in Belgium at the end of the reporting period was 26.623, made up of:



The number of employees employed in Belgium at the end of the reporting period broken down into age categories:



2.5. Training and education in Belgium

Colruyt Group invests a great deal in the development of its employees, convinced that the company grows as its employees grow. The total training and education costs in Belgium compared to the total Belgian labour costs amounted to 3,57%. Last year the focus was primarily on strengthening the people management skills of our managers, team development and the resilience of our employees.

2.6. Payroll costs and net wages in Belgium

The total annual payroll cost for Colruyt Group in Belgium was EUR 1.143,97 million, consisting of EUR 243,47 million in employer contributions to social security and other legal insurances and of EUR 900,50 million in gross wages and salaries. Of the 900,50 million gross wages, EUR 96,75 million is transferred to social security and EUR 133,04 million is passed on to withholding tax. The employees finally receive a net amount of EUR 670,71 million or 58,63% of the total employer labour cost.

In financial year 2016/17 Colruyt Group passed on an amount of EUR 322,06 million to social security, i.e. EUR 225,31 million in employer contributions and EUR 96,75 million in employee contributions.

Total payroll costs

	(In million EUR)
Total payroll costs	1.143,97 (100%)
Employer social security contributions and insurances	243,47 (21,28%)
Gross wages or salaries	900,50 (78,72%)
Employee social security contributions	96,75 (8,46%)
Withholding tax on wages (including reductions)	133,04 (11,63%)
Net wages or salaries	670,71 (58,63%)

2.7. Contributions passed on to the Belgian treasury in proportion to the added value

Last year all Belgian companies of Colruyt Group together passed on EUR 944,94 million in social, fiscal and product-related taxes to the Belgian treasury. In addition the net VAT payment (difference between the payable and deductible VAT) to the tax authorities amounted to EUR 302,99 million.

Payments made to the Belgian treasury

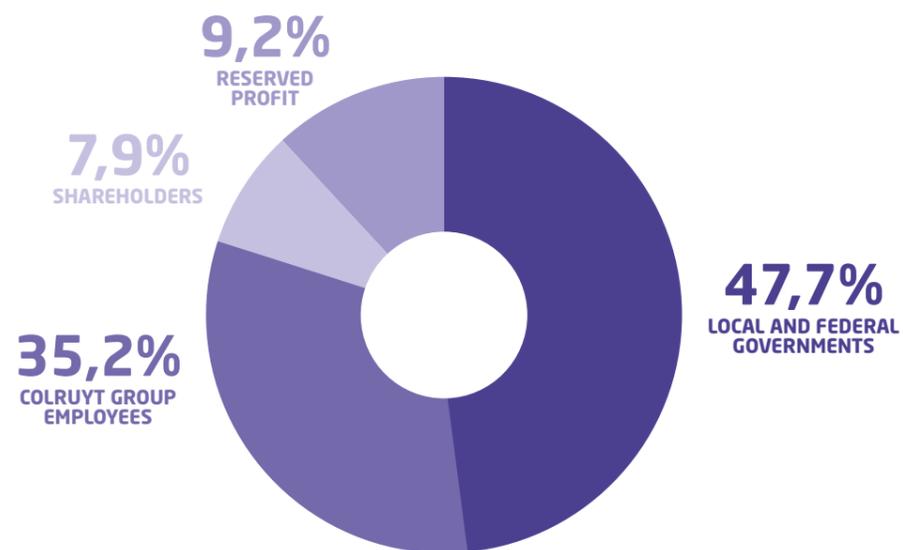
	(In million EUR)
Social security ⁽¹⁾	322,06
Withholding tax on wages ⁽¹⁾	133,04
Income tax on profits	138,06
Product-related taxes (customs, excise)	314,53
Tax on income from investments	20,99
Property tax	7,78
Registration duties, provincial and municipal taxes and other federal taxes	8,47
Total	944,94

(1) Including charge reductions obtained on a federal and regional level.



Breakdown of the net added value generated by Colruyt Group in Belgium:

All these taxes are the result of the added value creation of the group. The net added value⁽¹⁾ generated by Colruyt Group in Belgium amounts to EUR 1,98 billion. Of this, 47,7% in taxes flows to the various local and federal governments and 35,2% is paid to the employees for the services provided. 7,9% is paid to shareholders⁽²⁾ and the remaining 9,2% is invested back into the group to finance future projects.



(1) The excises paid have been integrated in the net added value to be able to express the total contribution to the treasury of EUR 944,94 million as a percentage of the thus corrected net added value.
 (2) This calculation method takes no account of the purchases or cancellations of treasury shares.

2.8. Financial involvement

2.8.1. Profit sharing

As a mark of the appreciation of everybody's contribution and dedication, Colruyt Group lets all employees in Belgium share in the profit. A separate system applies for the employees in France, in accordance with French legislation.

History of profit sharing in Belgium

- Since 1988 a substantial group of executives has participated in the company capital through a collective shareholding.
- In 1996 an 'employee dividend' was paid out for the first time.
- In 2002 a number of companies of the group, together with the social partners, finalised a profit-sharing system, based on the Act of 22 May 2001 on employee participation in the capital and profits of companies. In the meantime this company collective labour agreement has already been extended a number of times. The most recent collective labour agreement runs until the end of 2018.
- Since financial year 2007/08 the system has been extended to all companies of the group for the employees employed in Belgium. The share varies according to the operating result of the previous financial year. It consists of a base amount multiplied by coefficients for pay, years of service and position. A proportion of this is paid out in cash or shares of the parent company, according to choice. From 2001 to 2010 a total of EUR 152,46 million has been paid out to staff employed in Belgium.
- Since financial year 2010/11 the profit sharing has been determined according to a combination of the Act of 22 May 2001 on employee participation in the capital and the profit of companies (called the profit participation) and collective labour agreement 90 (CLA) of 20 December 2007 followed by collective labour agreement 90bis of 21 December 2010 on non-recurring result-related benefits. The benefits of collective labour agreement 90 can only be paid out in cash.
- Due to a change in the legislative framework, since 2013 a solidarity contribution of 13.07% has been deducted from the results-related bonuses (CLA 90).
- For financial year 2016/17, subject to approval by the General Meeting, the total share in the profits was EUR 25,45 million, broken down as follows:
 - a profit participation payment of EUR 5,78 million (69% in cash and 31% in shares), as stipulated according to the Act of 22 May 2001 on employee participation in the capital and profit of companies
 - a payment of EUR 19,66 million according to CLA 90 and 90bis on non-recurring results-related benefits.

Overview of the profit participation since financial year 2001/02

Year	Amount of profit participation in million EUR ⁽¹⁾	Total number of employees	CASH		SHARES		Number of employees
			In million EUR	Number of employees	In million EUR	Number of shares	
From 2001 to 2010	152,46	101.136	79,61	61.763	72,85	2.504.540	39.373
2010-11	9,89		5,54	11.985	4,35	101.339	7.620
	14,95		14,95				
	24,84	19.605	20,49				
2011-12	8,97		5,55	13.797	3,42	97.196	7.080
	15,62		15,62				
	24,59	20.877	21,17				
2012-13	7,46		4,64	13.807	2,82	63.921	7.396
	18,56		18,56				
	26,02	21.203	23,20				
2013-14	5,43		3,66	14.948	1,77	37.378	7.301
	16,95		16,95				
	22,38	22.249	20,61				
2014-15	7,02		4,71	15.404	2,31	47.942	7.476
	18,82 ⁽²⁾		18,82				
	25,84	22.880	23,53				
2015-16	6,78		4,42	15.989	2,36	39.894	7.867
	19,57 ⁽²⁾		19,57				
	26,35	23.856	23,99				
2016-17	5,78		4,08	17.213	1,70	32.104	7.742
	19,66 ⁽²⁾		19,66				
	25,45	24.955	23,74				
TOTAL	327,93		236,34		91,58	2.924.314	

(1) The specified payments concern gross amounts on which the following deductions still have to be applied upon payment to the employees:
 • Profit participation: 13,07% employee social security contribution and withholding tax when cash is chosen and 15% solidarity contribution when shares are chosen.
 • Results-related bonus (CLA 90): 13,07% employee social security contribution.
 (2) Employer social security contributions are also due on the results-related bonus (CLA 90) (EUR 6,49 million in 2016/17 and EUR 6,46 million in 2015/16).



2.8.2. Capital increase reserved for personnel

In order to enable employees to participate in the growth of the company, since 1987 we have encouraged them to participate in the capital. Through an annual capital increase reserved for employees they can subscribe to shares of the parent company NV Etn. Fr. Colruyt at a favourable price (within the legal framework) that will remain frozen for 5 years. These capital increases are proposed by the Board of Directors and approved by an Extraordinary General Meeting.

During the capital increase of the year 2016/17, which took place in November 2016, 2.421 employees subscribed to 326.508 shares, good for a capital contribution of EUR 14,04 million. Since 1987 employees of the group have subscribed to 21.577.819 shares of their own company, or the parent company, for a total amount of EUR 214,16 million.

Capital increases reserved for employees since 1987

Year	Amount in million EUR	Number of shares
From 1987 to 2008	103,69	18.214.375
2009	13,74	506.895
2010	23,90	715.585
2011	6,19	225.194
2012	10,05	332.725
2013	11,41	316.900
2014	14,00	466.754
2015	17,14	472.883
2016	14,04	326.508
TOTAL	214,16	21.577.819

3. Key figures over five years

(In million EUR)	2016/17	2015/16	2014/15	2013/14	2012/13
Revenue	9.493,5	9.177,5	8.916,8	8.652,0	8.311,6
Retail	7.319,0	7.148,4	6.871,1	6.534,6	6.309,4
Wholesale and Foodservice	1.688,0	1.588,8	1.540,8	1.490,0	1.380,1
Other activities	638,2	593,2	648,8	763,5	750,5
Intersegment	-151,7	-152,9	-143,9	-136,1	-128,4
Gross profit	2.414,5	2.320,9	2.219,0	2.151,0	2.106,3
EBITDA ⁽¹⁾	743,7	720,3	699,7	686,8	699,9
EBITDA margin ⁽¹⁾	7,8%	7,8%	7,8%	7,9%	8,4%
EBIT ⁽¹⁾	493,3	507,2	495,4	488,1	515,1
EBIT margin ⁽¹⁾	5,2%	5,5%	5,6%	5,6%	6,2%
Profit before taxes ⁽¹⁾	509,6	518,4	510,7	497,1	502,5
Taxes ⁽¹⁾	126,4	152,1	148,1	147,3	148,9
Net profit ⁽¹⁾	383,2	366,3	362,6	349,8	353,6
Net profit margin ⁽¹⁾	4,0%	4,0%	4,1%	4,0%	4,3%
Cash flow from operating activities	537,0	641,3	570,1	605,7	655,0
Free cash flow	351,5	262,4	202,6	284,1	345,5
Total equity	2.140,2	2.047,7	1.800,7	1.966,9	1.792,9
Balance sheet total	4.094,8	4.019,2	3.661,2	3.721,8	3.443,3
Investments	386,5	387,7	368,9	322,3	248,5
ROCE ⁽¹⁾	20,2%	21,4%	21,7%	24,0%	27,1%
Market capitalisation at the end of the financial year	6.900,0	7.660,0	6.350,0	6.606,8	6.218,2
Weighted average number of outstanding shares	146.729.840	147.004.025	149.419.713	156.447.069	156.217.581
Number of outstanding shares	149.935.894	149.609.386	156.636.503	165.169.749	164.852.849
Earnings per share (EPS)	2,60	2,49	2,21	2,24	2,26
Gross dividend per share	1,18	1,12	1,00	1,00	1,00
Dividend yield	2,56%	2,19%	2,47%	2,50%	2,65%
Number of employees	29.255	29.683	28.117	27.049	25.775
Number of employees in FTE	27.633	28.047	26.491	25.497	24.287
Number of own stores in Belgium, Luxembourg and France	536	516	498	468	436
Store area own stores in '000 m ²	665	641	622	590	547
Number of independent storekeepers in Belgium and affiliated stores in France (excluding free storekeepers)	667	679	543	559	561

(1) As explained in the management report for financial year 2016/17, the figures include the impact of the sale of the French foodservice business (Pro à Pro). On account of comparability, the figures from financial year 2014/15 exclude the amount of the settlement with the Investigation Service of EUR 31,6 million.

Corporate Governance

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MANAGEMENT, SUPERVISION AND DIRECTORATE

1. Board of Directors

1.1. Composition

Capacity	Name	Audit Committee member	Rem. Committee member	Year of end of appointment
Representatives of the principal shareholders, executive directors	<ul style="list-style-type: none"> Jef COLRUYT Frans COLRUYT 			2018 2017
Representatives of the principal shareholders, non-executive directors	<ul style="list-style-type: none"> François GILLET - Member of the Executive Committee at Sofina SA KORYS N.V. whose permanent representative is: Jef Colruyt (Chairman) HERBECO NV whose permanent representative is: Piet Colruyt FARIK NV whose permanent representative is: Frans Colruyt Wim COLRUYT 	X		2020 2020 2017 2017 2018
Independent directors	<ul style="list-style-type: none"> BVBA DELVAUX TRANSFER, whose permanent representative is: Willy Delvaux Astrid De Lathauwer 	X	X	2017 2017
Secretary	<ul style="list-style-type: none"> Kris Castelein 			

In addition to the appointments as directors of the companies of Colruyt Group, Messrs. Jef Colruyt, Frans Colruyt, Piet Colruyt, Wim Colruyt, Willy Delvaux and François Gillet, as well as Ms De Lathauwer, also hold other external appointments as directors. However, in accordance with the provisions of the Belgian Corporate Governance Code 2009 the above-mentioned directors do not exceed the maximum number of five directorships in stock-exchange listed companies.

1.2. Auditor

ERNST&YOUNG BEDRIJFSREVISOREN BCBVA (B00160) represented by Danny Wuyts BVBA [A01979]. The appointment of the auditor expires after the General Meeting of 2019.

1.3. Reappointment and appointment of directors

The appointments of Mr Frans Colruyt and FARIK NV, whose permanent representative is Mr Frans Colruyt, as directors of the company expire after the General Meeting of 27 September 2017. Both are re-electable. Frans Colruyt is again standing as a candidate, in a personal capacity but also as a permanent representative of Korys Business Services II NV. The Board of Directors proposes granting both Frans

Colruyt and Korys Business Services II NV, whose permanent representative is Frans Colruyt, a new appointment of four years that will expire after the General Meeting in 2021.

- The appointment of Ms Astrid De Lathauwer as an independent director of the company expires after the General Meeting of 27 September 2017. She is re-electable and is again standing as a candidate as a permanent representative of ADL GCV. The Board of Directors consequently proposes granting a new appointment to ADL GCV, with permanent representative Ms Astrid De Lathauwer, for four years that will expire after the General Meeting in 2021.
- The appointment of HERBECO NV, whose permanent representative is Mr Piet Colruyt, as director of the company expires after the General

Meeting of 27 September 2017. The company is re-electable but is not standing as a candidate. The Board of Directors proposes appointing Korys Business Services I NV, whose permanent representative is Ms Hilde Cerstelotte, as a non-executive director and representative of the main shareholders, for a period of four years. The new appointment will expire after the General Meeting in 2021.

The appointment of Delvaux Transfer BVBA, whose permanent representative is Mr Willy Delvaux, as an independent director of the company expires after the General Meeting of 27 September 2017. The company is no longer re-electable on account of having the maximum of three successive appointments as independent director on the board of directors, whereby this period may be no longer than twelve years.

The Board would like to thank Mr Piet Colruyt, permanent representative of HERBECO NV, and Mr Willy Delvaux, independent director of the company, for their constructive collaboration. Their important contribution to the Board of Directors is highly appreciated.

The Board of Directors will propose to the General Meeting of Shareholders of 27 September 2017 appointing an independent female director for a period of two years.

1.4. Honorary director

Leo DESCHUYTENEER

2. Colruyt Group Management

2.1. Directorate

- Jef COLRUYT** Managing Director, CEO and COO Services
- Frans COLRUYT** Managing Director and COO Retail
- Chris VAN WETTERE** General Manager Colruyt Lowest Prices
- Dirk DEPOORTER** General Manager Retail Partners Colruyt Group
- Bart DE SCHUTTER** General Manager Colruyt France (integrated and affiliated stores)
- Fabrice GOBBATO** General Manager OKay, OKay Compact and Bio-Planet
- Stefan GOETHAERT** Colruyt Group Fine Food Manager
- Marc HOFMAN** Finance Manager
- Liesbeth SABBE** People & Organization Manager
- Peter VANBELLINGEN** Business Processes & Systems and Customer Communication & Experiences Manager
- Koen BAETENS** Technics, Real Estate & Energy and Eoly Manager

2.2. Future board

- Jef COLRUYT** CEO

2.2.1. Colruyt Group Services

- Jef COLRUYT** COO Services
- Marc HOFMAN** Finance Manager
- Liesbeth SABBE** People & Organization Manager
- Wim MERTENS** Deputy Social Relations Manager
- Peter VANBELLINGEN** Business Processes & Systems and Customer Communication & Experiences Manager
- Philip D'HOOGHE** Customer Communication & Experiences Manager

- Koen BAETENS** Technics, Real Estate & Energy and Eoly Manager
- Filip VAN LANDEGHEM** Deputy Manager Real Estate and DATS 24

2.2.2. Retail

- Frans COLRUYT** COO Retail
- Stefan GOETHAERT** Colruyt Group Fine Food Manager

COLRUYT LOWEST PRICES

- Chris VAN WETTERE** General Manager
- Guy ELEWAUT** Strategic Marketing Manager
- Christophe DEHANDSCHUTTER** Purchasing Manager
- Martine PAUWELS** Logistics and Transport Manager
- Claude ROMAIN** Colruyt Sales Manager
- Rudi DEWULF** Deputy Sales Manager Colruyt West
- Fernando PARLANTE** Deputy Sales Manager Colruyt Central West
- André GIGLIO** Deputy Sales Manager Colruyt South East

OKAY AND BIO-PLANET

- Fabrice GOBBATO** General Manager OKay, OKay Compact and Bio-Planet

DREAMLAND, DREAMBABY AND COLLISHOP

- Frans COLRUYT** General Manager
- Stéphanie DE BREE** Dreamland Manager
- André CERON** Deputy Manager Logistics and Administrative Services

COLRUYT GROUP RETAIL PARTNERS

- Dirk DEPOORTER** General Manager
- Erik PAPPAERT** Deputy Logistics Manager
- Guido SORET** Sales Manager

RETAIL FRANCE (INTEGRATED AND AFFILIATED STORES)

- Bart DE SCHUTTER** General Manager Colruyt France (integrated and affiliated stores)
- Antonio LOPEZ** Deputy Sales Manager Colruyt (integrated stores)
- Gilles POINSOT** Deputy Marketing Manager
- Anthony MEILLER** Deputy Manager affiliated stores

FOODSERVICE BELGIUM

- Frans COLRUYT** General Manager Foodservice Belgium

2.3. Changes to the Directorate during the reporting period

During the last financial year the following appointments or changes of manager or deputy manager were made:

- Stéphanie DE BREE**, Manager Dreamland as of 01/06/2016;
- Guido SORET**, RPCG Sales Manager as of 01/01/2017 (formerly Deputy Sales Manager Colruyt).

Directorate members who have ended their position as manager in the group and who we would like to thank for their many years of dedication and valued contribution to the sustainable growth of Colruyt Group:

- Dries COLPAERT**, General Manager Colruyt France and Foodservice until 31/08/2016;
- Jean-François STEVENS**, RPCG Sales Manager until 31/12/2016.



RESPONSIBLE / SUSTAINABLE CORPORATE GOVERNANCE

1. Responsible / sustainable corporate governance statement

1.1. Reference code

The Act of 6 April 2010 to strengthen responsible corporate governance in stock-listed companies was published in the Belgian Official Gazette on 23 April 2010. Most of the new obligations introduced by the Act came into effect as of financial year 2011/12. They mainly concern the formation of a Remuneration Committee within the Board of Directors and the provisions regarding the remuneration of directors and senior management.

The Board of Directors decided to adopt the Belgian Corporate Governance Code 2009 as a reference for responsible/sustainable corporate governance within Colruyt Group, as of the publication of the Act. This Code has since been designated as the statutory compulsory reference framework by the Royal Decree of 6 June 2010. The Code and the Royal Decree of 6 June 2010 were published together in the Belgian Official Gazette of 28 June 2010.

In accordance with the 'comply or explain' principle, below we will state where Colruyt Group has departed from the recommendations of the Code during this financial year. Most departures are justified by the fact that the Colruyt family is the main reference shareholder of Colruyt Group. The Colruyt family wants to fully concentrate on guiding all companies of the group and wants to propagate the values on sustainability and sustainable enterprise. In addition, the reference shareholder places stability and long term vision over short term profit.

The **departures** to the recommendations of the Belgian Corporate Governance Code 2009 for stock-listed companies are as follows:

- The Board of Directors is currently composed of two executive directors and seven non-executive directors, two of which are independent directors. The Board of Directors believes that an increase in the number of members must also be coupled with an enrichment in experience and skills, without jeopardising its efficient operation.
- The Board of Directors currently has one female member. The Board of Directors is preparing to ensure that at least one third of the members of the Board are female by the statutory deadline.
- The Board of Directors has appointed an Audit Committee composed of one independent director and two non-executive directors. Based on the current composition of the Board, as well as the various skills that are present, this composition is optimum for the efficient operation of this committee. Because the Sofina company is bound by a shareholder agreement with the Colruyt family, its representative cannot be considered as an 'independent director', and this despite its actual independence with respect to the Colruyt family and the openness to the outside world that arises from the experience of the Sofina holding company, which is active in many diverse sectors and in a number of companies.
- The Board of Directors has not appointed an Appointments Committee. The appointments thus remain the responsibility of the entire Board of Directors. The candidate-directors are proposed to the General Meeting by the entire Board of Directors. Managers are appointed on the proposal of the Chairman of the Directorate, with the approval of the entire Board of Directors. The limited number of directors makes this procedure perfectly possible.
- In line with the long-standing tradition of Colruyt Group, Jef Colruyt is the

Chairman of the Board of Directors (as permanent representative of Korys nv) and Chairman of the Colruyt Group Directorate and the Future Board. This departure from the recommendations of the Belgian Corporate Governance Code for companies listed on the stock exchange is justified in the light of the history of Colruyt Group and the desire of the reference shareholders to entrust the leadership of the Directorate to one of them. If applicable, a strict application of the rules on conflicts of interests protects all shareholders against any form of abuse. In addition, within the Board of Directors the Chairman applies the rule of a unanimous vote for every decision or investment that has substantial consequences for the future of the group.

1.2. Charter

1.2.1. General Meeting

The annual General Meeting of Shareholders takes place on the last Wednesday of the month of September at 16h00 at the registered office. If this day is a public holiday, the meeting will be held on the next working day.

The Board of Directors and the auditor may convene the General Meeting and set the agenda.

The General Meeting must also be convened within a month of the request, written or otherwise, of shareholders who together represent at least 1/5 of the share capital.

All General Meetings are convened in accordance with the law. One or more shareholders who together hold at least 3% of the share capital, and who satisfy the statutory formalities to participate in

the meeting, may have items placed on the agenda of the meeting and submit proposals for decisions. The formalities to have agenda items and proposals registered must take place in accordance with the statutory requirement and must be made known to the company no later than the 22nd day before the meeting.

Each share gives the right to one vote. In order to be admitted to the meeting, before the opening of the meeting each owner of shares must provide proof of his capacity as shareholder by having his shares registered in the books, at the latest on the registration date, and he must also inform the company in writing of his intention to participate in the meeting, at the latest on the sixth day before the date of the meeting.

The shares are either registered shares or dematerialised shares.

The registered shares are registered in the register of shareholders at the company and the dematerialised shares must be registered in an account of a recognised account holder or settlement institution in accordance with article 4:74 of the Companies Code. Shareholders vote in person or through a proxy. The proxy must be designated in accordance with article 20 of the articles of association. Each proxy must have satisfied the conditions to be admitted to the meeting.

Shareholders who satisfy the statutory formalities to be admitted to the meeting, as stipulated in article 20 of the articles of association, may put their questions in writing or electronically to the registered office of the company, as soon as the convocation is published and no later than the sixth day before the start of the meeting. This right to put questions is regulated by article 20bis of the articles of association.

The General Meeting may not deliberate on items that are not on the agenda.

1.2.2. Board of Directors

COMPOSITION

The composition of the Board of Directors is the result of the structure of the share ownership of the company in which family shareholders, with the support of

Sofina NV, are reference shareholders. As turned out in the past, the family shareholders ensure the stability and continuity of the company, and in this way they protect the interests of all shareholders. They choose to propose a limited number of representatives with diverse backgrounds, ample experience and sound knowledge of the company as directors. The directors form a small team with the necessary flexibility and efficiency to be able to adapt to events and opportunities on the market at all times.

There are no rules in the articles of association regarding the appointment of the directors and the renewal of their appointments. The Board of Directors has decided to nominate candidates for terms of no more than four years, which may or may not be renewed.

The General Meeting of Shareholders has the exclusive right to appoint (and immediately dismiss) the directors.

The Board of Directors currently has two executive directors and seven non-executive directors, two of which are independent directors.

The Board of Directors believes that an increase in the number of members must also be coupled with an enrichment in the experience and skills that support the development of the Colruyt Group.

In line with the long-standing tradition of the Colruyt Group, Jef Colruyt is simultaneously the Chairman of the Board of Directors (as permanent representative of Korys NV) and Chairman of the Colruyt Group Directorate and the Future Board. This departure from the recommendations of the Belgian Corporate Governance Code for companies listed on the stock exchange is justified in the light of the history of Colruyt Group and the desire of the reference shareholders to entrust the leadership of the Directorate to one of them.

OPERATION OF THE BOARD OF DIRECTORS

The Board of Directors meets every quarter according to a previously determined schedule. The meetings are always held during the second half of the months of September, November, March and June.

When necessary, interim meetings will be held to discuss specific subjects or to make decisions within specific time frames.

The Board of Directors may only take valid decisions if at least half of the members of the Board are present or represented. All decisions of the Board of Directors are taken by an absolute majority of votes. In the event of a tie, the vote of the Chairman is decisive.

During the quarterly meetings of the Board of Directors, opinions are exchanged and decisions are taken on general strategic, cultural, economic, commercial, financial and accounting issues of the companies that belong to the group. This is done on the basis of a dossier, which, in addition to the consolidated information on Colruyt Group, also contains extensive information on each of the activities belonging to the group and the various companies of them.

Fixed items on the agenda include the discussion and approval of the annual and half yearly results and the publication thereof, the financial outlooks, the investment prospects, the investment dossiers and the discussion of the activity reports per sector belonging to Colruyt Group. The board discusses the findings as discussed in the Audit and Remuneration Committees and decides on their recommendations.

The directors receive their dossier at least five days prior to the meeting.

COMMITTEES WITHIN THE BOARD OF DIRECTORS

Since September 2006, the Board of Directors has had an **Audit Committee** with one independent director and two non-executive directors. This committee works together with the group directorate and the auditor.

Delvaux Transfer B.V.B.A. (for which W. Delvaux acts as permanent representative) sits on the Audit Committee as an independent director in the sense of article 526 of the Belgian Companies Code. Mr W. Delvaux has many years of experience in general management, sits and has sat as an independent director in various other groups.



The members of the Audit Committee have the necessary experience and financial knowledge to be able to properly fulfil their role.

In general the role of the Audit Committee is to supervise the correctness of the quantitative (accounting and financial) information of Colruyt Group for the Board of Directors, the shareholders and third parties from the financial world and to report its findings in this respect to the Board of Directors. The operation of the Audit Committee is considered in point 2 of this Corporate Governance chapter.

The members of the Audit Committee do not receive any special remuneration as a member of this committee.

Since September 2011 the Board of Directors has also had a **Remuneration Committee** with two independent directors and one non-executive director.

The Remuneration Committee fulfils the roles described in article 526quater §5 of the Companies Code regarding the remuneration policy (in the broadest sense) of the directors and members of the Directorate. The Remuneration Committee will also prepare the remuneration report for the Board of Directors each year. After approval by the entire Board this remuneration report is added to the responsible corporate governance statement. The notes to the remuneration report for the General Meeting of Shareholders, as well as the communication of it to the Works Council, also come under the responsibilities of the Remuneration Committee.

The members of the Remuneration Committee do not receive any special remuneration as a member of this committee.

Both the Audit Committee and the Remuneration Committee have fulfilled their role on the basis of the internal regulations that can be consulted on our website colruytgroup.com/financial/shareholdersinfo. At the quarterly meetings of the Board of Directors both committees report on their findings and present their recommendations to the Board for approval. On the basis of an informal evaluation, each year both committees consider their internal operation and report on this to the Board of Directors.

In view of the limited number of members within the Board of Directors, there is currently no Appointments Committee.

REMUNERATION

There is no protocol regarding the performance of the role of director. It is not customary to grant loans or advances to directors. The directors do not receive bonuses or share-related incentive programmes, or benefits in kind or benefits attached to a pension plan.

In their capacity as managers, the executive directors receive the same remuneration elements and benefits as the executive management of Colruyt Group.

The remuneration of directors (individually) and the members of the Directorate (collectively) are published in the remuneration report under point 2.4.

1.2.3. Day-to-day management

Under the Chairmanship of Jef Colruyt, the Colruyt Group Directorate consists of the General Managers of the various activities of the group, together with the Finance Manager, the People & Organization Manager (HR), the Business Processes & Systems Manager, the Customer Communication & Experiences Manager and the Technics, Real Estate & Energy Manager.

The Colruyt Group Directorate determines the general strategy and policy options on a group level and ensures the coordination between the different activities and support services of the group.

The General Future Board consists of all the managers of Colruyt Group. As a consultation and contact platform, it mainly focuses on the long-term development of the group and consults on the common vision and objectives of the group.

The Directorate and Future Board meetings are scheduled at fixed times, every four and eight weeks respectively and are chaired by Jef Colruyt, Chairman of the Directorate.

Every month plateau meetings are held where the general policy lines for retail activities and for support services are developed.

For each sub-activity there are also Future Board and Vision Meetings on specific subjects such as 'sustainable enterprise', 'communication', 'marketing', 'human resources policy', etc.

Furthermore, there are two-weekly/monthly management meetings, chaired by the general managers, with the managers of the different activities and support services. The practical implementation of the chosen policy options takes place here.

The day-to-day management of the company is in the hands of the managing directors Jef Colruyt and Frans Colruyt, who in turn delegate a number of their responsibilities to the General Managers of the banner stores and to the managers of the group services (Finance, People & Organization, Business Processes & Systems, Customer Communication & Experiences and Technics, Real Estate & Energy).

Each manager listed as a member of the Future Board, separately within their departments, is required to ensure compliance with all statutory, regulatory, organisational and contractual provisions and bears responsibility in the event of a breach of them.

With the exception of Jef Colruyt and Frans Colruyt, the members of the Colruyt Group Directorate are bound to their employer by a contract of employment.

1.2.4. Appropriation of profit - dividend policy

On the proposal of the Board of Directors, the General Meeting may decide to entirely or partially allocate the distributable profit to a free reserve or to carry it forward to the following financial year.

The Board of Directors endeavours to at least increase the annual dividend per share in proportion with the increase of the group profit. Although this is not a fixed rule, at least 1/3 of the economic group profit is paid out annually in the form of dividends and bonuses.

Pursuant to the provisions of the company's articles of association, at least 90% of the distributed profit (excluding the

profit participation of the employees) is intended for the shareholders and a maximum of 10% for the directors.

1.2.5. Shareholders / shares

TRANSPARENCY NOTIFICATION

Every shareholder who holds at least 5% of the voting rights must comply with the Act of 2 May 2007 on the disclosure of significant holdings, the Royal Decree of 14 February 2008 and the Companies Code.

The statutory thresholds per 5% bracket apply. The people concerned must send a notification to the Financial Services and Markets Authority (FSMA) and to the company for this purpose.

The most recent transparency notification is always published in the company annual report and on the website colruytgroup.com/financial/shareholdersinfo.

The most recent transparency notification shows there is a reference shareholder group in the share ownership structure. The Colruyt family and the Sofina Group are shareholders that act in concert. These shareholders have also reported that they hold more than 30% of the issued securities with voting rights, and this on the basis of the Act of 1 April 2007 on public offerings.

INSIDE INFORMATION - MEASURES TO PREVENT MARKET ABUSE AND THE USE OF INSIDE INFORMATION

Etablissementen Franz Colruyt NV has drawn up trading regulations in which measures have been taken to prevent market abuse and the use of inside information. These regulations were adapted further to the market abuse regulation (MAR) that came into effect on 3 July 2016.

With regard to transactions for their own account in shares of the company or in derivatives or other financial instruments related thereto by directors and other persons with executive responsibilities, the Board of Directors of Etablissementen Franz Colruyt has drawn up a series of rules regarding the execution of such transactions and the publication of them (hereinafter termed the trading regulations).

The trading regulations apply to the members of the Board of Directors, the members of the Directorate and all key employees of Etablissementen Franz Colruyt NV and its subsidiaries, who have regular or incidental access to inside information pursuant to their position or employment at Colruyt Group, and in connection with their involvement in an operation to which price-sensitive information is attached (hereinafter termed insiders).

It is absolutely forbidden for the insiders of Etablissementen Franz Colruyt NV and its subsidiaries to engage in insider trading or to share this inside information with others.

Etablissementen Franz Colruyt NV has appointed an internal supervisor who is responsible for supervising the compliance with these trading regulations. Unless announced otherwise, the supervisor is the Secretary of the Board of Directors. His tasks include drawing up and maintaining a list of insiders, co-determining the closed and restricted periods, checking the transactions, granting clearing, etc.

In its trading regulations, Etablissementen Franz Colruyt NV has provided a number of periods during which transactions in financial instruments are prohibited. The periods in which no trading of shares may take place are determined by the CFO. In addition, the supervisor has the possibility to insert additional restricted periods during all other periods that are regarded as sensitive, when people have knowledge of sensitive information that has not yet been published. Insiders are regularly alerted to the existence of closed and restricted periods and the statutory and administrative obligations connected to them relating to the abuse or the unlawful distribution of this confidential information.

Outside of the restricted periods, the key employees must inform the supervisor before entering into a transaction in financial instruments of the company. In addition, for members of the Board of Directors and the Directorate, the trading regulations also stipulate the requirement to inform the supervisor before they wish to acquire or alienate financial instruments directly or indirectly. Once the transaction has been concluded, the

directors and the members of the Directorate must also inform the supervisor of this in writing.

All people with executive responsibility within Etablissementen Franz Colruyt NV and/or its subsidiaries and, if applicable, the people who are closely associated with these persons, must inform the Financial Services and Markets Authority (FSMA) about transactions executed in their name (or on their behalf) in shares, derivatives or other related financial instruments of the company. Finally, in accordance with the Act of 2 August 2002 and the Royal Decree of 5 March 2006, Etablissementen Franz Colruyt NV maintains lists of employees or persons who work for it and/or its subsidiaries in the framework of a contract of employment or similar, and who regularly or incidentally have access to inside information in one way or another, due to their involvement in an operation to which price-sensitive information is connected.

Each person whose name is on the list(s) is informed of this and is requested to read and sign the trading regulations. In so doing, they acknowledge that they are aware of their status as an insider and that they account for the related statutory and administrative obligations attached to this inside information.

1.2.6. Information for the shareholders

All useful information for shareholders is published on our website, colruytgroup.com/financial. All stakeholders may register with the company to be automatically informed by e-mail alerts whenever the website is modified or when new financial information is published on the website.



2. Events during the financial year

2.1. Audit Committee

François Gillet, Piet Colruyt (Herbeco NV), non-executive directors and independent director Willy Delvaux (BVBA Delvaux Transfer) are the permanent members of the Audit Committee.

The internal rules of the Audit Committee are published on our website at colruytgroup.com/financial/shareholdersinfo.

Under the chairmanship of François Gillet, the committee held meetings on 10 June 2016, 15 September 2016, 2 December 2016 and 17 March 2017. All members of the Audit Committee were present at each meeting.

On each occasion, the figures in the working document for the meeting of the Board of Directors were examined in detail and explained by the finance department. The auditor also presented his audit of the half-yearly and annual results at each meeting. The Risk Management Cell (internal audit) of Colruyt Group has always drafted a quarterly report for the Audit Committee.

The recommendations and findings of the Audit Committee are a fixed item on the agenda of the meetings of the Board of Directors.

2.2. Remuneration Committee

The Remuneration Committee was formed in September 2011. Astrid De Lathauwer and Willy Delvaux (BVBA Delvaux Transfer), independent directors, and Wim Colruyt, non-executive director, make up the Remuneration Committee.

The Remuneration Committee has published its internal rules on our website colruytgroup.com/financial/shareholdersinfo.

Under the chairmanship of Astrid De Lathauwer, the Remuneration Committee held meetings on 10 June 2016, 16 September 2016, 2 December 2016 and 17 March 2017. The attendance percent-

age at each meeting was 100%, except for the meeting in June 2016 that had an attendance percentage of 67%.

The main objective of the meetings was to describe, formalise and evaluate the general group remuneration policy on the proposal of the Chairman of the Colruyt Group Directorate. The fixed and variable remuneration components of the CEO (Jef Colruyt) and of the COO Retail (Frans Colruyt) were also discussed by the Committee.

The Committee also formulated proposals for the remuneration of the members of the Board of Directors. These activities resulted in the remuneration report that is published in full under item 2.4. The final draft of this report was finalised during the meeting of the Remuneration Committee on 9 June 2017.

The Compensation and Benefits Cell of the People & Organization Department supported the Committee at each meeting.

2.3. Meetings of the Board of Directors

The Board of Directors held four ordinary meetings during this financial year, i.e. on 16 and 17 June 2016, 22 and 23 September 2016, 8 and 9 December 2016 and 23 and 24 March 2017. The main points of the first three meetings were the discussion and development of the performance of the various banner stores and trading activities of the group. The meeting in March 2017 was held in Rochefort-sur-Nenon (Dole, France). The directors were given an overview of the operations in France and met the local management. A few local Colruyt stores were also visited. The meetings in June and December were preceded by a half a day of information on the half-yearly and annual results by the finance department.

The average attendance percentage of the directors during the aforementioned ordinary quarterly meetings can be summarised as follows: in June 2017 89%, in September 2016 100%, in December 2016 97% and in March 2017 100%.

On 13 May 2016 the board held an additional meeting to deliberate and decide on the sale of the French Pro à Pro activities to the German Metro Group. The average attendance percentage during this additional meeting was 89%.

Save for the remuneration and variable pay of Jef Colruyt and Frans Colruyt, no other situations of possible conflicts of interest were reported by the directors. The fixed remuneration and variable remuneration of Jef Colruyt and Frans Colruyt were discussed and finalised by the Remuneration Committee and approved by the Board of Directors, each time in the absence of the two persons concerned who did not participate in the deliberations or the decision. The result of these decisions is described in the Remuneration Report.

Last financial year the Board of Directors assessed the achievements of the various business activities against the ambitions and objectives of the strategic plan of Colruyt Group. Furthermore, in the light of the mission and values of the group, during all meetings the Board evaluated the internal cooperation but also the interactions with the Audit and Remuneration Committee on a permanent basis.

2.4. Remuneration report for financial year 2016/17

Introduction

The Remuneration Committee made recommendations regarding the level of the remuneration of directors, including the Chairman of the Board of Directors. These recommendations are subject to approval by the entire Board of Directors and subsequently by the General Meeting.

The Remuneration Committee has submitted recommendations to the Board of Directors for approval regarding the remuneration of the CEO and, on the recommendation of the Chairman of the Directorate, with regard to the other members of the Directorate.

Information on the general principles of the remuneration policy

DIRECTORS

The Remuneration Committee has chosen to pay out a fixed remuneration (emoluments) for the position of director, irrespective of the number of meetings of the Board of Directors or one of its committees.

DIRECTORATE

A basic principle of the remuneration of the members of the Directorate is the application of a fair basic salary that is in line with the practices of a relevant basket of companies, and a variable remuneration depending on the company and individual results. This remuneration is supplemented with a group insurance policy, a disability insurance and hospitalisation insurance on market terms. The remuneration package is supplemented by a company car and a fixed expense allowance. The companies whose remuneration practices are consulted include large Belgian companies and foreign companies with significant operations in Belgium, and which are sufficiently comparable to Colruyt Group in terms of size and complexity.

Another basic principle of the remuneration of the members of the Directorate, who are currently all based in Belgium, is the application of a number of principles that apply to all members of the group in Belgium ⁽¹⁾. For instance, they all receive a profit share as stipulated in the Act on participation in the profit and capital of the company of 22 May 2001 (the Profit Share Plan), as well as a bonus relating to non-recurring results as stipulated in the Act of 21 December 2007.

Finally, the remuneration of the members of the Directorate is composed in such a way to enable the group to guarantee the recruitment and retention of competent Directorate members.

⁽¹⁾ One member of the Directorate had a "split-pay" scheme up to 31 August 2016 in accordance with the division of his responsibilities and activities between Belgium and France.

Information on the remuneration of the members of the Board of Directors

EMOLUMENTS

All directors of the group receive emoluments as payment for their appointments. In financial year 2015/16 the emoluments were reduced by EUR 5.000 as a result of the Settlement with the Investigation Service of the Belgian Competition Authority of EUR 31,6 million. On the advice of the Remuneration Committee the Board of Directors decided to increase the emoluments for directors for financial year 2016/17 by EUR 5.000 per director on an annual basis so that this payment returns to the level of what was paid in financial year 2014/15.

In financial year 2016/17 the members of the Board of Directors received the following emoluments:

EMOLUMENTS RECEIVED IN 2016/17 ⁽²⁾

Korys ⁽³⁾	273.000 EUR
Herbeco	91.000 EUR
Farik	91.000 EUR
François Gillet	91.000 EUR
Jef Colruyt	91.000 EUR
Frans Colruyt	91.000 EUR
Wim Colruyt	91.000 EUR
Willy Delvaux (BVBA Delvaux Transfer, independent director)	91.000 EUR
Astrid De Lathauwer (independent director)	91.000 EUR

⁽²⁾ Gross amounts on an annual basis.

⁽³⁾ Korys NV, who together with the other family companies controls 51,95% of the shares in mutual deliberation, takes on the role of Chairman of the Board of Directors, with Jef Colruyt as permanent representative.

Information on the composition of the variable remuneration of the Chairman of the Directorate and of the other members of the Directorate

The CEO acts as Chairman of the Directorate. For the CEO the target variable remuneration is 85% of the basic salary.

For the other members of the Directorate the target variable remuneration is:

- 75% of the basic salary for the COO of the retail activities
- Half of the basic salary for the other

members of the Directorate. The full variable remuneration is a maximum of 1.75 times the target variable remuneration.

The variable remuneration of the members of the Directorate does not comprise any remuneration based on shares. In this way, the Board of Directors aims to prevent any motivation for speculative behaviour.

A part of the variable remuneration of the members of the Directorate consists of the profit share granted to them on the basis of the profit share plan that applies for the financial year concerned. This is paid out in cash or shares, without discount, according to the choice of the member of the Directorate. In financial year 2016/17, 216 shares were acquired via the profit share plan.

For the next two financial years no radical changes are expected in the remuneration policy compared to the reported financial year.

There is no arrangement regarding a reclaim right in favour of the company for variable remuneration allocated on the basis of incorrect financial data.

70% of the variable remuneration of the CEO and the other members of the Directorate is determined by collective criteria based on the operating profit of Colruyt Group. The remaining 30% of this variable remuneration is determined by individual criteria, with in particular:

- Participation in the mission and vision creation of the group
- Determining and implementing strategy
- Development of potential
- Supporting and stimulating the company culture
- Other qualitative criteria such as the working atmosphere, staff turnover, team building, the readiness of staff to help, prevention policy regarding accidents at work, etc.

The individual performance criteria are set individually during an annual consultation with the Chairman of the Directorate. In the event of exceptional performance by one or more members of the Directorate, the Chairman of the Directorate may draw into an extra



budget over and above the above-mentioned variable pay.

If the Directorate member has realised less than half of the individual performance criteria, a maximum of half of the collective variable pay may be allocated, but no individual variable pay will be allocated.

If the Directorate member has realised half of the individual performance criteria:

- A maximum of half of the collective variable pay can be allocated.
- Half of the variable pay arising from the realisation of the individual performance criteria can be allocated.

If the Directorate member has realised more than half of the individual performance criteria:

- The collective variable pay can be allocated to 100%.
- The variable pay arising from the realisation of the individual performance criteria can only be allocated pro rata to the criteria achieved.

If the EBIT of the group falls below a certain threshold then, on the recommendation of the Board of Directors, absolutely no variable remuneration is paid out.

The CEO and the members of the Directorate are evaluated annually, in the course of the first months following the end of the financial year. This evaluation not only relates to the previous financial year, but also includes an evaluation of the individual performance objectives over the least three years.

The Extraordinary General Meeting of 13 October 2011 decided to make use of the authorisation provided by article 520ter of the Companies Code and expressly decided not to apply the provision regarding the permanent acquisition of shares and share options, as well as not to apply the provision regarding the staged payment of the variable remuneration to all persons who come under the application of these provisions. To this end, article 13 of the articles of association has been amended. The

company will therefore not be bound by the restrictions stipulated by article 520ter of the Companies Code regarding the staged payment of the variable remuneration to executive management.

Information on the total remuneration of the Chairman of the Directorate and of other members of the Directorate

CEO (CHAIRMAN OF THE DIRECTORATE)
The remuneration paid directly or indirectly to the CEO comprised in financial year 2016/17:

Basic salary	623.580 EUR
Variable remuneration in cash	580.355 EUR
Contributions paid for group insurance	112.244 EUR
Other components	7.920 EUR
Total	1.324.099 EUR

The variable remuneration in cash for services in financial year 2015/16 and paid in financial year 2016/17 to the CEO remained stable in proportion to the variable remuneration in cash paid in financial year 2015/16.

OTHER MEMBERS OF THE DIRECTORATE

The remuneration paid directly or indirectly to the other members of the Directorate comprised overall, in financial year 2016/17:

Basic salary	2.197.189 EUR
Variable remuneration in cash	1.332.013 EUR
Contributions paid for group insurance	287.877 EUR
Other components	29.496 EUR
Total	3.846.575 EUR

These figures show the remuneration in gross amounts for a complete financial year. Compared to the previous year, two managers left the Directorate during the financial year, three new managers became members of the Directorate. The remuneration of the new members of the Directorate was charged pro rata.

The variable remuneration comprises payment for services for the group during the financial year 2015/16. Except for Frans Colruyt, COO Retail, all members of the Directorate included in the above overview are wage earners. Social security

contributions are paid on their gross salaries by Colruyt Group.

The Board of Directors has chosen not to grant any remuneration based on shares, except for those that the members of the Directorate may acquire under the Profit Share Plan. The value of the shares granted to the members of the Directorate under the Profit Share Plan is also included in the above calculation. These shares are frozen for a period of two years.

Information on severance payments

The members of the Directorate do not have an individual contractual claim on Colruyt Group regarding their severance payment.

3. Risk management and internal control

3.1. General

In accordance with its mission, Colruyt Group aims to conduct a policy of "sustainable enterprise". In practice, this policy is converted into the strategic and operational objectives of the group and of each division within the group. The group is exposed to a number of operating risks in the context of its normal business operations that could result in the aforementioned objectives being affected or not being achieved. Controlling these risks is a core task of each member of the Directorate, and this within his/her area of responsibility. In order to support the Directorate in dealing with this responsibility, the group has set up a set of risk management systems with the aim of providing reasonable certainty in the following areas:

- Realisation of the strategic and operational objectives
- Effectiveness and efficiency of the business processes
- Reliability of the financial reporting
- Compliance with the applicable laws and regulations.

The most important characteristics of these systems as well as the most relevant risks for the group are discussed in this section of the annual report.

The principles of the COSO reference framework have served as a source of inspiration for the group in setting up these risk management systems.

3.2. Components of the risk management systems and internal control systems

3.2.1. Management environment

The management environment of the group forms the basis for all other components of the risk management systems and is mainly represented by the company culture. The uniqueness of this is based on a number of pillars such as our group mission, values, employees and or-

ganisational structure, which are attuned to one another (the 'organisation model' of the group) and which help risks and risk management to be consciously dealt with in the context of 'professionalism' and 'entrepreneurship' when weighing up opportunities and making decisions. In this context, we also refer to the 'Who are we?' section of this annual report in which the mission and values of the group are set out in detail.

In concrete terms, the management environment of the group includes the following elements:

- Propagating and experiencing the group values (value immersion), policy frameworks and codes of conduct
- The management style and exemplary role of management,
- A culture of cost efficiency,
- Establishing delegation and responsibilities ('decision matrix' and 'responsibilities table')
- Ensuring the expertise of our employees (job descriptions, selection process, competence management through development interviews and training plans).

The pillars of the management environment are currently being further elaborated and strengthened in the context of a programme of 14 strategic themes that was launched in 2015 as a component of the group strategy.

3.2.2. Risk management process

3.2.2.1. BACKGROUND AND OBJECTIVE

Colruyt Group has developed a number of umbrella processes for structured and systematic risk management that are based on the principles of Enterprise Risk Management (ERM). This initiative is being carried out under the project name 'Coris' (Colruyt Group Risk Management) and its objective is to increase the risk awareness of all employees and to draw up an inventory of the risks that we are exposed to in order to then control them. We wish to encourage our employees to take controlled risks, as entrepreneurship

is based on taking risks. To this end, all supervisors and employees concerned take the Coris training sessions. All activities of the group have gone through the Coris process as described below, and this is updated on a regular basis.

3.2.2.2. PROCESS AND METHODOLOGY

The whole group is divided into 25 domains. Each domain must go through the following process steps in a structured manner: risk identification, risk analysis, risk evaluation, risk response (set up additional management measures if necessary), monitoring and adjustment. This process is managed by the Directorate and coordinated and facilitated by the Risk Management Cell, which reports on this to the Directorate, and to the Board of Directors via the Audit Committee.

The most important risks relating to the operations of Colruyt Group are specified in a risk universe that is divided into five categories:

- Strategic risks: such as market dynamics, governance, planning and the allocation of resources, important initiatives, acquisitions and communication.
- Operational risks: these include marketing and sales, purchasing, stocks and production, human resources and organisation, information technology, fixed assets and theft.
- Financial risks: these concern the risks attached to the financial markets (interest rates, currencies, commodities), liquidity and loans, capital structure, accounting and financial reporting.
- Legal risks: codes of conduct (ethics, fraud), legal risks, and legislation.
- Risks of force majeure: natural disasters, fire, terrorist acts and power failures.

In order to allocate a risk score to the identified risks in a consistent manner, scales have been developed for 'probability' on the one hand, and 'impact' on the other. The impact scale is based on the risk appetite that is determined by the Board of Directors for the group. A risk matrix is drawn up for each group



domain based on the risk scores, whereby risks are classified as high, moderate or low. A risk response is provided for the high risks: this is an action plan to bring the risk score below the tolerance limits. The high and moderate risks are also monitored.

All risks are recorded in the risk register of the domain concerned, with a specification of the risk tolerance and the relevant KRI's (Key Risk Indicators). Furthermore, each risk is allocated to a risk owner who is responsible for setting up and implementing action plans (if necessary) and for the monitoring and follow-up of his/her risks. A risk coordinator is appointed for each domain who administers and monitors the risk register and who keeps risk management active within the domain.

The members of the Directorate have added risk management as an explicit chapter in their periodic activity report.

3.2.3. Measures regarding risk management and internal control

3.2.3.1. GENERAL: PROCESS AND SYSTEM APPROACH

Risks are provided with a risk response through management measures and internal controls that have been built into processes and systems. For new processes and systems, this is done at the time of design and development. With regard to existing processes and systems, newly occurring risks are controlled through the introduction of additional measures and internal controls (process and system optimisation). The Business Processes & Systems Department supports the design and optimisation of processes and systems and thus also the integration of management measures and internal controls in them, while the process managers are the risk owners and thus bear the final responsibility for their process being 'under control'.

3.2.3.2. MOST IMPORTANT RISKS AND MANAGEMENT MEASURES OF COLRUYT GROUP

3.2.3.2.1. Strategic risks

- *Risks relating to market dynamics*
An important strategic risk of the group is the development of consumer spend-

ing and cost inflation. As Colruyt Lowest Prices wants to guarantee the lowest prices on the market for the consumer, the actions of competitors can affect the profitability of the group. Therefore, where possible the group continually endeavours to review its cost structure and introduce efficiency improvements.

• *Risks relating to expansion*

The group is committed to a growth strategy that includes growth through acquisitions and organic growth. The success of this growth thus also depends on the extent to which the group is able to make acquisitions that it is able to integrate successfully in its existing operations. In the event of cross-border acquisitions, the group is also exposed to the economic, social and political risks attached to operating in these countries. The group strives to mitigate the aforementioned acquisition risks as much as possible through a formalised acquisition process, including robust due diligence activities.

3.2.3.2.2. Operational risks

• *Supply risk (supply chain)*

The continuous supply of the distribution centres and stores of the group is of vital importance to be able to realise our results objectives. In order to reduce the supply chain risks, the group aims for a transparent relationship with all of its suppliers. Moreover, no single supplier has a dominant position that could jeopardise the supply process. Finally, scarcity problems or supply problems can be absorbed within the network of the purchasing group, AgeCore. In order to prevent the supply chain risk as much as possible, the group aims for long term contracts with its suppliers. The non-availability or inaccessibility of the distribution centres can also have an important impact on the continuity of our activities. With regard to this risk, the group has provided the necessary continuity programmes and contingency measures.

• *HR-related risks*

The group has trade union representation in most of its operations in Belgium and France. A positive and constructive social climate contributes to the growth and development of the company. Industrial action within or outside our organisation can have a

negative effect on the continuity of the activities of the group, in the sense that deliveries, sales, production or support services can be temporarily disrupted. Colruyt Group endeavours to minimise this risk by conducting a strategy of open and transparent communication with all employees and by entering into a constructive dialogue - including listening - with all social partners.

• *Information technology risk*

The group depends on its IT systems to a great extent, i.e. infrastructure, networks, operating systems, applications and databases. Although these systems are maintained by a team of experienced specialists, the failure of them, even for just one day, could result in an immediate loss of revenue for the group. The group endeavours to safeguard the continuity of the data processing through various mirror and backup systems, continuity plans and contingency scenarios.

3.2.3.2.3. Financial risks

• *Financial reporting*

The risk management systems and internal control systems with regard to the financial reporting process are described in detail in paragraph 3.3. below.

• *Currency, interest rate, credit and liquidity risks*

In view of the nature and structure of its activities, the group is only exposed to these financial risks to a limited extent, with the exception of the credit risk. These financial risks are described in more detail in the Notes to the consolidated financial statements in the chapter 'Risks relating to financial instruments'.

3.2.3.2.4. Legal risks

• *Risks relating to product liability*

The production, packaging and selling of food products and other goods for resale can entail risks of product liability, obligations to take back and/or replace goods. Products can be soiled, infected or defective or can contain foreign objects and nevertheless be distributed by the group unintentionally. As a result, the group can be exposed to claims relating to product liability. Even if the product liability claims are not successful, the group could suffer as a result of this due to the impact on

its reputation that such a claim could have. The group has taken out insurance policies to insure itself against the risks of product liability and recalls. The group itself is also active in the area of food safety and carries out extensive quality audits on products intended for sale and develops programmes together with its suppliers to permanently monitor the quality. As far as non-food articles are concerned, the group requires its suppliers to adhere to the pre-agreed return and/or replacement obligations.

• *Risks relating to environmental liability*

In general, the group can always be held liable for repairing accidental damage to the environment, regardless of whether this environmental damage was caused by the group or by a previous owner or tenant. The group has taken out insurance policies for this type of risk. As far as its petrol station operations are concerned, the group complies with the statutory inspection obligations and it also carries out additional inspections to detect pollution in good time. A decontamination plan is immediately drawn up for pollution that is found.

• *Regulatory risks*

The group is subject to the applicable laws and regulations of every country in which it operates, as well as to the laws and regulations imposed by the European Union. As a result of its listing on Euronext Brussels, the group is subject to Belgian and European corporate governance laws that apply to stock-listed companies. The group strives to respect its statutory obligations. Due to changing laws and regulations, the group may have to invest further in its administrative or other processes, whenever the legal framework changes.

Changes in the regulations in a country or region where the group operates can have an impact on the results of Colruyt Group. To the extent possible, the group endeavours to accommodate changes in a proactive manner, in other words, by adopting an innovative and progressive approach. The best example of this approach is environmental legislation, where possible stricter emission controls have already been accommodated by proactive investments in solar energy

and wind energy. Furthermore, changes in tax laws can affect the profit made by the group, both positively and negatively.

In order to keep the regulatory risks under control, the group has set up the necessary competence centres and compliance activities.

• *Competition*

Since 2007, a number of new and specific control measures have been developed and implemented in order to monitor the compliance of the group with the competition regulations.

• *Health and safety risks*

The risks relating to industrial accidents and obligations regarding personnel are covered by insurance policies with external insurers. Furthermore, the group strives to prevent health and safety incidents as much as possible through extensive safety and prevention programmes.

• *Risks relating to bribery and corruption*

Given the business model, the group is exposed to bribery and corruption risks, mainly relating to purchasing. The most important pillar to control this risk is the company culture and values, as set out above in paragraph 3.2.1. Furthermore, specific internal control measures have been set up such as the ethics charter that has to be signed by every buyer of the group upon being taken on, and in which express directives are stipulated with respect to gifts and hospitality benefits, the screening of suppliers in high-risk countries, the job rotation of buyers, the division of tasks regarding the different steps of the purchasing process and the centralisation and application of the four-eyes principle with regard to the outgoing payment traffic. The conditions of employment of the group also deal with the codes of conduct that the employees must respect.

3.2.3.2.5. Risks of force majeure

• *Fire, natural disasters, terrorism, malicious acts*

The group manages these insurable risks through a combination of external insurance and own cover. The group bases its decisions on its safety and prevention programmes and the cost

of external cover. External insurance is used when available at a reasonable price on the insurance market or when insurance policies are mandatory. The group also makes use of its reinsurance company, Locré, which is a wholly-owned subsidiary. The objective of this reinsurance programme is to provide permanent flexibility in its risk programme and to optimise the costs thereof according to the risks. The group seeks to prevent damage to buildings and interruptions to operations due to fire, explosions or other hazards as much as possible through fire safety and prevention programmes.

• *Blackouts and power failures*

The detrimental consequences of these risks are covered by insurance policies. In addition, the group has a number of continuity programmes and contingency plans and means (such as mobile power and cooling units) in the event of an incident occurring.

3.2.4. Information and communication

In order to enable employees at different hierarchical levels of the group to perform their jobs properly and to assume their responsibilities, the group has extensive and intensive information and communication flows. This ranges from transactional data, which is used to support the completion of individual transactions, to operational and financial information with regard to the performance of processes and activities, and this from a department level to a group level. The general principle that applies here is that employees receive the information they need to perform their work, while supervisors receive information regarding the elements on which they have an impact. The main control information concerns cockpit reporting over the realisation versus expectation of the most important financial and operational KPI's:

- Financial scorecards: revenue, gross profit, wage costs, other direct and indirect costs and depreciation, EBIT and EBITDA;
- Operational reporting: detailed reporting on revenue, gross profit, wage costs, store contribution, store productivity;
- Project reporting for the purpose of project monitoring.



3.2.5. Monitoring

The monitoring involves the surveillance of the effective functioning of the risk management systems.

The Board of Directors supervises the proper functioning of the risk management systems through the Audit Committee. To this end, the Audit Committee also makes use of the information provided by the external auditors. Furthermore, the Audit Committee is in contact with the Risk Management Cell (internal audit) on a quarterly basis when the activities performed by this Cell and their results are reported, and if necessary the planning is adjusted by the Audit Committee.

Both external audit and risk management assess the organisation and functioning of the internal controls contained in the processes and systems, and this from their respective perspectives: for external audit it concerns the certification of the group financial statements, for risk management the emphasis lies more on controlling the process risks and the possible negative consequences of these risks.

The day-to-day monitoring is done by management itself based on supervision, analysis and monitoring of the information mentioned in the previous paragraph, the monitoring of exception reports and the monitoring in the context of the Coris programme (KRI's). If necessary, corrective measures are initiated. Generally, the process manager is the one who does these monitoring activities. In this respect the business analysts fulfil a reporting and advisory role with respect to the operational managers.

3.3. Risk management and internal control regarding the financial reporting

The late or incorrect reporting of financial figures can have a considerable impact on the reputation of Colruyt Group. In order to ensure the quality and timeliness of the produced and reported financial figures, the group has introduced the following management measures and internal controls:

3.3.1. Closing process

While the accounts are closed on a monthly basis, mainly for the management reporting, the group financial figures are consolidated four times per year based on a formalised closing process. This process specifies the various process steps and the timeline for each step, the figures and other information to be supplied, as well as the roles and responsibilities of and the interaction between the different parties in the process. The process is monitored by a closing coordinator, who is not further involved in the process himself. At the end of each closure, the process is evaluated and adjusted if necessary. During the half-yearly and annual closure, the process also provides for coordination with external auditors at regular points in time. To support the closing process, a reporting manual has been prepared and introduced and an IFRS competence cell has been set up.

3.3.2. Monitoring the quality of the figures supplied

The closing process goes through different departments such as Accounting, Financial Controlling, Consolidation and Investor Relations, with these last two being for the purpose of providing information to the Board of Directors. Each department carries out quality controls in functional separation, both with regard to the figures obtained from the previous process step and with regard to the figures that they produce themselves. These quality controls mainly concern links (for example with the various ledgers), reconciliations (for example of accounts), alignment of financial reporting with management and operational reporting, variance analyses and validation rules (for example of consolidation flows and balances). At the end of the closing process, the consolidated figures are analysed with respect to previous periods and the fluctuations must be substantiated. Furthermore, the realised financial results are checked against the expectations in this respect. For the figures to be published, the printer's proofs are geared to the system figures provided. Finally, there is a final check for validation by the financial management.

3.3.3. Communication of financial reporting

In order to communicate and publish information as transparently as possible, Colruyt Group publishes financial press releases on pre-agreed dates. Moreover, the communication efforts of management are also given shape in road shows and regular telephone contacts, as well as actual visits by and with investors and analysts. Finally, more than 20 analysts publish reports with financial information about Colruyt Group at regular points in time.

SHARE OWNERSHIP - COLRUYT SHARES

Calendar for the shareholders

13/09/2017	Registration date for deposition of shares for participation in the annual General Meeting of Shareholders
27/09/2017 (16h00)	General Meeting of Shareholders for the financial year 2016/17
	Dividend (coupon 7)
29/09/2017	Ex-date (detachment of the coupons)
02/10/2017	Record date (centralisation of the coupons)
03/10/2017	Payability
13/10/2017	Certificates relating to the exemption from or reduction of withholding tax on dividends must be in our possession
09/10/2017	Extraordinary General Meeting Capital increase Etn. Fr. Colruyt NV reserved for employees of Colruyt Group (art. 609 Companies Code)
12/12/2017 (17h45)	Publication of consolidated information on the first semester of the financial year 2017/18
13/12/2017	Information meeting for financial analysts
19/06/2018 (17h45)	Publication of consolidated annual financial information of the financial year 2017/18
20/06/2018	Information meeting for financial analysts
31/07/2018	Publication of the annual report of the financial year 2017/18
26/09/2018 (16h00)	General Meeting of Shareholders of the financial year 2017/18

1. Dividend of the financial year 2016/17 ⁽¹⁾

The Board of Directors endeavours to increase the annual dividend per share in proportion to the increase of the group profit. The Board of Directors consequently proposes granting a gross dividend of EUR 1,18 to the shares of Etn. Fr. Colruyt NV participating in the profit of financial year 2016/17. Of the gross dividend of EUR 1,18, the shareholders will receive a net amount of EUR 0,826 after deduction of 30% withholding tax on income from securities.

A withholding tax is due on income from securities such as dividends and interest. Originally the rate for dividends was 15% and then 21%. With the Programme Law of 27/12/2012 the tax rate for the withholding tax was set at 25% as of 01/01/2013. Within the framework of the '2016 tax shift' the Belgian government decided to increase the withholding tax on dividends from 25% to 27% as of 1/1/2016.

In the framework of the federal policy declaration, at the end of 2016 it was

decided to again increase the standard rate of withholding tax on income from securities from 27% to 30% for dividends and interest allocated or payable as of 1/1/2017. For foreign shareholders the amount of the net dividend can differ, depending on the applicable double taxation treaties between Belgium and the various countries. The necessary certificates must be in our possession by 13 October 2017 at the latest.

The dividend of financial year 2016/2017 will be made payable as of 3 October 2017 against submission of coupon No. 7 at the counters of the financial institutions. BNP Paribas Fortis Bank will act as the payment institution (Principal Paying Agent) of the dividends.

Since the stock market flotation in 1976 the Colruyt share has been split a number of times. The last split dates from 15 October 2010 when the share was divided by five. Since 15 October 2010 only the shares with ISIN code BE0974256852 have been listed on Euronext Brussels. Referring to the Act of 14 December 2005 abolishing bearer securities, and as amended by the Act of 21 December 2013, on 24 March 2015 Colruyt sold its

remaining bearer shares (in total 28.395 shares) on the regulated market of Euronext Brussels.

People who are still in possession of old paper Colruyt shares and who can demonstrate their capacity as shareholder of these documents, can obtain the exchange value in cash from the Deposit and Consignment Office since 1 January 2016. For any collection of dividends on these (sold) paper shares (with attached coupons) they can gain assistance from the issuer.

2. Stability allowance for the reference shareholders ⁽¹⁾

The Board of Directors believes that the stability and continuity in the reference share ownership of the legal entities Korys NV and Sofina SA is of essential importance for conducting a sustainable common policy with respect to the company. Hence the Board of Directors proposes granting the following stability allowance – in the form of a bonus – to the current reference shareholders through the directors who represent them in the Board of Directors, namely Korys NV and François Gillet for Sofina SA ⁽²⁾.



**Stability allowance
reference shareholders**

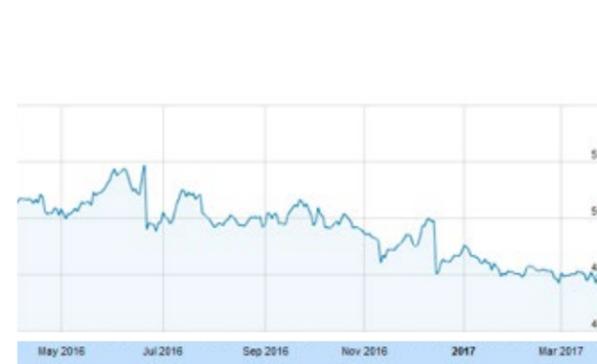
Financial year 2016/17	
Korys NV	2.907.501 EUR
François Gillet ⁽²⁾	912.186 EUR

This bonus bears no relationship to the performance of the permanent representatives or other representatives of the reference shareholders concerned in their capacity as director or in any other capacity.

(1) Subject to the approval of the General Meeting of Shareholders of 27 September 2017.
(2) The allowance to François Gillet, presented as director by the reference shareholder Sofina SA, is paid to Sofina SA.

Information Colruyt share

Market listing:	
Euronext Brussels (since 1976)	
Member of Bel20 index	
Share ticker	COLR
ISIN code	BE0974256852

Development of the share price over the previous financial year

Bron: euronext.com

Development of the share price compared to Bel20 over the last 5 financial years

● Colruyt ● Bel 20

3. Overview of Etn. Fr. Colruyt NV shares

Number of shares	2016/17	2015/16
Ordinary	149.935.894	149.609.386
Shares participating in the profit	149.935.894	149.609.386
Treasury shares	4.300.386	2.243.808
Shares held by subsidiaries	0	0
Balance profit-participating shares on 1 June ⁽¹⁾	145.635.508	147.365.578

Data per share (in EUR) on the closing date of the reporting period (31 March)

Gross dividend	1,18	1,12
Net dividend/ordinary share	0,826	0,8176
Profit	2,60	2,49
Calculation base (weighted average on 31/03) ⁽²⁾	146.729.840 shares	147.004.025 shares

Market price in Brussels (in EUR)

Market price on 31/3	46,02	51,20
Highest price of the financial year (closing price)	54,72	51,32
Lowest price of the financial year (closing price)	44,27	39,685
Market value on 31/3 (in EUR million)	6.900,05	7.660,00

(1) Situation on 01/06/2017 and 01/06/2016 respectively.

(2) Calculated on the basis of the number of shares participating in the profit, after deduction of the profit-sharing shares owned by the company and the subsidiaries.

4. Purchase of treasury shares

For several years, the Extraordinary General Meeting of Shareholders has granted the authorisation to the Board of Directors of Etn. Fr. Colruyt N.V. to acquire treasury shares. These acquisitions of shares take place in accordance with article 620 of the Companies Code, as well as in accordance with articles 205 to 207 of the Royal Decree of 30 January 2001.

The Extraordinary General Meeting of Shareholders of 14 October 2014 decided to renew the aforementioned authorisation of the Board of Directors for a period of five years.

The Board of Directors has already made use of the authorisation granted to it several times by acquiring treasury shares on the stock exchange via financial institutions. The Board of Directors authorises the Chairman and the CFO of the company within which execution terms the treasury shares can be purchased.

In accordance with article 207 of the Royal Decree of 30 January 2001, information on the purchasing operations performed is reported to the Financial Services and Markets authority (FSMA), at the latest on the seventh stock exchange day following the date of the operation, and is simultaneously published by the company through a press release on our website colruytgroup.com.

Last financial year the Board of Directors made use of the authorisation granted to it and 2.096.447 treasury shares were purchased.

On 31 March 2017 Etn. Fr. Colruyt NV held 4.300.386 treasury shares. They represented 2,87% of the total number of issued shares (149.935.894) at the end of the reporting period. For the treasury share situation on 1 June 2017 refer to the table below.

Under the suspensive condition of approval by the General Meeting, 32.104 treasury shares will be given to the employees who wish to obtain their 2016/2017 profit share in the form of shares.

In accordance with article 622, par. 1 of the Companies Code, the Board of Directors decided that the dividend rights attached to the shares or certificates that are held by Etn. Fr. Colruyt NV are continuously suspended and lapse for the period that they are held. Consequently, no dividends are paid and the voting rights attached to these shares are also suspended.

Overview of purchase of treasury shares

During the reporting period	2016/17
Treasury shares held at the start of the reporting period (01/04/2016)	+ 2.243.808
Allocated to employees for 2015/16 profit participation, dd. 30/09/2016	-39.869
Purchased in 2016/17	2.096.447
Cancellation of treasury shares	0
Total treasury shares held at the end of the reporting period (31/03/2017)	4.300.386

After the reporting period	
Purchase of treasury shares in the period from 01/04/2017 to 01/06/2017	0
Total treasury shares in our possession on 01/06/2017	4.300.386

5. Structure of the share ownership of Etn. Fr. Colruyt N.V. according to the latest transparency notification of 19/12/2016

Pursuant to the Act of 2 May 2007 and the Royal Decree of 14 February 2008 (publication of significant holdings in companies listed on the stock exchange), on 19 December 2016 we received an updated notification of holdings from the Colruyt family and relatives by marriage, Sofina Group and Colruyt Group.

On 19/12/2016 the shareholders acting in mutual deliberation (Colruyt Family and relatives by marriage, Sofina Group and Colruyt Group) together exceeded the notification threshold of 60%.

The new denominator of 149.935.894 shares takes account of the capital

increase reserved for employees, for which 326.508 new shares were issued on 15/12/2016.

The company has no knowledge of other agreements between shareholders. The statutory thresholds per 5% bracket apply.

After the end of the financial year we received the following notifications or changes:

- On 21 April 2017 the company name DHAM NV changed to Korys Investments NV.
- On 4 May 2017 Rebelco NV merged with Sofina NV.

Transparency notification of 19/12/2016**I. COLRUYT FAMILY AND RELATIVES**

	Number	%
1. Stichting Administratie-kantoor Cozin	0	0,00
2. Colruyt family	9.100.208	6,07
3. Korys NV	68.569.298	45,73
4. DHAM NV (1)	0	0,00
5. ANIMA NV	1	0,00
6. HERBECO NV	1	0,00
7. FARIK NV	1	0,00
8. Stiftung Pro Creatura	149.605	0,10
9. Impact Capital NV	70.000	0,05

TOTAL COLRUYT FAMILY ACTING IN DELIBERATION	77.889.114	51,95
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II. COLRUYT GROUP

	Number	%
Etn. Fr. Colruyt N.V. (treasury shares purchased)	4.300.386	2,87
TOTAL COLRUYT GROUP	4.300.386	2,87

III. SOFINA GROUP

	Number	%
Rebelco N.V. (2)	7.780.000	5,19
TOTAL SOFINA GROUP	7.780.000	5,19

TOTAL COLRUYT FAMILY, COLRUYT GROUP AND SOFINA GROUP ACTING IN DELIBERATION	89.969.500	60,01
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Denominator: 149.935.894 (situation on 15/12/2016)



Chain of controlled companies:

- Etablissements Fr. Colruyt NV is controlled by Korys NV which in turn is controlled by Stichting Administratiekantoor Cozin.
- Korys NV is controlled by Stichting Administratiekantoor Cozin.
- DHAM NV is controlled by Korys NV which in turn is controlled by Stichting Administratiekantoor Cozin. On 21 April 2017 DHAM NV was renamed to Korys Investments NV (1).
- Stiftung Pro Creatura, foundation under Swiss law and Impact Capital NV, are controlled by natural persons (who directly or indirectly hold less than 3% of the securities with voting right of the Company).
- Rebelco NV is a 100% subsidiary of Sofina NV. On 4 May 2017 Rebelco NV merged with Sofina NV (2).

6. Notice of an agreement of mutual deliberation (art. 74 Act of 1 April 2007)

The same parties also have an agreement of mutual deliberation in the sense of art. 74 of the Act of 1 April 2007 on public takeover bids, notified to the company and to the Financial Services and Markets Authority (FSMA). KORYS NV sent an update of the holdings to the company and to the FSMA on 29 August 2016 on behalf of all parties acting in mutual deliberation.

On 29 August 2016, the number of shares involved in the mutual consultation amounted to 87.618.729 or 58,56% of the total number of outstanding Colruyt shares on that date (149.609.386).

According to the law an update of the holdings concerned must be reported once per year at the end of August. The full letter is available on our website, colruytgroup.com/financial.

7. Ethibel



Since 20/03/2017 Etn. Fr. Colruyt NV has been reconfirmed as a component of the Ethibel Sustainability Index (ESI) Excellence Europe.

The Ethibel Sustainability Index (ESI) Europe consists of 200 shares of European companies that are included in the Russell Global Index and all are top performers in corporate social responsibility (CSR). The composition of the index is evaluated twice per year. That Colruyt has been selected by the Forum Ethibel shows that the company performs strongly in its sector with regard to corporate social responsibility (CSR) and that it preserves a balance between economic progress, environmental protection and social justice.

The selection by Forum Ethibel is largely done on the basis of research by the European rating agency, VigeoEiris (www.vigeo-eiris.com), which is responsible for the collection and processing of the data, the analysis of the results and the industrial benchmarking.

Forum ETHIBEL is an independent Belgian association formed in 1992, and is recognised as an expert in the field of ratings, independent inspection and certification of products and services that satisfy ethical and social criteria and standards in the field of the environment and responsible corporate governance (forumethibel.org).



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CONSOLIDATED INCOME STATEMENT

	Note	2016/17	2015/16
(in million EUR)			
Revenue	3.	9.493,5	9.177,5
Cost of goods sold	3.	(7.079,0)	(6.856,6)
Gross profit	3.	2.414,5	2.320,9
Other operating income	4.	111,2	81,7
Services and miscellaneous goods	5.	(469,0)	(433,5)
Employee benefit expenses	6.	(1.285,5)	(1.223,7)
Depreciation, amortisation and impairment of non-current assets		(250,4)	(213,1)
Other operating expenses	4.	(27,5)	(25,1)
Operating profit (EBIT)		493,3	507,2
Finance income	7.	7,2	5,9
Finance costs	7.	(3,6)	(4,0)
Net financial result	7.	3,6	1,9
Share in the result of investments accounted for using the equity method	12., 13.	12,7	9,3
Profit before tax		509,6	518,4
Income tax expense	8.	(126,4)	(152,1)
Profit for the financial year		383,2	366,3
Attributable to:			
Non-controlling interests		1,3	0,8
Owners of the parent company		381,9	365,5
Earnings per share (EPS) – basic and diluted (in EUR)	22.	2,60	2,49

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2016/17	2015/16
(in million EUR)			
Profit for the financial year		383,2	366,3
Items of other comprehensive income from fully consolidated subsidiaries			
Items that will not be reclassified to profit or loss			
Revaluation of liabilities related to long-term post-employment benefits, after taxes ⁽¹⁾	8., 24.	(46,1)	(3,7)
Total of the items that will not be reclassified to profit or loss		(46,1)	(3,7)
Items that may be reclassified subsequently to profit or loss			
Profit/(loss) from currency translation of foreign subsidiaries, after taxes		0,8	(0,8)
Net change in fair value of financial assets available for sale, after taxes	14.	9,0	11,9
Total of the items that may be reclassified subsequently to profit or loss		9,8	11,1
Items of other comprehensive income from investments accounted for using the equity method			
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of derivative financial instruments, after taxes	12., 13.	(2,8)	1,3
Total of the items that may be reclassified subsequently to profit or loss		(2,8)	1,3
Other comprehensive income for the financial year		(39,1)	8,7
Total comprehensive income for the financial year		344,1	375,0
Attributable to:			
Non-controlling interests		1,3	0,8
Owners of the parent company		342,8	374,2

(1) In light of recent events in the legislation, the defined contribution plans with a legally guaranteed return have been classified as defined benefit plans. The net defined liability has been determined based on the 'projected unit credit' method and recognised through other comprehensive income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31.03.17	31.03.16 ⁽¹⁾
(in million EUR)			
Goodwill	9.	57,4	89,3
Intangible assets	10.	79,8	65,3
Property, plant and equipment	11.	2.037,0	1.965,1
Investments accounted for using the equity method	12., 13.	210,8	171,3
Financial assets	14.	12,0	42,2
Deferred tax assets	17.	22,6	4,7
Other receivables	19.	34,8	47,1
Total non-current assets		2.454,4	2.385,0
Inventories	18.	600,3	640,7
Trade receivables	19.	441,2	489,4
Current tax assets		0,2	2,1
Other receivables	19.	36,1	43,9
Financial assets	14.	24,5	25,5
Cash and cash equivalents	20.	523,7	432,6
Assets held for sale	16.	14,4	-
Total current assets		1.640,4	1.634,2
TOTAL ASSETS		4.094,8	4.019,2
Share capital		305,8	291,7
Reserves and retained earnings		1.830,2	1.752,6
Total equity attributable to owners of the parent company		2.136,0	2.044,3
Non-controlling interests		4,2	3,4
Total equity	21.	2.140,2	2.047,7
Provisions	23.	26,9	12,3
Liabilities related to employee benefits	24.	153,6	83,8
Deferred tax liabilities	17.	57,3	65,9
Interest-bearing and other liabilities	25., 26.	16,2	28,9
Total non-current liabilities		254,0	190,9
Provisions	23.	0,4	0,3
Bank overdrafts	20.	-	0,1
Interest-bearing liabilities	25.	11,6	4,6
Trade payables	26.	1.081,8	1.145,0
Current tax liabilities		124,3	133,4
Liabilities related to employee benefits and other liabilities	26.	482,5	497,2
Total current liabilities		1.700,6	1.780,6
Total liabilities		1.954,6	1.971,5
TOTAL EQUITY AND LIABILITIES		4.094,8	4.019,2

(1) In the current reporting period, the line items 'Investments in associates' and 'Investments in joint ventures' are presented under one line item 'Investments accounted for using the equity method'; consequently, the figures of the comparative reporting period have also been combined.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2016/17	2015/16 ⁽¹⁾
(in million EUR)			
Operating activities			
Profit before tax		509,6	518,4
Adjustments for:			
Depreciation, amortisation and impairment of non-current assets		250,4	213,1
Finance income and finance costs	7.	(3,6)	(1,9)
Share in the result of investments accounted for using the equity method	12., 13.	(12,7)	(9,3)
Other ⁽²⁾		(45,1)	9,4
Cash flow from operating activities before changes in working capital and provisions		698,6	729,7
Decrease/(increase) in trade and other receivables		(66,6)	(27,7)
Decrease/(increase) in inventories		(9,6)	(44,8)
(Decrease)/increase in trade payables and other liabilities		24,3	55,6
(Decrease)/increase in provisions and liabilities related to employee benefits		34,8	(12,6)
Interest paid		(0,9)	(1,2)
Interest received		4,0	12,0
Dividends received		1,4	0,1
Income tax paid		(149,0)	(69,8)
Cash flow from operating activities		537,0	641,3
Investing activities			
Purchase of property, plant and equipment and intangible assets		(376,3)	(381,2)
Business combinations (net of cash and cash equivalents acquired) and business disposals (net of cash and cash equivalents disposed of)		182,3	-
(Increase in investment in)/proceeds from capital reimbursements of associates and joint ventures	12., 13.	(6,4)	(3,7)
(Purchases)/sales of financial assets	14.	4,0	(6,5)
(Payment of)/proceeds from repayment of loans granted		(0,7)	0,3
Proceeds from sale of property, plant and equipment and intangible assets		11,6	12,2
Cash flow from investing activities		(185,5)	(378,9)
Financing activities			
Proceeds from the issue of share capital	21.	14,1	17,1
Acquisition of non-controlling interests		(0,7)	-
Purchase of treasury shares		(100,0)	-
New/(repayment of) borrowings		(1,6)	(1,5)
Payment of finance lease liabilities		(3,5)	(3,5)
Dividends paid	21.	(165,1)	(146,9)
Stability allowance paid to reference shareholders	21., 31.	(3,7)	(3,3)
Cash flow from financing activities		(260,5)	(138,1)
Net increase/(decrease) of cash and cash equivalents		91,0	124,3
Net cash and cash equivalents at 1 April		432,5	308,5
Effect of changes in foreign currency rates		0,2	(0,3)
Net cash and cash equivalents at 31 March	20.	523,7	432,5

(1) In the current reporting period, the starting point of the statement of cash flows is 'Profit before tax' whereas in the comparative reporting period, the starting point was 'Profit for the financial year'. Furthermore, a refinement was applied by presenting 'Share in the result of investments accounted for using the equity method' separately from the line item 'Other'. To increase readability, dividends to shareholders and stability allowance to reference shareholders have been presented separately. As a result, the figures of the comparative period have also been adapted.

(2) The category 'Other' includes amongst others losses/(gains) on the sale of property, plant and equipment, intangible and financial non-current assets, impairments and reversal of impairments on inventories, trade receivables and other receivables, employee benefits in the context of share-based payments and capital increases reserved for employees.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Attributable to the owners of the parent company				Other reserves				Retained earnings	Total	Non-controlling interests	Total equity
	Number of shares	Share capital	Number of treasury shares	Treasury shares	Revaluation reserves of liabilities related to long-term post-employment benefits	Cumulative translation adjustments	Cash flow hedge reserves	Fair value reserves for financial assets available for sale				
<small>(in million EUR, except number of shares)</small>												
At 1 April 2016	149.609.386	291,7	2.243.808	(81,5)	(12,3)	(0,4)	(5,6)	11,9	1.840,5	2.044,3	3,4	2.047,7
Total comprehensive income for the financial year	-	-	-	-	(46,1)	0,8	(2,8)	9,0	381,9	342,8	1,3	344,1
Profit for the financial year	-	-	-	-	-	-	-	-	381,9	381,9	1,3	383,2
Other comprehensive income for the financial year	-	-	-	-	(46,1)	0,8	(2,8)	9,0	-	(39,1)	-	(39,1)
Transactions with the owners	326.508	14,1	2.056.578	(98,5)	0,6	-	-	(15,6)	(151,7)	(251,1)	(0,5)	(251,6)
Capital increase	21. 326.508	14,1	-	-	-	-	-	-	2,4	16,5	-	16,5
Treasury shares purchased	-	-	2.096.447	(100,0)	-	-	-	-	-	(100,0)	-	(100,0)
Treasury shares distributed as profit-sharing to employees	21. -	-	(39.869)	1,5	-	-	-	-	-	1,5	-	1,5
Dividends ⁽¹⁾	21. -	-	-	-	-	-	-	-	(165,1)	(165,1)	-	(165,1)
Stability allowance reference shareholders ⁽¹⁾	21. -	-	-	-	-	-	-	-	(3,7)	(3,7)	-	(3,7)
Changes in consolidation method	-	-	-	-	-	-	-	(15,6)	15,6	-	-	-
Other	-	-	-	-	0,6	-	-	-	(0,9)	(0,3)	(0,5)	(0,8)
At 31 March 2017	149.935.894	305,8	4.300.386	(180,0)	(57,8)	0,4	(8,4)	5,3	2.070,7	2.136,0	4,2	2.140,2
At 1 April 2015	156.636.503	274,6	9.791.743	(361,9)	(8,6)	0,4	(6,9)	-	1.900,7	1.798,3	2,4	1.800,7
Total comprehensive income for the financial year	-	-	-	-	(3,7)	(0,8)	1,3	11,9	365,5	374,2	0,8	375,0
Profit for the financial year	-	-	-	-	-	-	-	-	365,5	365,5	0,8	366,3
Other comprehensive income for the financial year	-	-	-	-	(3,7)	(0,8)	1,3	11,9	-	8,7	-	8,7
Transactions with the owners	(7.027.117)	17,1	(7.547.935)	280,4	-	-	-	-	(425,7)	(128,2)	0,2	(128,0)
Capital increase	21. 472.883	17,1	-	-	-	-	-	-	2,9	20,0	-	20,0
Treasury shares distributed as profit-sharing to employees	21. -	-	(47.935)	2,0	-	-	-	-	-	2,0	-	2,0
Dividends ⁽¹⁾	21. -	-	-	-	-	-	-	-	(146,9)	(146,9)	-	(146,9)
Stability allowance reference shareholders ⁽¹⁾	21. -	-	-	-	-	-	-	-	(3,3)	(3,3)	-	(3,3)
Cancellation of treasury shares	(7.500.000)	-	(7.500.000)	278,4	-	-	-	-	(278,4)	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	0,2	0,2
At 31 March 2016	149.609.386	291,7	2.243.808	(81,5)	(12,3)	(0,4)	(5,6)	11,9	1.840,5	2.044,3	3,4	2.047,7

(1) To increase readability, dividends to shareholders and stability allowance to reference shareholders have been presented separately. As a result, the figures of the comparative period have also been adapted.



MANAGEMENT RESPONSIBILITY STATEMENT

Jef Colruyt, Chairman of the Board of Directors, and Marc Hofman, Chief Financial Officer, declare in title and for the entity, that to the best of their knowledge:

- the consolidated financial statements for the financial years 2016/17 and 2015/16, prepared in accordance with 'International Financial Reporting Standards' (IFRS) as accepted by the European Union up until 31 March 2017, give a true and fair view of the net assets, the financial position and the results of Etn. Fr. Colruyt NV and the entities included in the consolidation scope.
- the management report related to the consolidated financial statements gives a true and fair view of the development and the results of Colruyt Group's activities, as well as of the position of the Company and the entities that are included in the consolidation scope, together with a description of the main risks and uncertainties that Colruyt Group faces.

Jef Colruyt
Chairman of the Board of Directors

Marc Hofman
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT



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Statutory auditor's report to the general meeting of the company Etn. Fr. Colruyt NV for the year ended 31 March 2017

In accordance with the legal requirements, we report to you in the context of our statutory auditor's mandate. This report includes our opinion on the consolidated statement of financial position as at 31 March 2017, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 March 2017 and the notes (all elements together "the Consolidated Financial Statements"), and includes as well our report on other legal and regulatory requirements.

Report on the Consolidated Financial Statements - Unqualified opinion

We have audited the Consolidated Financial Statements of Etn. Fr. Colruyt NV ("the Company") and its subsidiaries (together "the Group") as of and for the year ended 31 March 2017, prepared in accordance with the *International Financial Reporting Standards* as adopted by the European Union. The total of the consolidated statement of financial position amounts to € (million) 4.094,8 and the consolidated statement of comprehensive income shows a profit for the year of € (million) 344,1.

Responsibility of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with the *International Financial Reporting Standards* as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of Consolidated Financial Statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the given circumstances.

Responsibility of the statutory auditor

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the Group's preparation and presentation of the Consolidated Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

Société civile sous la forme d'une société coopérative à responsabilité limitée
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid
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* agencij au nom d'une société/handelend in naam van een vennootschap

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



Audit report dated 12 July 2017 on the Consolidated Financial Statements of Etn. Fr. Colruyt NV as of and for the year ended 31 March 2017 (continued)

We have obtained from the Board of Directors and the Company's officials the explanations and information necessary for performing our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the Consolidated Financial Statements of the Group as at 31 March 2017 give a true and fair view of the consolidated net equity and financial position, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The Board of Directors is responsible for the preparation and the content of the Board of Director's report on the Consolidated Financial Statements, in accordance with article 119 of the Belgian Company Code.

In the context of our mandate and in accordance with the additional standard issued by the 'Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises' as published in the Belgian Gazette on 28 August 2013 (the "Additional Standard"), it is our responsibility to perform certain procedures to verify, in all material respects, compliance with certain legal and regulatory requirements, as defined in the Additional Standard. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the Consolidated Financial Statements.

- The Board of Director's report to the Consolidated Financial Statements includes the information required by law, is consistent with the Consolidated Financial Statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Diegem, 12 July 2017

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor
represented by

Daniel Wuyts
Partner*

* Acting on behalf of a BVBA/SPRL

Ref: 17/DW/0211

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following notes to the consolidated financial statements are an integral part of the consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Etn. Fr. Colruyt NV (hereinafter referred to as the 'Company') is domiciled in 1500 Halle, Belgium and is publicly traded on NYSE Euronext Brussels under the code COLR. The consolidated financial statements for the 2016/17 financial year, which closed on 31 March 2017, cover the Company, its subsidiaries (hereinafter referred to collectively as 'Colruyt Group') and Colruyt Group's interests in associates and joint ventures.

The consolidated financial statements for the 2016/17 financial year were authorised for issue on 15 June 2017 by the Board of Directors, subject to approval of the statutory non-consolidated financial statements by the shareholders during the Annual General Meeting of Shareholders, which will be held on 27 September 2017. In accordance with Belgian law, the consolidated financial statements will be presented for information purposes to the shareholders of Colruyt Group during that same meeting. The consolidated financial statements are not subject to changes, unless decisions of the shareholders regarding the statutory non-consolidated financial statements impact the consolidated financial statements.

1.1. Basis of presentation

The consolidated financial statements are expressed in millions of EUR rounded to one decimal.

The consolidated financial statements describe the financial position as of 31 March and are prepared using the historical cost method, with the exception of certain line items, including derivatives and financial assets available for sale or held for trading, which are measured at their fair value. Net

liabilities related to Belgian defined contribution plans with a legally guaranteed return, which are accounted for as a defined benefit plans, are not measured at historical cost either but are measured based on the 'projected unit credit' method.

The consolidated financial statements are prepared before any distribution of profits of the parent company as proposed to the Annual General Meeting of Shareholders.

Preparing the consolidated financial statements in accordance with IFRS, as adopted by the European Union, requires Colruyt Group's management to make judgements, estimates and assumptions. These affect the application of policies and principles and consequently affect the reported amounts of assets and liabilities and of income and expenses. Amongst others, this is the case for goodwill (note 9. *Goodwill*), financial assets (note 14. *Financial assets*), deferred taxes (note 17. *Deferred tax assets and liabilities*), inventories (note 18. *Inventories*), doubtful debtors (note 19. *Trade and other receivables*), provisions (note 23. *Provisions*) and employee benefits (notes 24. *Non-current liabilities related to employee benefits* and 26. *Trade payables, liabilities related to employee benefits and other liabilities*).

The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable given the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are assessed and adjusted annually. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future period(s) if the revision affects both current and future period(s).

In light of recent developments in the legislation, the defined contribution plans with a legally guaranteed return have been classified as defined benefit plans. The net defined liability has been determined based on the 'projected unit credit' method and recognised through other comprehensive income.

Otherwise, the significant accounting policies listed below have been applied consistently for all the periods presented in these consolidated financial statements.

1.2. Statement of compliance

Colruyt Group's consolidated financial statements are prepared in accordance with the 'International Financial Reporting Standards (IFRS)', as issued by the 'International Accounting Standards Board (IASB)' and adopted by the European Union up to 31 March 2017.

New standards and interpretations effective as of 2016/17

The following (amended) standards and improvements are effective for Colruyt Group as of 1 April 2016, none of which have a significant impact on Colruyt Group's consolidated financial statements:

- Improvements to IFRS cycle 2012-2014, published in September 2014, consist of a series of minor improvements to existing standards: IFRS 5 '*Non-current Assets Held for Sale and Discontinued Operations*'; IFRS 7 '*Financial Instruments: Disclosures*'; IAS 19 '*Employee Benefits*' and IAS 34 '*Interim Financial Reporting*'.
- IAS 1 (Amendment), '*Presentation of Financial Statements – Disclosure Initiative*'. The amendment clarifies the guidance regarding the principle of materiality, the presentation of the statement of financial position and the statement of comprehensive income and the order of the notes.
- IFRS 10, IFRS 12 and IAS 28 (Amendment), '*Investment Entities – Applying the Consolidation Exception*'. This amendment clarifies when the exemptions from consolidation can be applied by investment entities.
- IFRS 11 (Amendment), '*Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*'. When an entity acquires an initial or an additional interest in a joint operation and this joint operation represents a 'business' as defined

under IFRS 3 '*Business Combinations*'; the principles described in IFRS 3 '*Business Combinations*' need to be applied to the transaction. The disclosures generally required for business combinations also need to be prepared in this case.

- IAS 16 and IAS 38 (Amendment), '*Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*'. This amendment clarifies that the depreciation method of property, plant and equipment cannot be based on the revenue pattern that is generated over time. For intangible assets, such an amortisation method is only allowed under limited circumstances.
 - IAS 16 and IAS 41 (Amendment), '*Property, Plant and Equipment and Agriculture – Bearer Plants*'. This amendment clarifies that biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41; instead IAS 16 will apply.
 - IAS 27 (Amendment), '*Separate Financial Statements – Equity Method in Separate Financial Statements*'. This amendment clarifies that entities may apply the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Standards and interpretations published but not yet effective for 2016/17**
- Colruyt Group did not early adopt the following published (amended) standards relevant to the group and effective only after 31 March 2017. Colruyt Group intends to apply these standards and interpretations when they become effective.
- IAS 7 (Amendment), '*Statement of Cash Flows – Disclosure Initiative*' (effective date for Colruyt Group 1 April 2017). This amendment introduces a new disclosure to the annual report which will enable users of financial statements to evaluate changes in liabilities arising from financing activities. This amendment will not have an impact on Colruyt Group's consolidated financial statements taking into account the current financing activities of Colruyt Group.
 - IAS 12 (Amendment), '*Recognition of Deferred Tax Assets for Unrealised Losses*' (effective date for Colruyt Group 1 April 2017). This amendment clarifies that

other comprehensive losses on debt instruments, which are measured at fair value in the financial statements but measured at cost for tax purposes, can lead to deductible temporary differences. Additionally, a number of principles have been added for the evaluation of the availability of future taxable profits. This amendment has no impact on the consolidated financial statements of Colruyt Group.

- IFRS 9, '*Financial Instruments*' (effective date for Colruyt Group 1 April 2018). This standard will replace IAS 39 '*Financial Instruments: Recognition and Measurement*'. IFRS 9 introduces a new model regarding the recognition of impairments based on the 'expected' losses and introduces limited amendments to the classification and measurement of financial assets. IFRS 9 also contains new general requirements for hedge accounting that further align hedge accounting with risk management. Colruyt Group performed a preliminary impact assessment for the first two aspects of IFRS 9. This preliminary assessment is based on the information currently available and may be subject to changes arising from further detailed analyses or additional information made available for Colruyt Group in the future. In general, Colruyt Group does not expect a significant impact on its statement of financial position or on its equity, except for the effect of applying the simplified approach to expected credit losses. In the future, Colruyt Group will perform a detailed assessment to determine the extent of the impact on equity.

Classification and measurement

Colruyt Group does not expect the application of the classification and measurement requirements to have a significant impact either on its statement of financial position or on its equity. It expects to be able to continue measuring all financial assets at fair value.

Impairment

IFRS 9 requires expected credit losses on all debt securities, loans and trade receivables to be recorded either on a 12-month or on a lifetime basis. Colruyt Group expects to apply the simplified approach, but a more detailed analysis is necessary to assess the extent of the

effect on equity based on available and relevant information, including future-oriented elements.

- IFRS 15, '*Revenue from Contracts with Customers*' (effective date for Colruyt Group 1 April 2018). This new standard will replace the existing standards IAS 18 '*Revenue*' and IAS 11 '*Construction Contracts*', as well as certain related IFRIC interpretations, such as IFRIC 13 '*Customer loyalty programmes*'. This standard introduces a new model consisting of five steps for the recognition of revenue from contracts with customers. The core principle of this standard is that an entity recognises revenue to the extent it represents the transfer of promised goods or services to customers for a consideration that is the reflection of the remuneration to which the entity expects to be entitled in exchange for those goods or services. In addition, the standard introduces extended disclosure requirements regarding revenue. Colruyt Group performed a preliminary assessment of IFRS 15, which is subject to possible changes arising from a more detailed analysis. Colruyt Group is also analysing the clarifications issued by the IASB and will monitor further developments.

The activities of Colruyt Group include 'Retail & Foodservice', 'Wholesale' and 'Other activities'.

Retail & Foodservice

IFRS 15 is not expected to have an impact on the recognition of revenue from sale transactions within retail. The sale transactions include the sale of products – food or non-food – at the cash desk in various points of sale ('Retail') or home delivered ('Foodservice'). The contracts are relatively straightforward and are limited to one single transaction, i.e. the sale of goods, at the cash desk or online, when the customer has placed his order. Colruyt Group expects to recognise the revenue at the moment the control over the asset is transferred to the customer, in general at the delivery of the goods. This is in line with the current practice.

For the application of IFRS 15 Colruyt Group has taken into account variable considerations as Colruyt Group applies several reduction mechanisms, including cash discounts charged to Colruyt Group,



cash discounts charged to suppliers and other reductions.

Wholesale

The wholesale activity includes Retail Partners Colruyt Group and the supplies to independent stores in France. A co-operation agreement has been set up with most of the independent storekeepers, laying down agreements for a longer period. Such an agreement constitutes the framework in which customers can place orders and is not a contract under IFRS 15. The co-operation agreement only has an impact on the determination of the transaction price. The current accounting method is thus in line with IFRS 15.

Other activities

The other activities include fuel supply and printing and document management services. The services related to fuel supply are settled at the pump instead of the cash desk. The discounts granted are settled immediately. As such, IFRS 15 has no impact on the revenue recognition. For printing and document management services, a price per type of product based on a price list applies. Colruyt Group currently applies IAS 11 'Construction Contracts' for the processing of these contracts. Based on IFRS 15, the revenue will be recognised at a later time, namely at the moment of delivery of the full order.

- IFRS 16, 'Leases' (effective date for Colruyt Group 1 April 2019). IFRS 16 will replace the current leasing standard IAS 17. The new standard includes the principles for the recognition, measurement, presentation and disclosure of lease agreements, for lessors as well as for lessees. For lessors, the principles of IAS 17 remain applicable, in which lease agreements are processed as financial or operational leases. The lessees however should only apply one approach for all lease agreements. For all leases of more than 12 months in duration, right-of-use assets and lease liabilities should be recognised on the statement of financial position unless they relate to low-value assets. In the income statement, expenses of these leases should be presented as depreciation charges on the right-of-use assets and interest expenses on the lease li-

abilities. The assessment of the potential impact of this standard for Colruyt Group has been started, for which in a first instance an overview is made of all lease agreements that might be impacted.

1.3. Consolidation principles

Colruyt Group's consolidated financial statements include the financial statements of the Company, the financial statements of its subsidiaries after elimination of intragroup transactions and balances and the investment of Colruyt Group in associated entities and joint ventures. The determination whether Colruyt Group has control, joint control or significant influence is based on the specific facts and circumstances. These conclusions can differ from judgements purely based on the ownership percentage held by Colruyt Group.

a. Subsidiaries

Subsidiaries are those entities over which Colruyt Group has control. Control exists if Colruyt Group is exposed or has rights to variable returns from its involvement with the investee and if Colruyt Group has the ability to use its power over the investee to affect the amount of these returns. In assessing whether control exists, all facts and circumstances are considered. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

Non-controlling interests in subsidiaries are identified separately from Colruyt Group's equity. The interest of non-controlling shareholders can initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to the acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. The total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in Colruyt Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions between owners. The carrying amounts of Colruyt Group's interests and the non-controlling interests are adjusted directly in equity to reflect the changes in their relative interests in the subsidiary.

When Colruyt Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previously recognised carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner (i.e. reclassified to profit or loss or transferred directly to retained earnings) as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost, is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 'Financial Instruments: Recognition and Measurement' or, if applicable, the cost on initial recognition of an investment in an associate or joint venture.

b. Associates

Associates are those entities in which Colruyt Group has significant influence on the financial and operational policies but which it does not control or jointly control.

The initial recognition of these investments is at cost including transaction costs. After the initial recognition of these investments, the consolidated financial statements include the share of the group in the total comprehensive income of the investments using the equity method. These investments are incorporated into the consolidated financial statements using the equity method from the date on which the significant influence begins until the date on which the significant influence ceases. In the event an indication of impairment arises after the application of the equity method, Colruyt Group calculates the amount of the impairment loss as the difference between the recoverable amount and the carrying amount of the investment in the associate. If Colruyt

Group's share of the associate's losses exceeds the carrying amount of Colruyt Group's interests in the associate, the carrying amount is reduced to nil in Colruyt Group's statement of financial position and no further losses are taken into account, except to the extent that Colruyt Group incurred obligations in respect of that associate. If the associate becomes profitable again, the group's share in the associate's result will be accounted for using the equity method as soon as the equity of the associate is positive again.

c. Joint ventures

Joint ventures are those entities in which Colruyt Group has joint control and where such control is established by an agreement, conferring upon Colruyt Group rights to the net assets of the agreement, but no rights to the assets of the agreement and no liabilities arising from debts of the agreement. Joint control implies that the decisions about the relevant activities require the unanimous consent of all parties sharing control.

The initial recognition of these investments is at cost including transaction costs. After the initial recognition of these investments, the consolidated financial statements include the share of the group in the total comprehensive income of the investments using the equity method. Colruyt Group's interests in joint ventures are accounted for using the equity method, from the date that joint control first exists until the date it ceases. In the event an indication of impairment arises after the application of the equity method, Colruyt Group calculates the amount of the impairment loss as the difference between the recoverable amount and the carrying amount of the investment in the joint venture. If Colruyt Group's share of the joint venture's loss exceeds the carrying amount of Colruyt Group's interest in the joint venture, the carrying amount is reduced to nil in Colruyt Group's statement of financial position and no further losses are taken into account, except to the extent that Colruyt Group incurred obligations on behalf of that joint venture. If the joint venture becomes profitable again, the group's share in the joint venture's result will be accounted for using the equity method as soon as the equity of the joint venture is positive again.

d. Transactions eliminated in consolidation

Intragroup balances and transactions, including unrealised profits on intragroup transactions, are eliminated when preparing the consolidated financial statements.

Unrealised gains from transactions with associates or joint ventures are eliminated in proportion to Colruyt Group's interest in the associates or joint ventures.

Unrealised losses are eliminated in the same way as unrealised gains, except that they are only eliminated to the extent that there is no evidence of impairment.

e. Business combinations

Acquisitions of businesses (as defined by IFRS 3 'Business Combinations') are accounted for using the acquisition method. The consideration for each business combination is measured as the aggregate of the fair values at acquisition date of the assets transferred by the acquirer, the liabilities incurred to former owners of the acquiree, and equity instruments issued by the acquirer in exchange for control.

Acquisition-related costs are recognised in profit or loss as incurred, except when they relate to the issue of debt or equity instruments. In this case, these costs are deducted from the debt instruments and from equity respectively.

If applicable, the consideration for the business combination includes any asset or liability resulting from a contingent consideration arrangement, measured at its fair value at the acquisition date. Subsequent changes in such fair values are adjusted retroactively against the cost of acquisition when they qualify as adjustments due to additional facts and circumstances existing at acquisition date. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. If an obligation to pay contingent consideration meets the definition of a financial instrument classified as equity, it is not remeasured and its subsequent settlement is accounted for within equity.

Where a business combination is achieved in stages, Colruyt Group's previously held interest in the acquired entity is remeasured to fair value at the acquisition date (i.e. the date the group obtains control) and the resulting gain or loss, if any, is recognised in

profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are recognised on the same basis as would be required if that interest were disposed of.

The identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 'Business Combinations' are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 'Income Taxes' and IAS 19 'Employee Benefits' respectively;
- liabilities or equity instruments related to the replacement by Colruyt Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 'Share-based Payment';
- assets (or disposal groups) that are classified as held for sale at acquisition date in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the financial year in which the combination occurs, Colruyt Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see paragraph below), and/or additional assets and/or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the acquisition date to the date Colruyt Group obtains complete information about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

f. Financial statements of foreign companies in foreign currency

To consolidate Colruyt Group and each of its subsidiaries, the financial statements of the individual subsidiaries are translated into euro, the functional currency of the Company and the presentation currency



of the group. The translation is performed as follows:

- assets and liabilities, including goodwill and fair value adjustments arising from acquisitions, at the closing exchange rate of the European Central Bank at the reporting date;
- income, expenses and cash flows at the average exchange rate for the financial year (which approximates the exchange rate at the date of the transaction);
- components of shareholders' equity at the historical exchange rate.

Exchange rate differences arising from the translation of net investments in foreign subsidiaries, associates and joint ventures at the exchange rate at the reporting date are recorded as part of the consolidated other comprehensive income, under 'Cumulative translation adjustments' in 'Other reserves', except for the part attributed to non-controlling interests.

Upon the disposal of a foreign operation (i.e. a disposal of Colruyt Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a joint venture that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to Colruyt Group are reclassified to profit or loss as part of the consolidated financial result.

In the case of a partial disposal of a subsidiary (i.e. with no loss of control over the subsidiary by Colruyt Group), the proportionate share of cumulative exchange differences is reattributed to non-controlling interests and is not recognised in profit or loss. For all other partial disposals (i.e. the partial disposal of associates or joint ventures not resulting in Colruyt Group losing significant influence or joint control), the proportionate share of the cumulative translation adjustments is reclassified to the consolidated income statement.

g. Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rates prevailing at the date of the transaction.

All monetary assets and liabilities denominated in foreign currencies are translated at the closing rate at the reporting date.

Gains and losses resulting from transactions in foreign currency and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies and valued on a historical cost basis are translated at the exchange rate at the transaction date. Non-monetary assets and liabilities in foreign currencies at fair value are translated at the exchange rate applicable at the date on which the fair value was determined.

1.4. Other significant accounting policies

a. Goodwill

Goodwill resulting from business combinations is recognised as an asset as from the date control is obtained (the acquisition date). Colruyt Group measures goodwill as the difference between:

- the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree, and in a business combination achieved in stages, the fair value of the previously held equity interest in the acquiree; and
- the net amount of the identifiable assets acquired and the liabilities incurred at the acquisition date.

If, after consideration, this difference is negative, the resulting gain from a bargain purchase is recognised immediately in profit or loss.

For investments in associates and joint ventures, the goodwill is included within the carrying amount of the investment.

Goodwill is not amortised but is reviewed for impairment. Impairment is tested annually and more frequently if there are indications for impairment.

b. Intangible assets

Research and development

Expenses from research activities are recognised in the consolidated income statement when incurred. Expenditure on development activities of which the findings are used for a plan or design intended for the production of new or substantially improved products or processes, are capitalised if the following conditions are met:

- the technical and commercial feasibility of the product or process has been demonstrated and the product or process will be commercialised or will be used internally;
- the product or process will generate future economic benefits;
- Colruyt Group has the necessary technical, financial and other resources to complete and use or sell the development; and
- the product or process has been carefully described and the expenses can be separately identified and can be measured reliably.

The capitalised expenditure is valued at full cost and therefore includes the cost of materials, direct labour and an appropriate proportion of overheads.

Development costs that do not satisfy these conditions are recognised in the consolidated income statement when incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Other intangible assets

Other intangible assets are recognised at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure on intangible assets is capitalised only when it results in an increase of future economic benefits derived from the use of the specific asset to which the subsequent expenditure is related. All other expenditure is expensed as incurred.

Amortisation

Intangible assets with a finite useful life are subject to straight-line amortisation over their estimated useful lives. Amortisation of intangible assets only begins when assets are available for intended use.

Intangible assets that are not yet ready for their intended use and intangible assets with an indefinite useful life are tested for impairment at least annually.

For intangible assets, Colruyt Group makes a distinction between software, licences, permits, customer portfolios, internally developed intangible assets and other intangible assets. This distinction is expressed in a different useful life per type of intangible asset:

- externally purchased software, licences and permits: contractually defined period;
- customer portfolios arising from the acquisition of points of sale: indefinite useful life;
- internally developed intangible assets: 5 years;
- other intangible assets: 3 to 5 years.

The amortisation method and useful life are reviewed annually and amended if necessary.

c. Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes direct labour costs in addition to the direct cost of material and a reasonable proportion of indirect manufacturing costs which are necessary to bring the asset into its location and state that are required for the asset to function in the intended way. The depreciation method, the residual value and the useful life are reviewed annually and amended if necessary.

Colruyt Group opted to recognise capital grants as a deduction to the cost of property, plant and equipment. Grants are recognised when there is reasonable assurance that the grants will be received and that the group will comply with the conditions attached to them. These grants are taken into profit or loss over the useful life of the asset by reducing the depreciation charge.

In certain circumstances obligations exist to dismantle and restore items of property, plant and equipment in their original state. The costs relating to these obligations are recognised as part of the cost or acquisition value of property, plant and equipment. A provision is recognised in the statement of financial position.

Subsequent expenditure

Costs for the replacement of a component of property, plant and equipment are capitalised provided that the cost to be capitalised can be reliably determined and that the expenditure will result in a future economic benefit.

Costs which do not meet these conditions are immediately recognised in the consolidated income statement when incurred.

Depreciation

Property, plant and equipment are subject to straight-line depreciation in profit or loss based on the estimated useful life of each component. Tangible assets with an indefinite useful life are not depreciated.

The estimated useful lives are defined as follows:

- land: indefinite;
- buildings: 20 to 30 years;
- fixtures: 10 to 15 years;
- fittings, machinery, equipment, furnishings and vehicles: 3 to 20 years;
- IT equipment: 3 to 5 years.

d. Lease agreements

Lease agreements are classified as finance leases whenever the terms of the lease substantially transfer all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance lease agreements are recorded in the consolidated statement of financial position at the commencement of the lease term at the lower of the asset's fair value and the present value of the minimum lease payments determined at inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease liability.

When ownership is almost certainly transferred at the end of the contract, the leased assets are depreciated over the same period of time as an equivalent owned asset; otherwise they are depreciated over the duration of the lease agreement if the latter is shorter.

Lease payments are apportioned between finance expenses and reduction of the finance lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss. Contingent lease payments are recognised as expenses in the period in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent lease payments arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as an integral part of the total of lease expenses. The aggregate benefit of incentives granted by the lessor is recognised as a reduction of lease expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

e. Financial assets

Colruyt Group classifies its financial assets at inception in following categories: investments available for sale, loans and receivables, investments recognised at fair value through the income statement and financial assets held to maturity.

Investments available for sale

Colruyt Group's investments available for sale include investments held in entities which are neither subsidiaries nor associates nor joint ventures.

These investments are initially recognised at fair value, including any transaction costs that are directly attributable. These investments are classified as 'Financial assets' in the non-current assets. After initial recognition the investments are measured at fair value if the fair value is reliably determinable. If not, the investment is measured at historical cost.

Changes in the carrying amount of these investments which are not the result of an impairment loss are recognised immediately in equity. For investments in equity instruments, Colruyt Group treats a significant or prolonged decrease of the fair value of the instrument below its cost as an objective indication of impairment. An impairment loss, along with the cumulative changes in fair value already recognised in equity, is recognised in profit or loss. A recognised impairment on equity instruments is not reversed through profit or loss. An increase of the fair value after an impairment is processed through equity.

Investments in securities are recognised at the transaction date.

Loans and receivables

The loans and receivables of Colruyt Group include trade receivables, other receivables and cash and cash equivalents.



Loans and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. Such financial assets are recognised at the transaction date at fair value, including any transaction costs. Subsequently, these assets are measured at amortised cost using the effective interest method after deduction of impairment. If there is objective evidence that an impairment loss has been incurred on loans and receivables, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on items paid or received that form an integral part of the effective interest rate, as well as transaction costs and all other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Cash includes cash balances and withdrawable deposits. These are recognised at transaction date. Cash equivalents comprise term deposits that can be called upon almost immediately and do not entail any material risk of impairment. Bank overdrafts are classified as current liabilities and are presented net of cash and cash equivalents for the purpose of the statement of cash flows.

Investments recognised at fair value through the income statement

These investments include securities held for trading. They are classified as current assets at transaction date and are initially recognised at fair value. Subsequently, these assets are measured at fair value with any resulting gains or losses recognised in profit or loss when incurred. Transaction costs that are directly attributable are recognised in the consolidated income statement as incurred.

Financial assets held to maturity

Financial assets held to maturity are

non-derivative financial assets with fixed or determinable payments and a fixed maturity. Colruyt Group has the positive intention and ability to hold these assets to maturity. These assets are measured at amortised cost using the effective interest method after deduction of impairment. They are included in current assets, except for financial assets held to maturity with maturities greater than 12 months after balance sheet date.

f. Assets held for sale and discontinued operations

An asset or a disposal group (groups of assets and related liabilities) that is being disposed of, is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. For a sale to be highly probable, management should be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and to complete the sale should be initiated. The asset (or disposal group) should be actively marketed at a price which is reasonable in relation to its current fair value, and the sale should be expected to be completed within one year from the date of classification.

When classified as 'held for sale', assets or disposal groups are valued at the lower of their carrying amount and their fair value less costs to sell, including any impairment that might be required and which is included in profit or loss. Impairment on an asset or a disposal group is initially allocated to goodwill and then pro rata to the remaining assets and liabilities. Such an impairment loss is not allocated to inventories, financial assets or deferred tax assets which are recognised in line with the other significant accounting policies of the group. As from the moment that property, plant and equipment and intangible assets are classified as held for sale, they are no longer depreciated or amortised. Comparative balance sheet information for prior periods is not restated to reflect the new classification in the consolidated statement of financial position.

A discontinued operation is a component of an entity, that either has been disposed of or has been classified as held for sale, which represents a separate major line of

business or geographical area of operations that can be distinguished operationally as well as for financial reporting purposes from the rest of the entity. The profit or loss after taxes which arises from discontinued operations is separately reported in the consolidated income statement. When operations are labelled as discontinued operations, the comparative figures in the consolidated income statement and in the consolidated statement of comprehensive income are restated to reflect a situation as if the operations had been discontinued as of the beginning of the comparative period.

g. Impairment

The carrying amount of all assets, with the exception of inventories and deferred tax assets, is reviewed at least once a year and examined for any indications of impairment. If such indications exist, the related asset's recoverable amount is estimated.

Goodwill, intangible assets with indefinite useful lives and intangible assets not available for use are tested for impairment at least annually (irrespective of whether indications of impairment exist or not). The recoverable amount is the higher of the fair value less costs to sell and the value in use. The value in use is the present value of expected future cash flows. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money as well as the risks specific to the asset. For an asset for which no independent cash inflows are available, the recoverable amount is determined for the cash-generating unit to which the asset belongs. For impairment testing, goodwill is always allocated to (a group of) cash-generating units.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Colruyt Group defines a 'cash-generating unit' as the operating unit to which the asset can unequivocally be allocated. An operating unit can include a branch of the business or a business entity.

If the recoverable amount of an asset or of the cash-generating unit to which it belongs, is lower than the carrying amount, an impairment loss is recognised in the income statement in the amount of the

difference. Impairment losses relating to cash-generating units are first deducted from the carrying amount of any goodwill attributed to the cash-generating (or groups of) units and then deducted pro rata from the carrying amount of the other assets of the (groups of) cash-generating units.

A recognised impairment may be reversed if it ceases to exist. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Goodwill impairment is not reversed.

h. Inventories

Inventories are measured at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the normal course of business, less the estimated completion and costs to sell.

The cost of inventories is based on the 'first in, first out' (FIFO) principle and includes all direct and indirect costs that are required to bring the goods to their state at the reporting date, less discounts and compensations received from suppliers.

Rebates and incentives that Colruyt Group receives from its suppliers, mainly for promotions in stores, joint publicity, introductions of new products and volume incentives, are included in the inventory cost and are recognised in profit or loss as and when the product is sold, except when it relates to a repayment of specific, additional and identifiable costs which Colruyt Group incurred in order to sell the supplier's product. In that case the rebates and incentives are immediately recognised as a decrease of the respective costs incurred. The estimation of such supplier rebates is predominantly based on real turnover figures of the related period, but requires in certain cases the use of assumptions and estimations of specific purchasing or sales levels.

i. Contracts in progress

Contracts in progress are measured at cost plus recognised profits, less a provision for expected losses and less progress billings relative to the contract. If the outcome of a contract cannot be estimated reliably, contract revenue shall be recognised only to the extent that it is probable that contract

costs incurred will be recovered. On top of all expenditure directly connected with specific contracts, the cost also includes an apportionment of the fixed and variable indirect costs incurred in connection with Colruyt Group's contracting activities, based on a normal production capacity.

j. Equity

Capital and retained earnings

Dividends proposed by the Board of Directors are only recognised as liabilities after approval by the Annual General Meeting of Shareholders. Until such formal approval, the proposed dividends are included in Colruyt Group's consolidated equity. Transaction costs of capital transactions, net of tax impact, are deducted from equity.

Treasury shares

Shares of Colruyt Group purchased by the Company or entities belonging to Colruyt Group, including directly attributable transaction costs, net of tax impact, are recognised as a deduction from equity. In case of a cancellation or sale of treasury shares, the result of the transaction is directly included in equity (retained earnings).

Revaluation reserves of liabilities related to long-term post-employment benefits

The revaluation reserves contain the cumulative actuarial profits and losses related to:

Belgian entities:

- unemployment regime with company supplement;
- long-service benefits;
- defined contribution plans with a legally guaranteed return.

Other entities:

- legal compensations

The revaluation reserves comprise the experience adjustments and the effects of changes in actuarial assumptions (including the first recognition of the defined contribution plans with a legally guaranteed return).

Cumulative translation adjustments

The cumulative translation adjustments represent the cumulative currency translation differences that arise due to subsidiaries, associates and joint ventures that have a functional currency that is different from the euro.

Cash flow hedge reserves

This reserve contains the effective portion of the cumulative net change in the fair value of cash flow hedge instruments related to hedged transactions.

Fair value reserves for financial assets available for sale

This reserve contains unrealised fair value changes in financial assets classified as available for sale.

Non-controlling interests

Non-controlling interests in subsidiaries not fully owned by the group are presented separately from Colruyt Group's equity. The interest of non-controlling shareholders can initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to the acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. The total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

k. Provisions

Provisions are only recognised in the consolidated statement of financial position when Colruyt Group has a present obligation (legal or constructive) as a result of a past event, when it is probable that a future outflow of resources will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligations at the reporting date.

If the effect of discounting the future cash outflows is material, the provisions are annually discounted using discount rates that reflect current market assessments of the time value of money.

Restructuring provisions are recognised when Colruyt Group approved a detailed, formalised restructuring plan and made a start on restructuring or made it publicly known before reporting date. These provisions only include direct expenditures that are necessarily entailed by the restructur-



ing and that are not associated with the ongoing activities of the entity.

Environmental provisions are established in accordance with legal requirements on the one hand and the environmental policy established by Colruyt Group on the other.

For onerous contracts, a provision is recognised in the consolidated statement of financial position for the difference between the unavoidable cost of meeting the obligations under the contract and the expected benefits to be derived from the contract. Before a provision for an onerous contract is established, Colruyt Group recognises any impairment loss that has occurred on assets dedicated to that contract.

I. Employee benefits

Post-employment benefits

There are different types of post-employment benefits within Colruyt Group:

- **Defined contribution plans with a legally guaranteed return**

In Belgium, employers are obliged to guarantee a minimum return on defined contribution plans throughout the employee's career. For this reason, these plans fit the definition of a defined benefit plan. Before the financial year 2016/17, the defined contribution plans in Belgium were recognised as defined contribution plans based on the intrinsic value method. This implied that the calculation of the liability took into account the guaranteed minimum return only until the reporting date. Recent developments in the legislation have however led to the classification of these plans as defined benefit plans and to the recognition of a net defined liability.

- **Unemployment regime with company supplement**

The possibility for early retirement, as it exists within Colruyt Group for employees of Belgian entities, is based on the Belgian 'unemployment regime with company supplement'. The unemployment regime with company supplement and the conditions regarding the required age and performed service period are described in a collective labour agreement (Collectieve Arbeidsovereenkomst/ Convention Collective de Travail or cao/ CCT), more specifically in collective labour agreement No. 17, as established by

the National Labour Council (Nationale Arbeidsraad/Conseil National du Travail) and in the Royal Decree of 3 May 2007 which regulates the unemployment regime with company supplement (Belgian Official Journal 8 June 2007). Other collective labour agreements negotiated by the National Labour Council or within Colruyt Group for specific entities or industries may be applicable, but have benefits similar to those of collective labour agreement No. 17.

These benefits must be paid if a company decides to terminate an employee's employment before the normal retirement date. Given that a reasonable expectation is created towards the employees at the moment of their recruitment or during the period of service, that they are entitled to join the unemployment regime with company supplement before the legal retirement age, these benefits are treated as post-employment benefits (defined benefit plan).

- **Other**

Other post-employment benefits include departure benefits as a result of retirement or as a result of the application of the 'unemployment regime with company supplement' (Belgian entities) and legal compensations (French entities). These benefits are also treated as defined benefit plans.

The liabilities arising from these regimes and the related costs are determined using the 'projected unit credit' method, based on actuarial calculations that are executed at the end of the financial year. A comprehensive actuarial measurement based on updated personnel information is performed at least every three years. In the years in which no comprehensive actuarial measurement is required, actuaries use forecasts based on the previous year but including updated assumptions (discount rate, pay rise and staff turnover). These liabilities, recorded in the consolidated statement of financial position, are calculated as the present value of estimated future cash outflows, based on a discount rate at the reporting date which corresponds to the market yield of high quality corporate bonds with a remaining maturity that approaches the maturity of these liabilities. The liabilities related to the unemployment regime with company supplement are recognised for the population of employees for which can be reliably

assumed that it will join the unemployment regime with company supplement. The liabilities for the defined contribution plans with a legally guaranteed return are recognised for all employees of Colruyt Group.

The costs related to these systems consist of the following items:

- the current service cost, which includes the increase in the present value of the liability resulting from employee service in the current reporting period;
- the past service cost, which includes the change in the present value of the benefit obligation for services delivered by employees in prior reporting periods, resulting from an amendment or a curtailment of the existing benefit plan;
- gains or losses on settlement of the benefit liability, if any;
- the net interest on the net liability, which is a consequence of the passage of time;
- the actuarial gains and losses, which comprise the effect of differences between the previous actuarial assumptions and what has actually occurred and the effect of changes in actuarial assumptions.

The first three items are recognised in profit or loss as 'Employee benefit expenses'. The net interest on the net liability is included in profit or loss in the 'Net financial result'. Actuarial gains and losses are recognised in other comprehensive income.

Profit-sharing

In accordance with the Law of 22 May 2001 concerning employee participation in capital and profit of the entities, Colruyt Group grants its personnel based in Belgium the choice to receive profit-sharing either in shares or in cash, without any discount on the share price. The profit-sharing is recognised in the financial year in which the profit is realised.

Discounts on share capital increases

In accordance with art. 609 of the Companies Code, Colruyt Group gives a discount to its employees on its yearly share capital increase reserved for its employees. This discount is recognised as an employee benefit expense in the period of the share capital increase.

m. Financial liabilities

The financial liabilities of Colruyt Group measured at amortised cost comprise

interest-bearing loans, trade payables and other liabilities. Financial liabilities are initially measured at fair value, net of transaction costs. After initial recognition, the financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest rate basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

n. Revenue recognition

Revenue from the sale of goods

Revenue from the sale of goods is recognised in the consolidated income statement as from the moment that the significant risks and rewards of ownership have been transferred, that Colruyt Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, that the amount of revenue can be measured reliably, that it is probable that the economic benefits associated with the transaction will flow to Colruyt Group and that the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and rebates. Discount coupons issued by suppliers and remitted by customers are treated as a trade receivable towards the supplier and recognised as such in the consolidated statement of financial position.

For certain products or services, such as phone cards and tickets for amusement parks, Colruyt Group acts as an agent. As a consequence, only the commission is included in the revenue.

Colruyt Group runs customer loyalty programmes whereby customers receive discounts on future purchases. Part of the fair value of the discounts is deferred and is recognised as revenue when the discount is cashed in.

In the segment 'Retail', the sale of products is recognised when the consideration is received at the cash desk and at the moment the products are delivered to those customers who ordered through the Internet and by telephone.

Revenue from the sale of gift cards and gift certificates is recognised when the gift card or gift certificate is redeemed by the customer.

The sale of products in the segment 'Wholesale and Foodservice' is recognised upon delivery to, or pick-up by, the 'Wholesale and Foodservice' customer.

Revenue from services rendered

Revenue from services rendered is recognised in the consolidated income statement by reference to the stage of completion of the transaction at the reporting date. This stage of completion is based on judgements of activities completed to date.

Rental income

Rental income is recognised in other operating income on a straight-line basis over the term of the lease.

Income from green certificates

For the production of electricity the regional governments award Colruyt Group with green certificates. The income resulting from these certificates is recognised in the consolidated income statement at the moment of production as 'Other operating income'.

For the supplier activities, Colruyt Group is required to hand in certificates from time to time, so as to satisfy the quotas imposed by the regional governments. For this purpose, certificates are used that are obtained through the production activities as well as certificates purchased on the market.

In the consolidated statement of financial position, certificates that have not been used at the reporting date are recognised in the line item 'Inventories'. Certificates that have been purchased are measured at the purchase price, certificates granted as a result of the production activity are measured at the minimum price guaranteed by the regional governments. The inventory movement in respect of certificates is recognised in the consolidated income statement under the line item 'Services and miscellaneous goods'.

Dividend income and interest income

Dividends are recognised in the consolidated income statement when the shareholder's right to receive payment is established. Interest income is recognised based on the effective interest method.

o. Expenses

Reimbursements by suppliers

Reimbursements by suppliers are recognised net of expenses. If such reimbursements are specifically received for the reimbursement of specific publicity expenses incurred, the reimbursements are deducted from those specific expenses. In all other cases the reimbursements are recognised as a deduction from cost of goods sold.

Rental payments

Operating lease payments are recognised in the consolidated income statement on a straight-line basis over the term of the lease.

Finance costs

Finance costs comprise interest on loans, interest on repayments of finance lease liabilities, fair value adjustments to financial assets held for trading and adjustments for the time value of liabilities. Interest expense is recognised using the effective interest method. All other finance costs are recognised when incurred.

p. Income taxes

Income tax for the financial year comprises current and deferred taxes and is presented in accordance with IAS 12, 'Income Taxes'. Taxes are presented in profit or loss, except for taxes that relate to transactions not recognised in the consolidated income statement or that relate to a business combination.

Current tax is the expected tax payable on the taxable profit for the financial year, using tax rates and tax laws enacted or enacted substantively at the end of the reporting period, and any adjustment to tax payable (or receivable) in respect of previous years. These taxes are calculated in accordance with the respective tax laws applicable in all countries in which Colruyt Group operates.

Deferred taxes are calculated using 'the balance sheet liability method', providing for temporary differences between the tax base of the assets and liabilities



and the carrying amount of assets and liabilities in the consolidated statement of financial position. The following differences are however not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that are not resulting from a business combination and that do not affect profit before tax or taxable profit and the differences relating to investments in subsidiaries, associates and joint ventures to the extent that the group is able to assess the timing of the expiration of the temporary differences and that it is probable that they will not be reversed in the near future.

Deferred taxes are calculated using tax rates and tax laws enacted or substantively enacted at the reporting date. A deferred tax asset is recognised in the consolidated statement of financial position only to the extent that it is probable that taxable profits will be available in the near future against which the deductible temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends or gains on shares in subsidiaries are only recognised respectively at the moment of the decision to pay the related dividend and at the moment of the decision of the realisation of the gain.

q. Transfer pricing

The prices for transactions between subsidiaries, associates, joint ventures and therefore also between operating segments are conducted at arm's length.

r. Events after the reporting date

Events after the reporting date, which provide additional information concerning the situation of Colruyt Group at the reporting date ('adjusting events') are recognised in the consolidated financial statements. Other events after the reporting date ('non-adjusting events') are only mentioned in the notes to the consolidated financial statements if they are considered to be important.

2. SEGMENT INFORMATION

Colruyt Group reports its operating segments based on the nature of its activities. In addition to the information on the operating segments, Colruyt Group also provides geographical information on the regions in which it operates.

2.1. Operating segments

Colruyt Group distinguishes three operating segments within its activities.

While determining the operating segments, Colruyt Group considered the operational characteristics of every activity. This led to the identification of two important business segments: 'Retail' on the one hand and 'Wholesale and Foodservice' on the other hand. The difference between both operating segments can be found in differences in markets and business models. The other identifiable segments do not meet the quantitative thresholds determined by IFRS 8 'Operating segments' and were reported together under 'Other activities'. The group support activities combine various departments and supply services to the different brands within Colruyt Group. These activities include marketing and communication, IT, human resources and recruitment, finance and other central services. The costs of group support activities and the result of their internal cross-charging are, to the extent possible, allocated to the reported segments.

Retail:

Stores under Colruyt Group's own management which directly sell to retail customers and bulk consumers. The filling stations in France are also included in this segment as they are inseparably connected to, and therefore an integral part of, the stores in France.

Wholesale and Foodservice:

Supply to wholesalers, commercial customers and affiliated independent merchants.

Other activities:

Filling stations in Belgium, printing and document management and alternative energy. The filling stations in Belgium are presented in a separate segment, as opposed to the filling stations in France, the reason being that the former, which have their own commercial objectives

and energy strategy, can be identified separately from the stores in Belgium.

The results of an operating segment contain elements which are directly attributable or which are reasonably attributable to the operating segments.

The revenues of each operating segment include revenues from sales to external customers and revenues from transactions with other operating segments. More information can be found in note 3.1. *Revenue by cash-generating unit*.

The results of the operating segments are evaluated based on operating profit (EBIT).

The financial result and income taxes are managed at Colruyt Group level and are not allocated to the operating segments.

Non-cash items in the income statement consist mainly of depreciation and amortisation, impairment of non-current assets, provisions and impairment of current assets. The line items 'Depreciation and amortisation' and 'Impairment of non-current assets' are the most significant ones and are therefore included in the segment information.

The operating segment information and Colruyt Group's consolidated figures can be reconciled by adding the information in the different operating segments with the non-allocated elements - including group support activities - and eliminating the transactions within Colruyt Group.

Given the type of its activities, Colruyt Group does not rely on a limited number of major customers.

	Retail 2016/17	Wholesale and Foodservice 2016/17	Other activities 2016/17	Operating segments 2016/17
(in million EUR)				
Revenue - external	7.233,1	1.669,4	591,0	9.493,5
Revenue - internal	85,9	18,6	47,2	151,7
Operating profit (EBIT)	455,7	36,2	12,2	504,1
Share in the result of investments accounted for using the equity method	2,0	-	6,5	8,5
Purchase of property, plant and equipment and intangible assets	291,9	19,6	23,6	335,1
Depreciation and amortisation	171,4	22,9	9,8	204,1
Impairment of non-current assets	7,6	8,4	0,2	16,2

	Operating segments 2016/17	Un- allocated 2016/17	Eliminations between operating segments 2016/17	Consolidated 2016/17
(in million EUR)				
Revenue - external	9.493,5	-	-	9.493,5
Revenue - internal	151,7	-	(151,7)	-
Operating profit (EBIT)	504,1	(10,9)	0,1	493,3
Share in the result of investments accounted for using the equity method	8,5	4,2	-	12,7
Net financial result				3,6
Income tax expense				(126,4)
Profit for the financial year				383,2
Purchase of property, plant and equipment and intangible assets	335,1	51,4	-	386,5
Depreciation and amortisation	204,1	29,7	-	233,8
Impairment of non-current assets	16,2	0,4	-	16,6



	Retail 2015/16	Wholesale and Foodservice 2015/16	Other activities 2015/16	Operating segments 2015/16
<i>(in million EUR)</i>				
Revenue – external	7,061,6	1,569,2	546,7	9,177,5
Revenue – internal	86,8	19,6	46,5	152,9
Operating profit (EBIT)	466,7	31,4	13,2	511,3
Share in the result of investments accounted for using the equity method	1,4	-	7,9	9,3
Purchase of property, plant and equipment and intangible assets	292,6	31,0	24,9	348,5
Depreciation and amortisation	152,5	22,4	9,7	184,6
Impairment of non-current assets	2,6	1,8	0,4	4,8

	Operating segments 2015/16	Un- allocated 2015/16	Eliminations between operating segments 2015/16	Consolidated 2015/16
<i>(in million EUR)</i>				
Revenue – external	9,177,5	-	-	9,177,5
Revenue – internal	152,9	-	(152,9)	-
Operating profit (EBIT)	511,3	(4,8)	0,7	507,2
Share in the result of investments accounted for using the equity method	9,3	-	-	9,3
Net financial result				1,9
Income tax expense				(152,1)
Profit for the financial year				366,3
Purchase of property, plant and equipment and intangible assets	348,5	39,2	-	387,7
Depreciation and amortisation	184,6	23,7	-	208,3
Impairment of non-current assets	4,8	-	-	4,8

2.2. Geographical information

As customers are mostly serviced in their own geographical areas, the geographical information is based on the location of the Company and its subsidiaries. The geographical information represents the contribution in Colruyt Group of the countries in which the entities are domiciled and contains all of Colruyt Group's entities which are active in the operating segments, as well as in the corporate activities.

Belgium:

Location of the Company and of a large number of its subsidiaries. These entities are active in all operating segments as well as in the corporate activities.

France:

Location of the French subsidiaries. These entities are active in the operating segments 'Retail' and 'Wholesale and Foodservice' as well as in the corporate activities.

Other:

The other entities can be found in the Netherlands, Grand Duchy of Luxembourg, Hong Kong and India. The reinsurance company Locré S.A. (Grand Duchy of Luxembourg), the retail activities in the Grand Duchy of Luxembourg and the internal IT supplier Colruyt IT Consultancy India Private Limited (India) are the most important activities within this geographical information.

Geographical information

	Belgium		France		Other		Total	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
<i>(in million EUR)</i>								
Revenue	8.167,2	7.961,6	1.284,7	1.178,3	41,6	37,6	9.493,5	9.177,5
Purchase of property, plant and equipment and intangible assets	354,0	358,7	28,6	28,4	3,9	0,6	386,5	387,7

3. REVENUE AND GROSS PROFIT

	2016/17	2015/16
<i>(in million EUR)</i>		
Revenue	9,493,5	9,177,5
Cost of goods sold	(7,079,0)	(6,856,6)
Gross profit	2,414,5	2,320,9
As a % of revenue	25,4%	25,3%

3.1. Revenue by cash-generating unit

	2016/17	2015/16
(in million EUR)		
Retail Food ⁽¹⁾	6.986,7	6.807,7
<i>Colruyt Belgium and Luxembourg</i> ⁽²⁾	5.712,3	5.635,8
<i>OKay, Bio-Planet and Cru</i> ⁽³⁾	845,7	758,3
<i>Colruyt France and DATS 24 France</i>	428,7	413,6
Retail Non-food ⁽⁴⁾	246,4	253,9
<i>Dreamland Belgium and France and Dreambaby</i>	246,4	253,9
Transactions with other operating segments	85,9	86,8
Retail	7.319,0	7.148,4
Wholesale	771,5	768,7
Foodservice ⁽⁴⁾	897,9	800,5
Transactions with other operating segments	18,6	19,6
Wholesale and Foodservice	1.688,0	1.588,8
DATS 24 Belgium	585,7	542,3
Printing and document management solutions	5,3	4,4
Transactions with other operating segments	47,2	46,5
Other activities	638,2	593,2
Total operating segments	9.645,2	9.330,4
Eliminations between operating segments	(151,7)	(152,9)
Consolidated	9.493,5	9.177,5

(1) The subtotals 'Food' and 'Non-food' within the operating segment 'Retail' are for information purposes only.

(2) Inclusive of the revenue of the webshops Collect&Go, Bio-Planet, Collishop, Dreamland and Dreambaby realised by the Colruyt stores.

(3) Inclusive of the revenue of the webshops Collishop, Dreamland and Dreambaby realised by the OKay and Bio-Planet stores.

(4) Inclusive of 13 months of revenue from the French foodservice business Pro à Pro.

4. OTHER OPERATING INCOME AND EXPENSES

	2016/17	2015/16
(in million EUR)		
Rental and rental-related income	11,7	11,0
Gains on disposal of non-current assets	5,4	4,9
Gains on disposal of subsidiaries	23,4	-
Remuneration received	53,1	49,3
Other	17,6	16,5
Total other operating income	111,2	81,7

The 'Gains on disposal of subsidiaries' is the gain on the sale of the French foodservice business Pro à Pro to Metro Group (see also note 16.2. *Disposal of subsidiaries*).

Remuneration received includes, amongst others, services rendered to third parties, grants and commissions received, revenue from waste recycling, canteen sales, income originating from dispute settlements and income from green certificates.

	2016/17	2015/16
(in million EUR)		
Operating taxes	13,9	14,3
Property withholding tax	11,1	10,9
Losses on disposal of non-current assets	1,0	0,3
Other	1,5	(0,4)
Total other operating expenses	27,5	25,1

5. SERVICES AND MISCELLANEOUS GOODS

	2016/17	2015/16 ⁽¹⁾
(in million EUR)		
Rental and rental-related charges (immovables)	30,0	28,2
Rental and rental-related charges (movables)	14,7	15,2
Maintenance and major repairs	78,2	71,4
Utilities	42,2	36,8
Logistic expenses	143,5	129,2
Fees	24,1	27,0
Telecommunication, postal services, office supplies, IT and small material	86,7	79,4
Insurance	6,4	6,1
Training	9,7	9,0
Impairment of current assets	3,6	2,3
Other	29,9	28,9
Total services and miscellaneous goods	469,0	433,5

(1) The presentation of IT expenses has been refined during the financial year 2016/17, leading to a shift of expenses from 'Rental and rental-related charges (movables)' to 'Telecommunication, postal services, office supplies, IT and small material'. For comparability purposes, the figures of the previous reporting period have been adjusted accordingly.

6. EMPLOYEE BENEFIT EXPENSES

	2016/17	2015/16
(in million EUR)		
Wages and salaries ⁽¹⁾	956,7	899,0
Social security contributions	234,4	233,9
Consultants and interim personnel	48,5	44,5
Profit-sharing schemes for employees ⁽²⁾	31,9	32,8
Contributions to defined contribution plans	14,3	13,0
Other post-employment benefits	6,9	6,7
Discount on capital increase reserved for personnel	2,4	2,9
Other personnel costs	65,3	59,1
Compensatory amounts	(74,9)	(68,2)
Total employee benefit expenses	1.285,5	1.223,7
Number of staff employed (FTE) at reporting date ⁽³⁾	27.633	28.047

(1) Of which EUR 840,4 million for the Belgian salary pool for financial year 2016/17 (EUR 795,3 million for financial year 2015/16).

(2) This line item consists of the full cost of the profit-sharing schemes, including the employer-paid social security contributions.

(3) Colruyt Group finalised the sale of the French foodservice business Pro à Pro to Metro Group on 1 February 2017. At that time, 1.832 employees were employed in FTE at Pro à Pro.

Capital increase reserved for employees

Colruyt Group offers the opportunity to its employees to subscribe to an annual capital increase of the parent company Etn. Fr. Colruyt NV. The discount which is granted on this capital increase is in accordance with art. 609 of the Companies Code. For the most recent capital increase, 2.421 employees subscribed to 326.508 shares, which represents a capital contribution of EUR 14,1 million. The discount granted on this was EUR 2,4 million and is accounted for as an employee benefit.

	2016/17	2015/16
Number of shares subscribed	326.508	472.883
Discount per share (in EUR)	7,5	6,2
Total discount granted (in million EUR)	2,4	2,9

Compensatory amounts

Employee benefits expenses are presented free of compensatory amounts. Compensatory amounts relate mainly to employee costs capitalised in the context of non-current assets constructed by Colruyt Group.

Number of employees

The number of employees in full-time equivalents (FTE) includes only employees which have a fixed employee contract. Members of the Board of Directors, interim personnel, consultants and students working under specific student conditions are not included in full-time equivalents.



7. NET FINANCIAL RESULT

	2016/17	2015/16
<i>(in million EUR)</i>		
Interest income on unimpaired customer loans and other loans	2,8	2,8
Dividends received	0,6	0,1
Interest income on current bank deposits	0,4	0,8
Interest income on fixed-income securities held for trading	0,5	0,5
Fair value adjustments to financial assets held for trading	1,2	0,2
Gains on disposal of financial assets held for trading	0,6	0,3
Exchange gains	-	0,3
Other	1,1	0,9
Finance income	7,2	5,9
Interest expense on current and non-current loans	0,3	0,3
Interest expense on lease liabilities	0,5	0,5
Fair value adjustments to financial assets held for trading	0,5	1,4
Impairment losses on equity securities available for sale	0,1	-
Losses on disposal of financial assets held for trading	0,3	-
Adjustment for the time value of liabilities	1,8	1,2
Exchange losses	0,1	0,6
Finance costs	3,6	4,0
Net financial result	3,6	1,9

8. INCOME TAX EXPENSE

8.1. Income taxes recognised in profit or loss

	2016/17	2015/16
<i>(in million EUR)</i>		
A) Effective tax rate		
Profit before tax (excluding share in the result of investments accounted for using the equity method)	496,9	509,1
Income tax expense	126,4	152,1
Effective tax rate	25,45%	29,87%
B) Reconciliation between the effective tax rate and the applicable tax rate ⁽¹⁾	33,01%	33,53%
Profit before tax (excluding share in the result of investments accounted for using the equity method)	496,9	509,1
Income tax expense (based on applicable tax rate)	164,0	170,7
Non-taxable income/non tax-deductible expenses	(0,1)	0,5
Permanent differences	2,7	3,3
Impact of specific tax regulations	(0,1)	(0,5)
Impact of tax deductions ⁽²⁾	(39,3)	(21,0)
Other	(0,8)	(0,9)
Income tax expense	126,4	152,1
Effective tax rate	25,45%	29,87%
C) Income tax expense recognised in profit or loss		
Current year taxes	139,8	151,5
Deferred taxes	(13,6)	0,6
Adjustments relating to prior years	0,2	-
Total income tax expense	126,4	152,1

(1) The applicable tax rate is the weighted average tax rate for the Company and all its consolidated subsidiaries in different jurisdictions (Belgium: 33,99%, France: 33,33%, Grand Duchy of Luxembourg: 27,08%, the Netherlands: 25,00%, India: 34,61% and Hong Kong: 16,50%).

(2) Includes the impact of - amongst others - the dividend received deduction, the deduction for risk capital, the deduction for compensatory losses and the increased deduction for investment.

8.2. Tax impacts recognised in other comprehensive income

Some tax effects have not been recognised in the income statement, but are included in the statement of comprehensive income.

	2016/17	2015/16
<i>(in million EUR)</i>		
Tax impact on revaluation of liabilities related to long-term post-employment benefits	21,9	1,9
Total tax impacts recognised in other comprehensive income	21,9	1,9

9. GOODWILL

The recognised goodwill only relates to goodwill arising from the acquisition of complete business entities. For more information regarding the definition, recognition and valuation of goodwill we refer to note 1. *Significant accounting policies* within this current financial report.

In accordance with the described principles, goodwill is not amortised but tested annually for impairment at the level of the cash-generating unit (CGU). Colruyt Group considers the business segments or the business entities as CGUs. The impairment test of goodwill consists of comparing the recoverable amount of each CGU with its carrying amount, including goodwill, and an impairment is recognised if the carrying amount is higher than the recoverable amount.

The recoverable amount of each business unit is the value in use or, if higher, the fair value less costs to sell. In preparing the cash flow forecasts, Colruyt Group uses estimated growth rates and expected future margins based on actual figures of the most recent financial year and forecasts for the next five to ten years. The growth rates take into account expected inflation and do not include non-organic growth. Given the importance of these operational parameters for the calculation of the value in use, they are monitored at a central level through alignment and validation processes on the one hand and determined using external information sources on the other.

To determine the discount rate, Colruyt Group uses the Capital Asset Pricing Model. For the current period, the following components were used in the model: a Risk Free Interest of 1% (same as in the previous reporting period), a Market Risk Premium of 6% (same as in the previous reporting period) and an 'unlevered' Beta of 0,6 (same as in the previous reporting period). For Colruyt Group this resulted in a weighted average cost of capital (WACC) for its two main operating segments between 4% and 5% (same as in the previous reporting period). The discount rates are reviewed at least annually.

Colruyt Group uses assumptions adapted to the characteristics of the different underlying cash-generating units. For the main cash-generating units Colruyt Group uses the following expected average growth percentages for the revenues of the next five to ten years:

- operating segment 'Retail': 2% on average (between 2% and 5% in the previous reporting period);
- operating segment 'Wholesale and Foodservice': 2% on average (between 0% and 4% in the previous reporting period).

To determine the residual value using the discounted cash flow method, the Gordon growth model was used. The share of discounted residual value is within a range of 65% and 80% of the calculated value in use. For the main activities this percentage is below 78% of the value in use.

The management is of the opinion that the assumptions as described above, used for calculating the value in use, provide the best estimation of future developments. When using a terminal growth percentage of 0% (instead of 1%) in the calculation or a WACC of 8%, this does not have a substantial influence on the global outcome of the calculation. As a result the conclusions regarding the impairment test on all cash-generating units remain unchanged.

Goodwill by cash-generating unit can be presented as follows:

	2016/17	2015/16
<i>(in million EUR)</i>		
Colruyt Belgium	45,2	44,8
Colruyt France	-	0,2
Retail	45,2	45,0
Wholesale	0,4	7,5
Foodservice	10,2	35,2
Wholesale and Foodservice	10,6	42,7
Printing and document management solutions	1,6	1,6
Other activities	1,6	1,6
Consolidated	57,4	89,3



The changes in 'Goodwill' can be explained as follows:

	Gross book value 2016/17	Accumulated amortisation and impairment 2016/17	Net book value 2016/17	Gross book value 2015/16	Accumulated amortisation and impairment 2015/16	Net book value 2015/16
(in million EUR)						
At 1 April	110,9	(21,6)	89,3	110,9	(21,6)	89,3
Acquisitions	0,4	-	0,4	-	-	-
Sales and disposals	(0,2)	0,2	-	-	-	-
Disposal by sale of subsidiaries	(31,5)	6,5	(25,0)	-	-	-
Impairment	-	(7,3)	(7,3)	-	-	-
At 31 March	79,6	(22,2)	57,4	110,9	(21,6)	89,3

The movements in goodwill can mainly be explained by the sale of the French foodservice business Pro à Pro to Metro Group. As a result, the goodwill of 'Wholesale and Foodservice' decreased by EUR 25,0 million. In addition, an impairment of EUR 7,3 million was recognised on goodwill and customer portfolios in 'Colruyt France' and 'Wholesale'.

10. INTANGIBLE ASSETS

	Developed intangible assets	Concessions, software, licences and similar rights	Acquired customer lists	Intangible assets under development and other intangible assets	Total
(in million EUR)					
Acquisition value:					
At 1 April 2016	6,0	98,4	5,9	18,0	128,3
Acquisitions	2,3	8,4	-	24,4	35,1
Sales and disposals	-	(0,2)	(0,4)	(1,0)	(1,6)
Disposal by sale of subsidiaries	-	(2,3)	(1,0)	-	(3,3)
Reclassification	-	1,2	-	(1,2)	-
At 31 March 2017	8,3	105,5	4,5	40,2	158,5
Amortisation:					
At 1 April 2016	(2,4)	(59,5)	-	-	(61,9)
Amortisation	(0,9)	(12,8)	-	-	(13,7)
Disposal by sale of subsidiaries	-	1,9	-	-	1,9
At 31 March 2017	(3,3)	(70,4)	-	-	(73,7)
Impairment:					
At 1 April 2016	-	(0,5)	(0,6)	-	(1,1)
Impairment	-	-	(4,3)	(1,0)	(5,3)
Sales and disposals	-	-	0,4	1,0	1,4
At 31 March 2017	-	(0,5)	(4,5)	-	(5,0)
Net carrying amount at 31 March 2017	5,0	34,6	-	40,2	79,8

	Developed intangible assets	Concessions, software, licences and rights	Acquired customer lists	Intangible assets under development and other assets	Total
(in million EUR)					
Acquisition value:					
At 1 April 2015	2,6	81,9	5,9	18,9	109,3
Acquisitions through business combination	-	0,2	-	-	0,2
Acquisitions	1,3	8,7	-	8,8	18,8
Sales and disposals	-	(1,9)	-	(0,1)	(2,0)
Reclassification	2,1	7,5	-	(9,6)	-
Other	-	2,0	-	-	2,0
At 31 March 2016	6,0	98,4	5,9	18,0	128,3
Amortisation:					
At 1 April 2015	(2,0)	(47,8)	-	-	(49,8)
Amortisation	(0,4)	(12,3)	-	-	(12,7)
Sales and disposals	-	0,6	-	-	0,6
At 31 March 2016	(2,4)	(59,5)	-	-	(61,9)
Impairment:					
At 1 April 2015	-	-	-	-	-
Impairment	-	(1,8)	(0,1)	(0,1)	(2,0)
Sales and disposals	-	1,2	-	0,1	1,3
Other	-	0,1	(0,5)	-	(0,4)
At 31 March 2016	-	(0,5)	(0,6)	-	(1,1)
Net carrying amount at 31 March 2016	3,6	38,4	5,3	18,0	65,3

The concessions, software, licences and similar rights which amount to EUR 34,6 million (EUR 38,4 million for the previous reporting period) mainly consist of permits and software that were predominantly generated internally by the IT department of the group. The internally generated software which is still under development at the end of this financial year amounts to EUR 40,2 million (compared to EUR 18,0 million for the previous financial year). During the current financial year, the group acquired intangible assets for an amount of EUR 35,1 million (compared to EUR 18,8 million during the previous financial year), of which EUR 27,2 million were developed internally (compared to EUR 13,3 million during the previous financial year).

The acquired customer lists, which have an indefinite life, are included in the annual impairment testing of goodwill. During the financial year 2016/17 this resulted in the recognition of an impairment of EUR 4,3 million. The remaining balance of EUR 1,0 million was derecognised as a result of the sale of the French foodservice business Pro à Pro to Metro Group, resulting in a net carrying value of acquired customer lists of EUR 0,0 million per 31 March 2017 (compared to EUR 5,3 million for the previous reporting period).

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Finance leases and similar rights	Other property, plant and equipment	Assets under construction	Total
(in million EUR)							
Acquisition value:							
At 1 April 2016	2.222,2	601,4	452,7	46,6	142,5	93,5	3.558,9
Acquisitions	149,7	84,0	64,6	0,5	19,3	33,3	351,4
Sales and disposals	(17,8)	(10,9)	(25,5)	(2,6)	(2,8)	-	(59,6)
Disposal by sale of subsidiaries	(60,0)	(4,8)	(36,1)	(4,3)	-	(2,1)	(107,3)
Reclassification	67,4	6,8	0,9	(2,9)	4,2	(76,4)	-
Currency translation differences	0,5	0,3	-	-	-	-	0,8
Other	-	(1,5)	-	-	-	(0,1)	(1,6)
At 31 March 2017	2.362,0	675,3	456,6	37,3	163,2	48,2	3.742,6
Depreciation:							
At 1 April 2016	(834,6)	(352,2)	(321,7)	(17,1)	(59,0)	-	(1.584,6)
Depreciation	(113,9)	(46,8)	(47,3)	(2,4)	(9,7)	-	(220,1)
Sales and disposals	11,4	9,7	23,9	2,5	1,8	-	49,3
Disposal by sale of subsidiaries	27,8	2,7	25,7	2,5	-	-	58,7
Reclassification	(1,6)	0,4	(0,3)	1,5	-	-	-
Currency translation differences	-	(0,3)	-	-	-	-	(0,3)
At 31 March 2017	(910,9)	(386,5)	(319,7)	(13,0)	(66,9)	-	(1.697,0)
Impairment:							
At 1 April 2016	(8,4)	(0,7)	-	-	(0,1)	-	(9,2)
Impairment	(2,0)	(0,7)	(0,1)	-	(0,2)	-	(3,0)
Sales and disposals	2,1	0,7	0,1	-	0,4	-	3,3
Disposal by sale of subsidiaries	0,3	-	-	-	-	-	0,3
At 31 March 2017	(8,0)	(0,7)	-	-	0,1	-	(8,6)
Net carrying amount at 31 March 2017	1.443,1	288,1	136,9	24,3	96,4	48,2	2.037,0

	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Finance leases and similar rights	Other property, plant and equipment	Assets under construction	Total
(in million EUR)							
Acquisition value:							
At 1 April 2015	2.060,3	549,0	407,0	47,7	119,3	60,1	3.243,4
Acquisitions	148,9	71,0	58,4	0,5	20,7	69,4	368,9
Sales and disposals	(13,0)	(9,3)	(27,8)	(0,4)	(2,1)	(0,7)	(53,3)
Reclassification	23,6	(9,0)	15,1	(1,1)	4,6	(33,2)	-
Currency translation differences	(0,7)	(0,3)	(0,1)	-	-	-	(1,1)
Other	3,1	-	0,1	(0,1)	-	(2,1)	1,0
At 31 March 2016	2.222,2	601,4	452,7	46,6	142,5	93,5	3.558,9
Depreciation:							
At 1 April 2015	(741,1)	(330,3)	(292,8)	(15,1)	(52,2)	-	(1.431,5)
Depreciation	(102,1)	(39,7)	(42,9)	(2,7)	(8,2)	-	(195,6)
Sales and disposals	10,2	8,5	23,1	0,4	1,6	-	43,8
Reclassification	-	9,1	(9,1)	0,3	(0,3)	-	-
Currency translation differences	0,1	0,2	-	-	0,1	-	0,4
Other	(1,7)	-	-	-	-	-	(1,7)
At 31 March 2016	(834,6)	(352,2)	(321,7)	(17,1)	(59,0)	-	(1.584,6)
Impairment:							
At 1 April 2015	(8,9)	(0,3)	-	-	-	-	(9,2)
Impairment	(1,3)	(0,6)	(0,1)	-	(0,8)	-	(2,8)
Reversal of impairment	0,2	-	-	-	-	-	0,2
Sales and disposals	1,1	0,3	0,1	-	0,5	-	2,0
Other	0,5	(0,1)	-	-	0,2	-	0,6
At 31 March 2016	(8,4)	(0,7)	-	-	(0,1)	-	(9,2)
Net carrying amount at 31 March 2016	1.379,2	248,5	131,0	29,5	83,4	93,5	1.965,1

The net carrying amount of property, plant and equipment pledged as collateral for liabilities amounts to EUR 15,5 million (compared to EUR 12,9 million in the previous reporting period) (note 25. *Interest-bearing liabilities*). In addition, there is also collateral for a net carrying amount of EUR 84,3 million, that no longer corresponds to any outstanding liability.

The line item 'Finance leases and similar rights' consists mainly of land (net carrying amount of EUR 5,5 million), buildings (net carrying amount of EUR 13,7 million) and machinery and vehicles (net carrying amount of EUR 5,1 million). The total net carrying amount for this financial year amounts to EUR 24,3 million (compared to EUR 29,5 million for the previous reporting period). This line item includes amongst others the logistics site in Mechelen to reinforce the Retail Partners Colruyt Group activity within the operating segment 'Wholesale and Foodservice', but also the machinery of bakery Roecol.

On property, plant and equipment, an impairment loss of EUR 3,5 million has been recognised, which mainly relates to the expansion and renovation of existing stores. The impairment loss was recognised in the income statement of the current financial year in 'Depreciation, amortisation and impairment of non-current assets' within the operating segments 'Retail', 'Wholesale and Foodservice' and 'Other activities'.

The grants received are deducted from the cost of property, plant and equipment. The net amount of grants received can be detailed as follows:

	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Finance leases and similar rights	Other property, plant and equipment	Assets under construction	Total
(in million EUR)							
At 31 March 2016	(10,8)	(7,8)	(0,3)	-	-	-	(18,9)
At 31 March 2017	(10,3)	(7,4)	(0,2)	-	-	-	(17,9)

Profit or loss in relation to grants amounted to EUR 1,4 million (EUR 1,7 million in the previous reporting period).

The grants mainly relate to the grant awarded for the construction of the logistics site in Ath/Lessines. The main condition for granting this grant, i.e. the condition of employment, is still being complied with.

12. INVESTMENTS IN ASSOCIATES

	2016/17	2015/16
(in million EUR)		
Carrying amount at 1 April	3,8	0,1
Acquisitions/capital increases	0,8	3,7
Sales/deconsolidation	(0,1)	-
Capital decreases	(3,0)	-
Changes in consolidation method	22,7	-
Share in the result of the financial year	4,2	-
Carrying amount at 31 March	28,4	3,8

The investments in associates for the financial year 2016/17 relate to the non-quoted entities Alliance Internationale de Distributeurs Alidis S.A. (16,67%), AgeCore S.A. (16,67%), First Retail International 2 NV (4,48%) and Vendis Capital NV (13,45%). These investments are considered as associates, and are accounted for using the equity method given that Colruyt Group has a significant influence based on indicators as defined under paragraph 6 of IAS 28 'Investments in Associates and Joint ventures'. For the previous financial year 2015/16 the investments in associates related to the non-quoted entities Core NV (33,33%), Alliance Internationale de Distributeurs Alidis S.A. (16,67%), AgeCore S.A. (16,67%) and First Retail International 2 NV (8,09%).

As from the second half of the financial year 2016/17 the non-quoted entity Vendis Capital NV is included in the investments in associates. In the past Vendis Capital NV was classified under the financial assets available for sale.

13. INVESTMENTS IN JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD

	2016/17	2015/16
(in million EUR)		
Carrying amount at 1 April	167,5	156,9
Acquisitions/capital increases	8,4	-
Goodwill recognised on acquisitions	0,3	-
Share in the result for the financial year	8,5	9,3
Share in other comprehensive income	(2,8)	1,3
Share of dividends paid	(0,8)	-
Other	1,3	-
Carrying amount at 31 March	182,4	167,5

The investments in joint ventures for the financial year 2016/17 consist of the non-quoted entities Parkwind NV (60,13%) and Fraluc NV (67,39%). As Colruyt Group shares the control over these entities with other parties, these joint ventures are included in the consolidated financial statements using the equity method. Furthermore, these non-quoted companies are both organised as limited liability companies ('naamloze vennootschap'/'société anonyme'). The legal form of these companies (NV/SA) gives the shareholders rights to the net assets. There are no other contractual conditions or circumstances that supersede the legal form and that provide direct rights to individual assets or liabilities within these companies.

The investment in Fraluc NV is presented within the operating segment 'Retail' and the investment in Parkwind NV is presented within the operating segment 'Other activities'.

The main activities of both companies (Parkwind NV and Fraluc NV) are located in Belgium.

The investment holding Parkwind NV develops, builds and operates offshore wind farms.

In Fraluc NV the activities of the Belgian clothing retail chain ZEB are included. Between Colruyt Group and the management, call and put options continue to exist which, over a period of at least ten years, will provide the opportunity for Colruyt Group to obtain control over Fraluc NV.

On 31 March 2016 Colruyt Group had a share of 50% in Fraluc NV. During the financial year 2016/17 the share increased to 67,39%, in two steps:

- increase from 50% to 70% by means of a put option that was exercised at the end of April 2016;
- dilution of the share from 70% to 67,39% (impact of EUR 1,3 million within 'Other') as a result of an acquisition by Fraluc NV followed by a capital increase at the end of March 2017, only subscribed to by the new shareholder.

Fraluc NV is still accounted for using the equity method as the control over Fraluc NV after this additional acquisition is still being shared with other parties.

The joint ventures' consolidated figures are as follows:

2016/17	Parkwind NV	Fraluc NV
(in million EUR)		
Non-current assets	124,2	68,7
Including goodwill	-	26,4
Current assets	156,2	25,7
Including cash and cash equivalents	120,1	2,0
Non-current liabilities	25,5	25,6
Including non-current financial liabilities (trade payables and other liabilities and provisions excluded)	25,5	20,1
Current liabilities	4,4	22,1
Including current financial liabilities (trade payables and other liabilities and provisions excluded)	-	7,9
Net assets	250,5	46,7
Share of Colruyt Group in net assets	150,6	31,5
Goodwill (at Colruyt Group level)	-	0,3
Revenue	8,7	90,6
Depreciation, amortisation and impairment of non-current assets	(0,6)	(5,4)
Finance income	17,2	-
Finance costs	(3,0)	(0,6)
Income tax expense	-	2,1
Profit from continuing operations	10,9	3,1
Other comprehensive income	(4,8)	-
Total comprehensive income	6,1	3,1
Share of Colruyt Group in total comprehensive income	3,7	2,0
Dividends received by Colruyt Group	-	0,8

2015/16	Parkwind NV	Fraluc NV
(in million EUR)		
Non-current assets	151,9	62,9
Including goodwill	-	26,4
Current assets	123,2	23,8
Including cash and cash equivalents	120,1	0,7
Non-current liabilities	25,5	23,5
Including non-current financial liabilities (trade payables and other liabilities and provisions excluded)	25,5	17,9
Current liabilities	5,4	21,8
Including current financial liabilities (trade payables and other liabilities and provisions excluded)	-	9,3
Net assets	244,2	41,4
Share of Colruyt Group in net assets	146,8	20,7
Revenue	12,0	79,5
Depreciation, amortisation and impairment of non-current assets	(0,5)	(5,0)
Finance income	2,1	0,2
Finance costs	(2,1)	(0,9)
Profit from continuing operations	13,2	2,7
Other comprehensive income	2,2	-
Total comprehensive income	15,4	2,7
Share of Colruyt Group in total comprehensive income	9,2	1,4

According to contractual agreements, Colruyt Group has made the commitment to grant a loan to Parkwind NV and Northwind NV, a company belonging to the joint venture Parkwind NV. The loan is to be granted if requested by Parkwind NV and Northwind NV, for respective amounts of maximum EUR 9,3 million and maximum EUR 6,3 million (respectively maximum EUR 9,3 million and maximum EUR 5,6 million for the previous reporting period).

14. FINANCIAL ASSETS

14.1. Non-current assets

	31.03.17	31.03.16
(in million EUR)		
Equity securities available for sale	12,0	42,2
Total	12,0	42,2

The non-current financial assets changed as follows during the financial year:

	2016/17	2015/16
(in million EUR)		
At 1 April	42,2	26,6
Changes in consolidation method	(22,7)	-
Classification as held for sale	(14,4)	-
Acquisitions	2,2	3,8
Capital decreases	(4,2)	(0,1)
Fair value adjustments through other comprehensive income	9,0	11,9
Impairments	(0,1)	-
At 31 March	12,0	42,2

This line item consists mainly of the investments in the holding companies Sofindev II NV (22,31%), Sofindev III NV (10,88%), Sofindev IV NV (16,57%) and Ticom NV (40,00%). The investments in the different holding companies are recognised at fair value, calculated as the share of Colruyt Group in the equity of these companies, corrected for the fair value of their own investment portfolios. These are investments over which Colruyt Group has neither control nor joint control nor significant influence. As a result these investments are treated as financial instruments (financial assets available for sale) on the basis of IAS 39 'Financial instruments'.

During the current reporting period, the investments in the holding companies decreased by a net amount of EUR 30,2 million. This can mainly be explained by the change in consolidation method of Vendis Capital NV (EUR -22,7 million), which is now accounted for using the equity method, and the reclassification of the investment in the Lithuanian group IKI (EUR -14,4 million) to the line item 'Assets held for sale'. Prior to the change in the consolidation method, a capital decrease was processed for Vendis Capital NV (EUR 2,3 million), as well as for Sofindev III NV (EUR 1,9 million).

The decrease in the investments was partly offset by net fair value adjustments of Sofindev III NV (EUR -0,3 million), Sofindev IV NV (EUR 4,1 million) and Vendis Capital NV (EUR 5,2 million until 30 September 2016), as well as by capital increases in Sofindev IV NV (EUR 2,1 million) and Ticom NV (EUR 0,1 million). Adjustments to fair value are recognised within other comprehensive income.

During the previous reporting period, the investments had increased by a net amount of EUR 15,6 million, mainly as a result of net fair value adjustments (EUR 11,9 million) and capital increases (EUR 3,8 million).

14.2. Current assets

	31.03.17	31.03.16
<i>(in million EUR)</i>		
Equity securities held for trading	9,0	9,0
Fixed-income securities held for trading	13,9	16,5
Financial assets held to maturity	1,6	-
Total	24,5	25,5

The current financial assets changed as follows during the financial year:

	2016/17	2015/16
<i>(in million EUR)</i>		
At 1 April	25,5	23,6
Acquisitions	6,0	4,6
Sales and disposals	(7,7)	(1,5)
Fair value adjustments through profit or loss	0,7	(1,2)
At 31 March	24,5	25,5

The current financial assets mainly consist of investments held by the Luxembourg reinsurance company Locré S.A. (EUR 21,9 million for the current period).

The shares and fixed-income securities held for trading are valued at their closing price on 31 March 2017. Fair value adjustments are recognised in profit or loss. The return on the fixed-income securities is between 0,04% and 6,5%, with an average of 3,2%. The maturities of these investments vary between 4 and 30 years, with an average maturity of 10 years. The investments held to maturity are valued on a historical cost basis.

More information regarding Colruyt Group's risk management approach to investments can be found in note 27. *Risk management*.

Fair value adjustments to the current financial assets as at 31 March 2017 resulted in a net gain of EUR 0,7 million for the current financial year (compared to a net loss of EUR 1,2 million for the financial year 2015/16).

15. BUSINESS COMBINATIONS

No material business combinations occurred during the financial year 2016/17 or during the financial year 2015/16.

16. ASSETS HELD FOR SALE AND DISPOSAL OF SUBSIDIARIES

16.1. Assets held for sale

During the financial year 2016/17 the investment in the Lithuanian group IKI was reclassified as held for sale. No assets were classified as held for sale during the financial year 2015/16.

	2016/17	2015/16
<i>(in million EUR)</i>		
Total fixed assets	14,4	-
TOTAL ASSETS	14,4	-

The assets classified as held for sale changed as follows during the financial year:

	2016/17	2015/16
<i>(in million EUR)</i>		
At 1 April	-	-
Classification as held for sale	14,4	-
At 31 March	14,4	-

16.2. Disposal of subsidiaries

Colruyt Group has finalised the sale of the French foodservice business Pro à Pro to Metro Group on 1 February 2017. Consequently, the results of the French foodservice business Pro à Pro (segment 'Wholesale and Foodservice') have been included in the consolidated income statement for 13 months from 1 January 2016 until 31 January 2017.

Below, an overview is given of the assets and liabilities related to the French foodservice business over which Colruyt Group no longer has control:

	31.03.17
<i>(in million EUR)</i>	
Goodwill	25,0
Intangible assets and property, plant and equipment	49,7
Other non-current assets	21,2
Inventories	52,5
Trade receivables	103,6
Other current assets	10,0
Cash and cash equivalents	73,9
Non-current liabilities	(9,3)
Trade payables	(96,7)
Other current liabilities	(22,2)
Net assets of operating activities disposed of	207,7
Consideration received	251,7
Expenses related to the disposal	(3,0)
Provisions for warranty obligations	(17,6)
Gain on disposal	23,4

The actuarial reserves previously recognised in other comprehensive income in equity have not been reclassified to the income statement but to other reserves within equity (EUR 0,6 million).

The total effect of the disposal of the French foodservice business Pro à Pro on the consolidated income statement is as follows:

	2016/17
(in million EUR)	
Other operating income	23,4
Deferred tax realised as a result of the disposal of Pro à Pro	9,0
Taxes on statutory gain	(0,3)
Total effect on the consolidated income statement	32,1

17. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities can be detailed as follows:

17.1. Net carrying amount

	Assets		Liabilities		Balance	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
(in million EUR)						
Intangible assets	2,4	1,2	(0,1)	(1,1)	2,3	0,1
Property, plant and equipment	1,3	2,2	(77,0)	(73,4)	(75,7)	(71,2)
Inventories	-	0,3	-	(0,2)	-	0,1
Receivables	1,4	1,2	(0,6)	(0,5)	0,8	0,7
Liabilities related to employee benefits	49,2	25,6	-	-	49,2	25,6
Other provisions	2,3	2,3	(16,8)	(20,0)	(14,5)	(17,7)
Other liabilities	0,1	1,7	(3,0)	(2,9)	(2,9)	(1,2)
Tax losses carry-forward, deductible items and reclaimable tax paid	83,5	46,5	-	(0,3)	83,5	46,2
Gross deferred tax assets/(liabilities)	140,2	81,0	(97,5)	(98,4)	42,7	(17,4)
Unrecognised tax assets/liabilities	(80,4)	(48,7)	3,0	4,9	(77,4)	(43,8)
Offsetting tax assets/liabilities	(37,2)	(27,6)	37,2	27,6	-	-
Net deferred tax assets/(liabilities)	22,6	4,7	(57,3)	(65,9)	(34,7)	(61,2)

17.2. Change in net carrying amount

	Assets		Liabilities		Balance	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
(in million EUR)						
Net carrying amount at 1 April	4,7	3,2	(65,9)	(65,7)	(61,2)	(62,5)
Changes recognised in profit or loss	5,0	1,5	8,6	(2,1)	13,6	(0,6)
Changes recognised in other comprehensive income	21,9	-	-	1,9	21,9	1,9
Disposal by sale of subsidiaries	(9,0)	-	-	-	(9,0)	-
Net carrying amount at 31 March	22,6	4,7	(57,3)	(65,9)	(34,7)	(61,2)

On 31 March 2017 Colruyt Group did not recognise deferred tax assets for an amount of EUR 77,4 million (compared to EUR 43,8 million on 31 March 2016). This amount relates to temporary differences as well as tax losses and unused tax credits carried forward for a total amount of EUR 270,3 million (EUR 129,6 million for the financial year 2015/16) of which EUR 270,2 million can be carried forward indefinitely to future reporting periods (EUR 127,6 million for the financial year 2015/16).

Colruyt Group only recognises deferred tax assets to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Colruyt Group sets a time horizon of five years for these estimations.

Within Colruyt Group there is no fixed policy in respect of dividend distributions by subsidiaries, associates and joint ventures to the parent company. Had such a policy been in place for all subsidiaries, associates and joint ventures, an additional deferred tax liability in respect of Dividend Received Deduction (DRD) would have had to be accounted for of EUR 20,8 million for the financial year 2016/17 (EUR 18,9 million for the financial year 2015/16). In addition, a deferred tax liability could arise in respect of taxes due by the subsidiary in relation to the distribution. In this case, the type and amount of tax depends on the jurisdiction and specific tax position of the distributing entity.

As from assessment year 2014, capital gains on shares realised by large companies are taxable at 0,412%. For the investments held within Colruyt Group, the unrecognised tax debt calculated on the difference between the carrying amount of the investments and the equity of the subsidiaries would amount to EUR 3,9 million (EUR 3,6 million on 31 March 2016).

18. INVENTORIES

Inventories mainly represent trade goods. The accumulated impairment on inventories of trade goods amounted to EUR 5,0 million for the current financial year compared to EUR 7,9 million for the previous financial year.

The amount of inventories recognised as an expense in the income statement of 2016/17 amounts to EUR 7.079,0 million and was presented as 'Cost of goods sold'. Last year this expense was EUR 6.856,6 million.

19. TRADE AND OTHER RECEIVABLES

19.1. Other non-current receivables

	31.03.17	31.03.16
(in million EUR)		
Loans to customers	7,6	7,7
Loans to joint ventures	15,5	15,4
Guarantees granted	7,3	9,8
Other receivables	4,4	14,2
Total other non-current receivables	34,8	47,1

Loans granted to customers mainly comprise loans to independent storekeepers of Retail Partners Colruyt Group NV. The loans granted to customers are presented net of any impairment losses. These loans are usually granted for a maximum period of 15 years and are at an interest rate of between 3,5% and 8%.

Colruyt Group granted a subordinated interest-bearing loan to Parkwind NV for an amount of EUR 10,7 million. The group also granted an interest-bearing loan to Fraluc group (ZEB) for an amount of EUR 4,8 million.

The 'Guarantees granted' have been provided in respect of purchase obligations.

The 'Other receivables' mainly consist of receivables from the French authorities in respect of social security for an amount of EUR 2,7 million and receivables related to capital grants for an amount of EUR 0,7 million.

19.2. Current trade and other receivables

	31.03.17	31.03.16
(in million EUR)		
Trade receivables	440,8	489,0
Guarantees granted	0,4	0,4
Total trade receivables	441,2	489,4
VAT	4,6	8,5
Prepaid expenses	16,8	13,9
Loans granted to customers that expire within 1 year	1,5	1,6
Guarantees granted	1,0	1,8
Interest	0,9	0,5
Other receivables	11,3	17,6
Total other current receivables	36,1	43,9

Trade receivables

Trade receivables are presented net of impairment allowance. The impairment allowance amounts to EUR 11,5 million on 31 March 2017 (compared to EUR 15,4 million on 31 March 2016).

Other receivables

Other receivables are presented net of impairment allowance. The impairment allowance amounts to EUR 0,6 million on 31 March 2017 (compared to EUR 0,6 million on 31 March 2016).

The ageing of trade receivables is as follows:

	31.03.17		31.03.16	
	Gross	Impairment	Gross	Impairment
(in million EUR)				
Not past due	391,8	-	433,4	-
Past due between 1 and 6 months	45,6	(3,4)	49,2	(4,0)
Past due for more than 6 months	14,9	(8,1)	21,8	(11,4)
Total	452,3	(11,5)	504,4	(15,4)

The movement in impairment allowance on trade and other receivables is as follows:

	Impairment trade receivables		Impairment other receivables	
	2016/17	2015/16	2016/17	2015/16
(in million EUR)				
At 1 April	(15,4)	(14,5)	(0,6)	(1,4)
Addition	(9,0)	(8,9)	(0,4)	(0,2)
Reversal	5,7	6,0	0,1	0,8
Use	3,4	2,0	0,2	0,2
Disposal by sale of subsidiaries	3,8	-	0,1	-
At 31 March	(11,5)	(15,4)	(0,6)	(0,6)

Trade receivables are monitored differently depending on the business segment and based on the characteristics and needs of the customer portfolio. In this context external credit ratings are used to follow-up on the risks of the customer portfolio.

20. CASH AND CASH EQUIVALENTS

	31.03.17	31.03.16
(in million EUR)		
Term deposits with an original maturity of three months or less	250,0	150,0
Other cash and cash equivalents	273,7	282,6
Total assets	523,7	432,6
Bank overdrafts	-	0,1
Total liabilities	-	0,1
Net cash and cash equivalents	523,7	432,5

There are no material unavailable balances of cash and cash equivalents.

21. EQUITY

21.1. Capital management

Colruyt Group's aim in managing its equity is to maintain a healthy financial structure with a minimal dependency on external financing as well as to create shareholders' value. The Board of Directors strives to at least increase the annual dividend per share in proportion with the increase in group profits. The pay-out ratio over the past years has always been higher than one third of the group's profit and amounts to 45,3% this financial year. Pursuant to the bylaws, at least 90% of distributable profits are reserved for shareholders and a maximum of 10% can be reserved for directors. Furthermore, in addition to its organic growth, Colruyt Group seeks to increase shareholders' value by purchasing treasury shares. The Board of Directors is authorised to acquire treasury shares up to a maximum of 20% of the shares issued. As employee commitment to the group's growth is one of Colruyt Group's priorities, an annual capital increase reserved for employees has been organised since 1987.

21.2. Share capital

As a result of the resolution of the Extraordinary General Meeting of Shareholders on 7 October 2016 the capital was increased by 326.508 shares; the related capital increase amounted to EUR 14,1 million.

The Company's share capital on 31 March 2017 amounted to EUR 305,8 million divided into 149.935.894 fully paid up ordinary shares without par value. All shares, except treasury shares, participate in the profits.

The Board of Directors is authorised to increase the share capital in one or more times by a total amount of EUR 274 million.

The capital increases executed under this authorisation can be performed by a contribution in cash or kind, by converting any reserves, by issuing convertible bonds, and can generally be organised in any given way, provided that legal prescriptions are respected. The conditions of the capital increases executed under this authorisation, and the rights and obligations attached to the new shares are determined by the Board of Directors, taking into account the legal prescriptions.

This authorisation is valid for a period of three years starting from the day of the Extraordinary General Meeting of Shareholders that will decide on this subject. This authorisation can be extended one or more times, each time for a maximum period of five years, by means of a decision from the General Meeting of Shareholders, deliberating according to the guidelines that apply for changes in bylaws. The current authorisation will come to an end in October 2018.

21.3. Treasury shares

Treasury shares are recognised at the cost of the treasury shares purchased. On 31 March 2017 Colruyt Group held 4.300.386 treasury shares; this represents 2,87% of the shares issued at reporting date. For many years the Extraordinary General Meeting of Shareholders authorised the Board of Directors to acquire treasury shares up to 20% of the number of shares issued. The Board of Directors regularly discusses its buy-in policy. The time of purchase is dependent, amongst other things, on the share price evolution. Between 1 April 2017 and 1 June 2017 no treasury shares were purchased. In accordance with Article 622, paragraph 1 of the Companies Code, the voting rights of shares held by the company or its subsidiaries are suspended.

21.4. Dividends

On 15 June 2017 a gross dividend of EUR 171,9 million or EUR 1,18 per share was proposed by the Board of Directors. Last year the gross dividend amounted to EUR 165,1 million or EUR 1,12 per share. The gross dividend takes into account the number of treasury shares purchased, if applicable, up until 1 June 2017 and the number of shares reserved for profit-sharing distribution in September 2017. The dividend was not incorporated in the consolidated financial statements for the financial year 2016/17.

21.5. Stability allowance reference shareholders ⁽¹⁾

The Board of Directors believes that the stability and continuity in the reference share ownership of the legal entities Korys NV and Sofina S.A. is of essential importance for conducting a sustainable common policy with respect to the company.

Hence, the Board of Directors proposes granting the following stability allowance, in the form of a bonus, to the current reference shareholders through the directors who represent them in the Board of Directors, namely Korys NV and François Gillet for Sofina S.A. ⁽²⁾:

	2016/17
(in million EUR)	
Korys NV	2,9
François Gillet ⁽²⁾	0,9

This bonus bears no relationship to the performance of the permanent representatives or other representatives of the reference shareholders concerned in their capacity as director or in any other capacity.

(1) Subject to the approval of the General Meeting of Shareholders of 27 September 2017.

(2) The allowance to François Gillet, presented as director by the reference shareholder Sofina S.A., is paid to Sofina S.A.

21.6. Shares granted to employees as part of the profit-sharing scheme

In accordance with the Law of 22 May 2001 in respect of the participation in the share capital and in the profit of companies (Belgian Official Gazette 9 June 2001) and Collective Labour Agreement No. 90 of 20 December 2007 regarding non-recurrent profit related benefits, Colruyt Group agreed to a profit-sharing plan with the social partners. Employees have the opportunity to receive their profit-sharing in shares of Etn. Fr. Colruyt NV and benefit from the tax advantages provided by the law. The attribution of shares is based on market conditions; for this year the share price is fixed at EUR 45,161 per share. These shares are blocked for a period of two years (starting from the date of attribution) and deposited on a collective account managed by Colruyt. The management and costs related to this account are borne by the Company.

On 31 March 2017 an amount of EUR 31,9 million (including withholding tax and social security charges) was made available for profit-sharing, subject to the approval of the General Meeting of Shareholders. This year 7.742 employees accepted shares as part of their profit-sharing scheme. The value of this scheme amounts to EUR 1,4 million (excluding withholding taxes) and 32.104 shares.

On 31 March 2016 an amount of EUR 32,8 million (including withholding tax and social security charges) was reserved for profit-sharing. Of this amount a total of EUR 2,0 million (excluding withholding taxes) was reserved under the form of shares, which corresponds to 39.894 shares, of which 39.869 shares were distributed.

21.7. Shareholder structure

In accordance with the most recent transparency notification of 19 December 2016, the shareholder structure of Etn. Fr. Colruyt NV is as follows:

	Shares
Colruyt family and relatives	77.889.114
Etn. Fr. Colruyt NV (treasury shares)	4.300.386
Sofina Group	7.780.000
Total of parties that act in deliberation	89.969.500

The remainder of the total shares issued (149.935.894 shares per 31 March 2017), being 59.966.394 shares or 39,99% are publicly held. For more details we refer to the section Corporate Governance.

22. EARNINGS PER SHARE

	2016/17	2015/16
Total operating activity		
Profit for the financial year (group share) (in million EUR)	381,9	365,5
Weighted average number of outstanding shares	146.729.840	147.004.025
Earnings per share – basic and diluted (in EUR)	2,60	2,49

As there are no discontinued operations in either of the reporting periods, the above table is also valid for information in respect of continuing operations.

Weighted average number of outstanding shares

	2016/17	2015/16
<i>Number of outstanding shares at 1 April</i>	147.365.578	146.844.760
Effect of capital increase	95.232	135.297
Effect of shares granted to employees (profit-sharing scheme)	19.935	23.968
Effect of shares purchased	(750.905)	-
Weighted average number of outstanding shares at 31 March	146.729.840	147.004.025

23. PROVISIONS

	Environmental risks	Other risks	Total
(in million EUR)			
Non-current provisions	2,4	24,5	26,9
Current provisions	0,1	0,3	0,4
At 31 March 2017	2,5	24,8	27,3
<i>At 1 April 2016</i>	2,3	10,3	12,6
Disposal by sale of subsidiaries	-	(3,4)	(3,4)
Addition	0,5	22,3	22,8
Use	(0,3)	(1,4)	(1,7)
Reversal	-	(1,5)	(1,5)
Other	-	(1,5)	(1,5)
At 31 March 2017	2,5	24,8	27,3
Non-current provisions	2,2	10,1	12,3
Current provisions	0,1	0,2	0,3
At 31 March 2016	2,3	10,3	12,6
<i>At 1 April 2015</i>	2,4	44,3	46,7
Addition	0,2	4,2	4,4
Use	(0,1)	(33,6)	(33,7)
Reversal	(0,2)	(4,6)	(4,8)
At 31 March 2016	2,3	10,3	12,6

The provision for environmental risks has mainly been set up in respect of clean-up costs within the DATS 24 filling station activity as well as for the clean-up of land at acquisitions.

The other provisions consist mainly of provisions for claims, decommissioning of wind turbines and reinsurance. As a result of the sale of the French foodservice business Pro à Pro provisions for warranty obligations have been recognised for an amount of EUR 17,6 million (see note 16.2. *Disposal of subsidiaries*).

24. NON-CURRENT LIABILITIES RELATED TO EMPLOYEE BENEFITS

	Defined contribution plans with a legally guaranteed return	Benefits related to the 'Unemployment regime with company supplement'	Other post-employment benefits	Total
(in million EUR)				
At 1 April 2016	-	74,1	9,7	83,8
Addition ⁽¹⁾	-	6,1	0,8	6,9
Use	-	(1,7)	(0,2)	(1,9)
Adjustment for the time value ⁽²⁾	-	1,4	0,1	1,5
Experience adjustments ⁽³⁾	-	3,7	-	3,7
Change of financial assumptions ⁽³⁾	79,4	(2,0)	0,7	78,1
Change of demographic assumptions ⁽³⁾	-	(13,8)	-	(13,8)
Disposal by sale of subsidiaries	-	-	(4,7)	(4,7)
At 31 March 2017	79,4	67,8	6,4	153,6
At 1 April 2015	-	62,6	9,6	72,2
Addition ⁽¹⁾	-	6,2	0,5	6,7
Use	-	(1,8)	(0,1)	(1,9)
Adjustment for the time value ⁽²⁾	-	1,0	0,2	1,2
Experience adjustments ⁽³⁾	-	0,1	-	0,1
Change of financial assumptions ⁽³⁾	-	7,8	(0,5)	7,3
Change of demographic assumptions ⁽³⁾	-	(1,8)	-	(1,8)
At 31 March 2016	-	74,1	9,7	83,8

(1) included in the line item 'Employee benefit expenses' of the consolidated income statement

(2) included in the line item 'Net financial result' of the consolidated income statement

(3) included in the consolidated statement of comprehensive income

Colruyt Group offers various types of post-employment benefits. These include retirement benefit plans and other arrangements in respect of post-employment benefits. In accordance with IAS 19 'Employee benefits' the post-employment benefits are subdivided into either defined contribution plans or defined benefit plans.

Defined contribution plans with a legally guaranteed return

In Belgium, the Law regarding supplementary pensions ('WAP') requires employers to guarantee a minimum return on defined contribution plans over the course of the career. For amounts until 31 December 2015 this minimum return was 3,25% on the employer contributions and 3,75% on employee contributions. As a result of a law change in December 2015, the interest rate to be guaranteed is variable starting from 1 January 2016, based on a mechanism linked to the return of the Belgian OLO bond with a minimum of 1,75% and a maximum of 3,75%. For 2016 the minimum return is 1,75%.

Due to these law changes, and due to the fact that a clear position was taken by the regulatory instances during 2016, and given the fact that reliable estimates can be made for these retirement benefit plans, the Belgian defined contribution plans are considered as defined benefit plans since financial year 2016/17. They are measured in accordance with IAS 19 based on the 'projected unit credit' method. Per 31 March 2016 this final position of the IASB and other regulatory instances was not yet available, resulting in Colruyt Group measuring its liabilities at their intrinsic value. There was no deficit as per 31 March 2016.

The current service cost, the net interest costs, the administration costs and the taxes of the year are included within the employee benefit expenses in the income statement. The first application of the 'projected unit credit' method for the defined benefit plans during the financial year 2016/17 is recognised through other comprehensive income.

The amount resulting from the group's liabilities related to its defined contribution plans with a legally guaranteed return, as recorded in the consolidated statement of financial position, is as follows:

	31.03.17
(in million EUR)	
Present value of the gross defined benefit obligation	203,2
Fair value of plan assets	123,8
Deficit/surplus (-) of funded status	79,4
Total liability for employee benefits, of which:	
Portion recognised as non-current liabilities	79,4
Portion recognised as non-current assets	-

The plan assets (EUR 123,8 million) completely consist of investments in insurance contracts.

The main actuarial assumptions that were used in the calculation of the obligations related to the defined contribution plans with a legally guaranteed return can be summarised as follows:

- discount rate: 1,7%
- price inflation: 1,8%
- salary inflation: 2,3%

Description of the main risks

Colruyt Group is exposed by its defined benefit plans to a number of risks, of which the most important are further detailed below:

Volatility of plan assets - investment risk

The retirement benefit liabilities are calculated using a discount rate determined by prime company returns. In the event the plan assets do not reach this level of return, the defined benefit liabilities on account of Colruyt Group may increase. Colruyt Group reduces the investment risk by investing in insurance contracts instead of in equity instruments.

Interest risk

A decrease in returns will increase the retirement benefit liabilities, however these will be partly compensated by an increase in value of bonds held by the retirement benefit plans.

Life expectancy

The retirement benefit liabilities mainly concern benefits that are provided to the participant during his or her lifetime. An increase of the life expectancy will therefore lead to an increase in retirement benefit liabilities.

Salary expectancy

The fair value of retirement benefit liabilities is calculated based on the current salary of the participants in the retirement benefit plans. As a result an increase in salary of the participants in the retirement benefit plan will lead to an increase in the retirement benefit liabilities.

Benefits related to 'Unemployment regime with company supplement'

The possibility to retire early, as it exists within Colruyt Group for employees of its Belgian entities, is based on the 'Unemployment regime with company supplement' applicable in Belgium. The accounting principles in respect of the liabilities and costs related to this system are included in note 1.4. *Other significant accounting policies.*

Colruyt Group regularly reviews the long-term assumptions in respect of these liabilities. For this financial year the following assumptions were used:

- discount rate: 1,9% compared to 1,75% for the previous financial year;
- salary inflation: 2,3% (same as for the previous financial year).

The changes made to the actuarial parameters this financial year have impacted the liabilities related to the benefits under the 'Unemployment regime with company supplement' by EUR -12,1 million. The main changes relate to a change in the discount rate and a change in the demographic assumptions.

The weighted average duration of the liability for benefits under the 'Unemployment regime with company supplement' is 16,25 years.



Other post-employment benefits

Other post-employment benefits payable at retirement consist of long-service benefits (Belgian entities) and legal compensations (French entities).

For the long-service benefits (Belgian entities), Colruyt Group uses the following parameters:

- discount rate: 1,7% compared to 1,75% for the previous financial year;
- salary inflation: 2,3% compared to (same as for the previous financial year).

For the legal compensations (French entities) the following parameters are used:

- discount rate: 1,5% compared to 2,0% for the previous financial year;
- salary inflation: 1,5% compared to 1,2% for the previous financial year.

Changes to the main assumptions impact the group's main liabilities as follows:

	Defined contribution plans with a legally guaranteed return		Benefits related to the 'Unemployment regime with company supplement'		Long-service benefits (Belgian entities)		Legal compensations (French entities)	
	2016/17	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	
(in million EUR)								
Base scenario	79,4	67,8	74,1	3,2	2,9	3,2	6,8	
Discount rate + 0,5%	65,4	62,7	68,5	3,0	2,7	2,9	6,2	
Discount rate - 0,5%	95,2	73,5	80,5	3,4	3,1	3,5	7,3	
Salary inflation + 0,5%	85,8	81,6	86,2	3,2	2,9	3,5	7,4	
Salary inflation - 0,5%	73,7	54,6	63,6	3,2	2,9	2,9	6,2	

The above are purely hypothetical changes in individual assumptions, keeping all other assumptions unchanged: economic factors and their changes will often change more than one assumption at a time and the impact of the changes in assumptions is not linear. As a result the above information does not necessarily provide a reasonable reflection of future results.

25. INTEREST-BEARING LIABILITIES

25.1. Terms and repayment schedule

	< 1 year	1-5 year	> 5 year	Total
(in million EUR)				
Finance lease and similar liabilities	2,7	10,9	2,8	16,4
Bank borrowings	0,8	1,8	-	2,6
Other	8,1	-	-	8,1
Total at 31 March 2017	11,6	12,7	2,8	27,1
Finance lease and similar liabilities	3,3	15,1	3,2	21,6
Bank borrowings	0,9	2,2	0,1	3,2
Other	0,4	7,9	-	8,3
Total at 31 March 2016	4,6	25,2	3,3	33,1

25.2. Finance lease liabilities

	Lease payment 2016/17	Interest 2016/17	Principal 2016/17	Lease payment 2015/16	Interest 2015/16	Principal 2015/16
(in million EUR)						
< 1 year	2,9	0,2	2,7	3,6	0,3	3,3
1-5 years	11,3	0,4	10,9	15,6	0,5	15,1
> 5 years	2,9	0,1	2,8	3,3	0,1	3,2
Total	17,1	0,7	16,4	22,5	0,9	21,6

Financial lease liabilities are guaranteed by the property title of the lessor on the leased assets.

The lease contracts concluded do not contain any conditional lease payments. There are however a number of restrictions imposed on dividends, debt increase and changes to shareholding. In addition, possibilities exist to further rent or buy the leased equipment.

25.3. Bank borrowings and others

	Instalments 2016/17	Interest 2016/17	Capital 2016/17	Instalments 2015/16	Interest 2015/16	Capital 2015/16
(in million EUR)						
< 1 year	9,0	0,1	8,9	1,4	0,1	1,3
1-5 years	1,9	0,1	1,8	10,2	0,1	10,1
> 5 years	-	-	-	0,1	-	0,1
Total	10,9	0,2	10,7	11,7	0,2	11,5

The interest-bearing liabilities mainly consist of finance lease liabilities and other liabilities. The other liabilities are mainly liabilities linked with business combinations for which the duration, in the meantime, is shorter than one year.

Part of the balance of current and non-current interest-bearing liabilities is covered by collateral. The net carrying amount of the encumbered assets (excluding finance lease) largely exceeds the collateral.

26. TRADE PAYABLES, LIABILITIES RELATED TO EMPLOYEE BENEFITS AND OTHER LIABILITIES

	31.03.17	31.03.16
(in million EUR)		
Other liabilities (non-current)	0,7	0,4
Total other liabilities (non-current)	0,7	0,4
Trade payables	1.059,5	1.123,5
Guarantees received and advances on work in progress	22,3	21,5
Total trade payables (current)	1.081,8	1.145,0
Current liabilities related to employee benefits	417,6	423,4
VAT, duties and other operating taxes	52,9	54,4
Dividends	0,5	0,6
Deferred income and accrued costs	8,5	14,5
Other	3,0	4,3
Total liabilities related to employee benefits and other liabilities (current)	482,5	497,2

Terms and repayment schedule

	< 1 year	1-5 year
(in million EUR)		
Other liabilities (non-current)	-	0,7
Trade payables	1.081,8	-
Liabilities related to employee benefits and other liabilities	482,5	-
Total at 31 March 2017	1.564,3	0,7
Other liabilities (non-current)	-	0,4
Trade payables	1.145,0	-
Liabilities related to employee benefits and other liabilities	497,2	-
Total at 31 March 2016	1.642,2	0,4

27. RISK MANAGEMENT**27.1. Risks related to financial instruments****a. Currency risk**

Colruyt Group's operational entities are located in the euro zone, except for the activities in India and Hong Kong. The exchange rate risk incurred when consolidating revenues and costs of subsidiaries not reporting in euro is not hedged. In addition, Colruyt Group incurs a transactional currency risk on purchases in foreign currency. Colruyt Group does not hedge purchase transactions in foreign currency. Exchange results incurred when settling purchase transactions in foreign currencies are recognised immediately in profit or loss.

Colruyt Group's exposure to exchange rate fluctuations is based on the following positions in foreign currencies:

	Net position	
	31.03.17	31.03.16
(in million EUR)		
AUD/EUR	(0,2)	(0,1)
EUR/INR	(1,0)	(1,8)
HKD/EUR	(1,3)	-
USD/EUR	(1,0)	(1,1)
ZAR/EUR	(0,1)	(0,1)
NZD/EUR	(0,1)	-
Total	(3,7)	(3,1)

The net positions per currency are presented before intragroup eliminations. A positive amount implies that Colruyt Group has a net receivable in the first currency. The second currency of the pair is the functional currency of the Colruyt Group entity concerned.

The impact of exchange rate changes compared to the euro is relatively limited.

b. Interest rate risk

Given the limited size of borrowings and finance lease liabilities in the statement of financial position, Colruyt Group does not hedge its interest rate risk. At 31 March 2017 the total amount of bank and other borrowings was EUR 10,7 million (non-current and current) or 0,3% of total assets (compared to EUR 11,5 million on 31 March 2016) and 2,0% of the net cash and cash equivalents. Most of these borrowings are at a variable interest rate. Colruyt Group's finance lease liabilities amounted to EUR 16,4 million on 31 March 2017 (compared to EUR 21,6 million on 31 March 2016) and are also mainly contracted at a variable interest rate.

Colruyt Group generally invests its excess cash in term deposits.

A change in interest rates would not have a material effect on comprehensive income or on future cash flows of Colruyt Group.

c. Credit risk

The credit risk in relation to trade receivables is limited since most of the retail customers of Colruyt Group pay cash. The main part of Colruyt Group's receivables is linked with the wholesale activity for which Colruyt Group applies payment terms that are common in the industry. Risks are mainly managed by the regular follow-up of the credit rating of the wholesale customers and the independent storekeepers to which goods or services are delivered. If necessary, Colruyt Group requires bank guarantees or restricted cash. The credit risk is spread amongst a relatively large number of customers.

Certain customers provide bank guarantees in order to secure the recovery of Colruyt Group's receivables. These guarantees are not recognised in the statement of financial position. For the current reporting period bank guarantees were received from several customers that have outstanding debt for an amount of EUR 36,9 million (compared to EUR 35,1 million last year). The collectability of this amount was secured by bank guarantees for an amount of EUR 28,5 million (compared to EUR 21,3 million last year).

d. Liquidity risk

Finco NV is Colruyt Group's financial co-ordinator, and ensures that all entities of Colruyt Group have access to the financial resources they need. Finco NV applies a cash pooling system, i.e. any excess in cash and cash equivalents within entities of the group is used for shortages in other entities of the group. Finco NV is also responsible for the investment of Colruyt Group's cash and cash equivalents, and does so by using short-term term deposits. Finco NV uses cash projections to follow up on Colruyt Group's liquidity. Over the past few years Colruyt Group did not need to use any form of external financing. Liabilities and finance lease arrangements are mainly the result of business combinations. Colruyt Group's policy is to settle these liabilities as much as possible after the business combination, provided that the settling price is reasonable.

e. Other market risks

Besides Etn. Fr. Colruyt NV, Locré S.A., Colruyt Group's reinsurance entity, also manages a portfolio of financial instruments (fixed interest-bearing instruments and equity instruments). Locré S.A. uses these investments to cover the reinsurance risk. On 31 March 2017 the total value of Colruyt Group's current investment portfolio amounts to EUR 24,5 million (EUR 25,5 million per 31 March 2016); EUR 21,9 million of this amount belongs to Locré S.A. (EUR 24,8 million per 31 March 2016). Fluctuations in market values of these instruments can therefore have an impact on Colruyt Group's financial result. In total, Colruyt Group recognised a net revaluation of EUR 0,7 million during this financial year (a write-off of EUR 1,2 million during the previous reporting period).

The ratio of the current investment portfolio to net cash and cash equivalents of Colruyt Group amounts to 4,7% (5,9% for the previous reporting period).

f. Financial assets and liabilities per category and per class

In accordance with IFRS 7 'Financial Instruments: Disclosures' and IFRS 13 'Fair Value Measurement', financial instruments measured at fair value are classified using a fair value hierarchy.



Measurement at fair value

	Historical or amortised cost	Measurement at fair value			Total
		Quoted prices Level 1	Observable market inputs Level 2	Unobservable market inputs Level 3	
(in million EUR)					
Financial assets:					
Financial assets available for sale	0,8	-	-	11,2	12,0
Loans and receivables	488,1	-	-	-	488,1
Financial assets held for trading	1,6	22,9	-	-	24,5
Cash and cash equivalents	523,7	-	-	-	523,7
Total at 31 March 2017	1.014,2	22,9	-	11,2	1.048,3
Financial liabilities:					
Interest-bearing and other liabilities	27,8	-	-	-	27,8
Trade payables	1.081,8	-	-	-	1.081,8
Total at 31 March 2017	1.109,6	-	-	-	1.109,6
Financial assets:					
Financial assets available for sale	0,7	-	-	41,5	42,2
Loans and receivables	545,5	-	-	-	545,5
Financial assets held for trading	-	25,5	-	-	25,5
Cash and cash equivalents	432,6	-	-	-	432,6
Total at 31 March 2016	978,8	25,5	-	41,5	1.045,8
Financial liabilities:					
Interest-bearing and other liabilities	33,5	-	-	-	33,5
Trade payables	1.145,0	-	-	-	1.145,0
Bank overdrafts	0,1	-	-	-	0,1
Total at 31 March 2016	1.178,6	-	-	-	1.178,6

The fair value hierarchy is based on the inputs used to measure financial assets and liabilities at measurement date. The following three levels are distinguished:

- Level 1: inputs used for measurement of fair value are officially quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: the fair value of financial instruments not traded on an active market is determined using valuation techniques. These techniques use inputs of observable market prices, if available, as much as possible and avoid reliance on entity-specific estimations. Colruyt Group has no financial instruments within this category.
- Level 3: financial instruments for which fair value is determined with valuation techniques using certain parameters not based on observable market data.

For the amounts recognised at 'historical or amortised cost' we can conclude that the carrying amount equals the fair value in most cases due to the nature of the instrument or due to the short-term character. Those cases whereby the historical or amortised cost deviates from the fair value are not material.

For the amounts measured at fair value we refer to note 14. *Financial assets* which describes how the fair value is being measured.

The financial assets available for sale, classified under level 3, consist of investments in the holding companies Sofindev II NV, Sofindev III NV and Sofindev IV NV in which Colruyt Group does not have a significant influence. These financial assets are accounted for at fair value. During the current reporting period the investments in the holding companies decreased by a net amount of EUR 30,3 million, mainly due to the change in the consolidation method of Vendis Capital NV (EUR -22,7 million) and due to the classification of the investment in the Lithuanian group IKI (EUR -14,4 million) as held for sale.

The opening and closing balance of the investments classified under level 3 can be reconciled as follows:

	2016/17	2015/16
(in million EUR)		
At 1 April	41,5	26,2
Changes in consolidation method	(22,7)	-
Classification as held for sale	(14,4)	-
Acquisitions	2,1	3,5
Capital decreases	(4,2)	(0,1)
Fair value adjustments through other comprehensive income	9,0	11,9
Impairments	(0,1)	-
At 31 March	11,2	41,5

27.2. Other risks

Colruyt Group is further exposed to various other risks that are not necessarily financial in nature, but which nevertheless have the potential to impact the financial position of Colruyt Group. For a description of risks other than the ones mentioned above and of how Colruyt Group manages its exposure to these risks we refer to the Corporate Governance section. In this respect we also refer to the Audit Committee, which regularly discusses the risk reports of the Risk Management department (internal audit).

28. OFF-BALANCE SHEET RIGHTS AND COMMITMENTS

Colruyt Group has a number of commitments which are not recognised in the statement of financial position. Colruyt Group has rental commitments on the one hand, and contractual obligations in relation to future acquisitions of property, plant and equipment and future purchases of goods and services on the other.

The amounts due in relation to these commitments are as follows:

	31.03.17	< 1 year	1-5 year	> 5 year
(in million EUR)				
Lease arrangements as lessee	56,7	20,9	24,7	11,1
Commitments relating to the acquisition of property, plant and equipment	68,4	53,5	14,9	-
Commitments relating to purchases of goods	105,7	101,4	4,2	0,1
Other commitments	14,5	10,1	4,4	-
31.03.16				
(in million EUR)				
Lease arrangements as lessee	57,4	20,3	23,0	14,1
Commitments relating to the acquisition of property, plant and equipment	102,7	89,3	13,4	-
Commitments relating to purchases of goods	83,9	81,4	2,3	0,2
Other commitments	14,1	8,0	6,1	-

Commitments relating to operating lease arrangements where Colruyt Group acts as a lessee, relate only to obligations as a result of non-cancellable lease arrangements for immovables. Rental and rental-related charges for immovables were recognised in profit or loss for an amount of EUR 30,0 million (EUR 28,2 million for the previous financial year). The income statement includes rental charges related to non-cancellable leases together with other rental-related charges (e.g. property withholding taxes) and rental charges from cancellable lease arrangements.

The income statement includes rental and rental-related charges in respect of movables for an amount of EUR 14,7 million (EUR 15,2 million for the previous reporting period). These rental charges mainly result from cancellable lease arrangements.

The commitments related to the acquisition of property, plant and equipment for an amount of EUR 68,4 (EUR 102,7 million for the previous reporting period) consist mainly of contractual commitments for the acquisition of land and buildings.

The commitments for the purchase of trade goods for an amount of EUR 105,7 million (EUR 83,9 million for the previous reporting period) are the result of forward contracts concluded with suppliers in order to ensure the supply of certain trade goods as well as purchase commitments in respect of green certificates and electricity.

'Other commitments' include commitments resulting from various non-cancellable forward contracts regarding ICT services (mainly for software maintenance) for an amount of EUR 14,5 million (EUR 14,1 million in the previous reporting period).

In addition to these commitments Colruyt Group also has certain rights which are not recognised in the statement of financial position. Occasionally Colruyt Group leases out certain immovable assets under an operating lease arrangement.

The amounts to be received in relation to the rights are as follows:

	31.03.17	< 1 year	1-5 year	> 5 year
(in million EUR)				
Lease arrangements as lessor	16,9	8,8	8,1	-

	31.03.16	< 1 year	1-5 year	> 5 year
(in million EUR)				
Lease arrangements as lessor	15,0	8,2	6,8	-

The rights resulting from lease agreements whereby Colruyt Group acts as a lessor relate to subleased assets for an amount of EUR 9,3 million (EUR 9,3 million in the previous reporting period). Within the line item 'Other operating income' of the consolidated income statement, an amount of EUR 6,7 million (EUR 6,3 million in the previous reporting period) has been included in respect of subleased assets. The related cost (included in the consolidated income statement under the line item 'Services and miscellaneous goods') amounted to EUR 6,9 million (EUR 6,4 million in the previous reporting period).

The rights resulting from non-cancellable agreements in respect of movables are not material.

29. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities and contingent assets are items in relation to third parties which are not recognised in the statement of financial position, in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

The table below gives an overview of all contingent liabilities of Colruyt Group.

	31.03.17	31.03.16
(in million EUR)		
Disputes	4,4	1,4
Other	1,1	2,1

At balance sheet date there were a limited number of legal actions outstanding against Colruyt Group which, although disputed, constitute together a contingent liability of EUR 4,4 million (compared to EUR 1,4 million for the previous reporting period). The pending cases primarily concern commercial law claims.

Similar to last year, there are no contingent liabilities for pending cases in respect of taxation law, common law or social law.

'Other' contingent liabilities represent buy-back commitments supplied by Colruyt Group towards financial institutions as an additional guarantee for the financing of affiliated independent storekeepers. The total contingent liability amounts to EUR 1,1 million (compared to EUR 2,1 million in the previous reporting period).

Colruyt Group expects no important financial disadvantages to be derived from these liabilities.

There are no material contingent assets to be reported.

30. DIVIDENDS PAID AND PROPOSED

On 4 October 2016 a gross dividend of EUR 1,12 per share was paid to the shareholders.

For the 2016/17 financial year, the Board of Directors has proposed a gross dividend of EUR 1,18 per share, which will be made payable on 3 October 2017. As the decision to distribute a dividend is to be considered an event after reporting date which is not to be included in the statement of financial position, this dividend, which must still be approved at the General Meeting of Shareholders of 27 September 2017, is therefore not recorded as a liability in the statement of financial position.

Taking into account that the distribution proposed by the Board of Directors relates to 145.667.612 shares (after deduction of treasury shares and taking into account the shares reserved for the profit-sharing scheme), as determined on 1 June 2017, the total amount of proposed dividends amounts to EUR 171,9 million.

31. RELATED PARTIES

An overview of related party transactions is given below. In this note, only the transactions which were not eliminated in the consolidated financial statements are presented.

In accordance with IAS 24 'Related Party Disclosures', Colruyt Group identifies different categories of related parties:

- Colruyt Group's key managers (see section Corporate Governance) and relatives;
- entities that control Colruyt Group (see section Corporate Governance);
- associates (as disclosed in note 12. *Investments in associates*);
- joint ventures (as disclosed in note 13. *Investments in joint ventures accounted for using the equity method*); and
- entities that are controlled by members of the key management personnel of Colruyt Group: Stonefund NV, Stonefund III NV, Korys Management NV, Korys Real Estate NV, Korys Capital Fund S.C.A., Korys Capital S.A.R.L., Korys Renovables S.L., Real Dolmen NV, Orka Blauwe Toren NV, Eurowatt S.A., H.I.M. TWEE NV, D.H.A.M. NV (renamed to Korys Investments NV on 21 April 2017), COFIN CVBA and Proparent BV.

31.1. Related party transactions excluding key management personnel compensation

	2016/17	2015/16
(in million EUR)		
Revenue	3,1	1,8
Costs	2,0	2,4
Receivables	15,9	15,8
Liabilities	1,6	4,0
Dividends paid	93,3	85,6
Stability allowance reference shareholders	3,8	3,7

The amounts disclosed above result from transactions made on terms equivalent to those that prevail in arm's length transactions between independent parties.

Transactions with various related parties generated revenue for an amount of EUR 3,1 million (EUR 1,8 million in the previous reporting period). This revenue mainly relates to received finance income from joint ventures (EUR 2,6 million).

The costs arising from transactions with various related parties (mainly transactions with Real Dolmen NV) amount to EUR 2,0 million and are mainly related to maintenance and IT costs (EUR 1,4 million).

The outstanding receivables from related parties mainly relate to receivables in respect of joint ventures. At reporting date Colruyt Group has EUR 15,5 million of non-current interest-bearing receivables at arm's length conditions in respect of joint ventures (compared to EUR 15,4 million for the previous reporting period). Colruyt Group also has current receivables, mostly towards entities controlled by key managers of Colruyt Group, for EUR 0,4 million (same as per the previous reporting period).

The reported outstanding liabilities, mainly towards entities controlled by key managers of Colruyt Group, have decreased compared to the previous reporting period and amount to EUR 1,6 million (EUR 4,0 million for the previous reporting period).

The stability allowance to reference shareholders relates to amounts to be paid for the financial year 2016/17 which are proposed by the Board of Directors and subject to approval by the General Meeting of Shareholders.

31.2. Key management personnel compensation

The compensation awarded to key management personnel is summarised below. All amounts are gross amounts before taxes. Social security contributions were paid on these amounts.

	Remuneration 2016/17	Number of persons/ shares 2016/17	Remuneration 2015/16	Number of persons/ shares 2015/16
(in million EUR)				
Board of Directors		9		9
Fixed remuneration (directors' fees)	1,0		1,0	
Senior management		11		10
Salaries	2,82		2,83	
Variable remuneration	1,91		1,93	
Payments into defined contribution plans and other components	0,44		0,44	
Share-based payments	0,01	216	0,01	276

More information regarding the different components of compensation for key management personnel can be found in the remuneration report (see section Corporate Governance) as prepared by the Remuneration Committee.

32. EVENTS AFTER THE REPORTING DATE

There have been no significant events after the reporting period.

33. INDEPENDENT AUDITOR'S REMUNERATION

The table below provides an overview of remuneration paid to the independent auditor and his associated parties for services rendered to Colruyt Group.

	2016/17	2015/16
(in million EUR)		
Audit assignments	0,6	0,9
Other assignments	0,7	0,4
Total	1,3	1,3

The consideration paid for audit services was EUR 0,6 million, of which EUR 0,2 million was recognised at the level of the Company and EUR 0,4 million was recognised at the level of its subsidiaries.

For non-audit services, such as other control assignments, tax advice and other assignments, Colruyt Group recognised a cost of EUR 0,7 million.

The Audit Committee of Colruyt Group agreed to a derogation from the 'one to one' rule as determined in article 133 §5 of the Companies Code, as the Audit Committee is of the opinion that the services rendered pose no threat to the independence of the auditor.

34. LIST OF CONSOLIDATED ENTITIES

34.1. Company

Etn. Fr. Colruyt NV	Edingensesteenweg 196	1500 Halle, Belgium	0400 378 485	-
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34.2. Subsidiaries

Bio-Planet NV	Victor Demesmaeckerstraat 167	1500 Halle, Belgium	0472 405 143	100%
Buurtwinkels Okay NV	Victor Demesmaeckerstraat 167	1500 Halle, Belgium	0464 994 145	100%
Center-Shop All-Seasons NV	Edingensesteenweg 196	1500 Halle, Belgium	0443 979 391	100%
Codifrance S.A.S. ⁽¹⁾	Zone Industrielle de Saint Barthélémy Rue de Saint Barthélémy 66	45110 Châteauneuf-sur-Loire, France	824 116 099	100%
Colim CVBA	Edingensesteenweg 196	1500 Halle, Belgium	0400 374 725	100%
Colimpo Limited	Unit 302, 3/F, China Merchants Building 152-155 Connaught Road	Sheung Wan Hongkong, China	59139630 000 11 15 71	100%
Colruyt Gestion S.A.	Rue F.W. Raiffeisen 5	2411 Luxembourg, Grand Duchy of Luxembourg	B137485	100%
Colruyt Group Services NV	Edingensesteenweg 196	1500 Halle, Belgium	0880 364 278	100%
Colruyt IT Consultancy India Private Limited	Building N°21, Mind Space, Raheja IT Park, Hi-Tech City	Madhapur, Hyderabad-500081, India	U72300TG2007 PTC053130	100%
Colruyt Luxembourg S.A.	Rue F.W. Raiffeisen 5	2411 Luxembourg, Grand Duchy of Luxembourg	B124296	100%
Colruyt Retail France S.A.S. ⁽¹⁾	Zone industrielle	39700 Rochefort-sur-Nenon, France	789 139 789	100%
Colruyt Retail S.A.	Saint Gilles SN	5590 Ciney, Belgium	0401 377 189	100%
Colruyt Vastgoed Nederland BV	Satellietbaan 17	2181 MG Hillegom, the Netherlands	22052475	100%
Comans NV	Edingensesteenweg 196	1500 Halle, Belgium	0462 732 956	100%
Comant NV	Edingensesteenweg 196	1500 Halle, Belgium	0604 984 743	100%
Combru NV	Edingensesteenweg 196	1500 Halle, Belgium	0442 944 956	100%
Comels NV	Edingensesteenweg 196	1500 Halle, Belgium	0820 198 247	100%
Comgen NV	Edingensesteenweg 196	1500 Halle, Belgium	0404 020 638	100%
Comlie NV	Edingensesteenweg 196	1500 Halle, Belgium	0560 926 056	100%
DATS24 NV	Edingensesteenweg 196	1500 Halle, Belgium	0893 096 618	100%
Davytrans NV	Edingensesteenweg 196	1500 Halle, Belgium	0413 920 972	100%
DreamBaby NV	Edingensesteenweg 196	1500 Halle, Belgium	0472 630 817	100%
Dreamland France S.A.S. ⁽¹⁾	Zone industrielle	39700 Rochefort-sur-Nenon, France	504 931 668	100%
DreamLand NV	Edingensesteenweg 196	1500 Halle, Belgium	0448 746 645	100%
E-Logistics NV	Edingensesteenweg 196	1500 Halle, Belgium	0830 292 878	100%
Enco Retail NV	Edingensesteenweg 196	1500 Halle, Belgium	0434 584 942	100%
Eoly NV	Edingensesteenweg 196	1500 Halle, Belgium	0864 995 025	100%
Finco NV	Edingensesteenweg 196	1500 Halle, Belgium	0429 127 109	100%
Fleetco NV	Edingensesteenweg 196	1500 Halle, Belgium	0423 051 939	100%
Foodlines BVBA	Edingensesteenweg 196	1500 Halle, Belgium	0478 880 981	100%
Immo Colruyt France S.A.S. ⁽¹⁾	Zone industrielle	39700 Rochefort-sur-Nenon, France	319 642 252	100%
Immo Colruyt Luxembourg S.A.	Rue F.W. Raiffeisen 5	2411 Luxembourg, Grand Duchy of Luxembourg	B195799	100%
Immoco S.A.R.L. ⁽¹⁾	Zone industrielle, Rue des Entrepôts 4	39700 Rochefort-sur-Nenon, France	527 664 965	100%
Locré S.A.	Rue de Neudorf 534	2220 Luxembourg, Grand Duchy of Luxembourg	B59147	100%
Puur NV	Edingensesteenweg 196	1500 Halle, Belgium	0544 328 861	100%
Puurgen NV	Edingensesteenweg 196	1500 Halle, Belgium	0631 815 438	100%
Puurwijn NV	Edingensesteenweg 196	1500 Halle, Belgium	0645 906 865	100%
Retail Partners Colruyt Group NV	Edingensesteenweg 196	1500 Halle, Belgium	0413 970 957	100%
R.H.C. S.A.S. ⁽¹⁾	Avenue Georges Brassens 10	94470 Boissy Saint Leger, France	350 590 154	100%
Roecol NV	Spievelstraat 4	9160 Lokeren, Belgium	0849 963 488	50%
SmartWithFood CVBA	Edingensesteenweg 196	1500 Halle, Belgium	0640 760 224	100%
Solucious NV	Edingensesteenweg 196	1500 Halle, Belgium	0448 692 207	100%
Vlevico NV	Edingensesteenweg 196	1500 Halle, Belgium	0422 846 259	100%
Walcodis S.A.	Rue du parc industriel (GH) 34	7822 Ath, Belgium	0829 176 784	100%
Waldico S.A.	Rue du parc industriel (GH) 34	7822 Ath, Belgium	0425 150 109	100%

(1) These companies close their financial year on 31 December and are included in the consolidated financial statements on that date.

34.3. Joint ventures

Fraluc NV ⁽¹⁾	Brusselsesteenweg 185	1785 Merchtem, Belgium	0553 548 910	67,39%
Parkwind NV ⁽²⁾	Sint-Maartenstraat 5	3000 Leuven, Belgium	0844 796 259	60,13%

(1) This company closes its financial year on 31 July and is included in the consolidated financial statements on intermediate financial statements as per 31 March.

(2) This company closes its financial year on 31 December and is included in the consolidated financial statements on that date.

34.4. Associates

AgeCore S.A. ⁽¹⁾	Rue de la Synagogue 33	1204 Genève, Switzerland	CHE-222 427 477	16,67%
Alliance Internationale de Distributeurs Alidis S.A. ⁽¹⁾	Route de Meyrin 123 c/o BDO S.A.	1219 Châtelaine, Switzerland	CHE-110 054 794	16,67%
First Retail International 2 NV ⁽¹⁾	Pontbeekstraat 2	1702 Groot-Bijgaarden, Belgium	0644 497 494	4,48%
Vendis Capital NV ⁽¹⁾	Jan Emiel Mommaertslaan 22	1831 Machelen, Belgium	0819 787 778	13,45%

(1) These companies close their financial year on 31 December and are included in the consolidated financial statements on that date.

34.5. Changes in consolidation scope

a. New investments

On 1 August 2016 Colruyt Group acquired all the shares of the company Center-Shop All-Seasons NV.

b. Mergers

On 1 April 2016 the companies Immo Dassenveld NV and Wasserij Schepens BVBA merged with Colim CVBA.

On 1 January 2017 the company Symeta NV merged with Colruyt Group Services NV.

c. Newly established companies

In France the companies Pro à Pro Distribution S.A.S. and Codifrance S.A.S. were established on respectively 13 April 2016 and 17 November 2016.

d. Other changes

On 1 February 2017 Colruyt Group has finalised the sale of the French foodservice business Pro à Pro to Metro Group.

The following companies have been sold to Metro Group: Aubépine S.A.R.L., Blin Etablissements S.A.S., Colruyt France S.A., Pro à Pro Distribution Export S.A.S., Pro à Pro Distribution Nord S.A.S., Pro à Pro Distribution Sud S.A.S., Sodeger S.A.S., Transpro S.A.S., Transpro France S.A.R.L., U.C.G.A. Unifrais S.A. and Pro à Pro Distribution S.A.S.

As from the second half of the financial year 2016/17, the non-quoted company Vendis Capital NV has been included under the investments in associates. In the past Vendis Capital NV was classified under the financial assets available for sale.

The investment of Colruyt Group in Fraluc NV increased from 50 to 67,39%. Fraluc NV is still accounted for using the equity method, as the control over Fraluc NV after this additional acquisition is still being shared with other parties.

The investment of Colruyt Group in SmartWithFood NV increased in the course of the financial year from 86,70 to 100%.

On 30 June 2016 and on 30 November 2016 respectively, the companies Alvocol NV and Core S.C.R.L. were liquidated.

In France, the company Colruyt Distribution France S.A.S. changed its company name to Colruyt Retail France S.A.S.

35. CONDENSED (NON-CONSOLIDATED) FINANCIAL STATEMENTS OF ETN. FR. COLRUYT NV, IN ACCORDANCE WITH BELGIAN ACCOUNTING STANDARDS

The financial statements of Etn. Fr. Colruyt NV are presented below in condensed form.

For the individual financial statements of Etn. Fr. Colruyt NV an unqualified audit opinion was delivered by the auditor. The statutory report of the auditor confirms that the individual financial statements of Etn. Fr. Colruyt NV for the financial year ending 31 March 2017, prepared according to Belgian accounting standards, give a true and fair view of the financial position of Etn. Fr. Colruyt NV in accordance with all legal and regulatory dispositions. In the report no attention was drawn to any matter in particular.

The annual report, the annual financial statements of Etn. Fr. Colruyt NV and the independent auditor's report are filed with the National Bank of Belgium, in accordance with Art. 98 and 100 of the Companies Code. A copy of these documents can be obtained there on request.

These documents can also be obtained on request at the Company's registered office:

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Internet: www.colruytgroup.com

E-mail: contact@colruytgroup.com

Condensed statement of financial position of Etn. Fr. Colruyt NV

	31.03.17	31.03.16
(in million EUR)		
<i>Non-current assets</i>	4.901,4	4.882,6
II. Intangible assets	43,4	32,5
III. Property, plant and equipment	201,6	182,0
IV. Financial non-current assets	4.656,4	4.668,1
<i>Current assets</i>	957,1	867,9
V. Receivables exceeding one year	5,7	5,7
VI. Inventories and work in progress	337,1	363,7
VII. Receivables for less than one year	390,7	366,7
VIII. Cash investments	195,3	82,1
IX. Cash and cash equivalents	24,9	48,5
X. Prepayments and accrued income	3,4	1,2
Total assets	5.858,5	5.750,5
<i>Equity</i>	1.466,5	1.423,1
I. Share capital	305,8	291,7
IV. Reserves	214,1	113,0
V. Profit carried forward	946,4	1.018,4
VI. Capital grants	0,2	-
<i>Provisions and deferred taxes</i>	5,5	6,9
<i>Liabilities</i>	4.386,5	4.320,5
VIII. Liabilities exceeding one year	2.950,1	2.957,7
IX. Liabilities for less than one year	1.420,9	1.346,1
X. Accruals and deferred income	15,5	16,7
Total liabilities	5.858,5	5.750,5



Condensed income statement of Etn. Fr. Colruyt NV

	2016/17	2015/16 ⁽¹⁾
(in million EUR)		
I. Operating income	6.845,9	6.636,7
II. Operating expenses	(6.535,9)	(6.321,5)
III. Operating profit	310,0	315,2
IV. Finance income	78,4	623,3
V. Finance expenses	(108,0)	(143,9)
VI. Profit for the financial year before tax	280,4	794,6
VII. Deferred tax	(0,2)	-
VIII. Income tax	(69,5)	(69,9)
IX. Profit for the financial year	210,7	724,7
X. Transfer to the tax exempt reserves	(1,3)	(0,9)
XI. Profit for the financial year available for appropriation	209,4	723,8

(1) Following the implementation of the EU directive 2013/34, exceptional income and exceptional expenses are no longer presented separately. They are now classified under the operating income/operating expenses or under the financial income/financial expenses. For comparability purposes the figures of the previous reporting period have been adjusted accordingly.

Profit appropriation Etn. Fr. Colruyt NV

The Board of Directors will propose to the General Meeting of Shareholders on 27 September 2017 to distribute the profit for the 2016/17 financial year as follows:

	2016/17	2015/16
(in million EUR)		
Profit for the financial year available for appropriation	209,4	723,8
Profit carried forward from previous financial year	1.018,4	469,1
Profit available for appropriation	1.227,8	1.192,9
Transfer to the legal reserve	1,4	1,7
Addition to/(transfer from) other reserves	98,5	(2,7)
Result to be carried forward	946,4	1.018,4
Dividend to owners	171,9	165,1
Bonuses	3,8	3,7
Other debts	5,8	6,7

Dividend to owners

This line item is calculated considering the number of treasury shares on 1 June 2017 and taking into account the shares reserved for distribution as part of the profit-sharing plan in September 2017.

DEFINITIONS

Capital employed

The value of the assets and liabilities that contribute to generating income.

Dividend pay-out ratio

Gross dividend per share divided by the profit for the financial year (group share) per share.

Dividend yield

Gross dividend per share divided by the share price at balance sheet date.

EBIT margin

EBIT divided by revenue.

EBITDA

Earnings before interest, taxes, depreciation and amortisation, or operating profit (EBIT) plus depreciation, amortisation and impairments.

EBITDA margin

EBITDA divided by revenue.

Free cash flow

Free cash flow is defined as the sum of the cash flow from operating activities and the cash flow from investing activities.

FTE

Full-time equivalent; unit of account with which the workforce is expressed by dividing the contractual working time by full-time working time.

GMS

'Grandes et moyennes surfaces' is a term used in France for store surfaces > 400 m² ('Retail' segment), for the activity 'Deliveries to independent storekeepers' ('Wholesale and Foodservice' segment) and for the DATS 24 petrol stations ('Retail' segment).

Gross added value

The realisable value of the manufactured goods less the value of the raw materials and the auxiliary materials used in the production process and the procured services.

Gross profit

Revenue minus cost of goods sold.

Gross profit margin

Gross profit divided by revenue.

Market capitalisation

Closing price multiplied with the number of issued shares at the reporting date.

Net added value

Consists of the gross added value less depreciation, amortisation, impairments on fixed assets, provisions and write-offs of current assets.

Net profit

Profit for the financial year (after tax).

Net profit margin

Net profit divided by revenue.

Operating profit (EBIT or earnings before interest and taxes)

The operating income less all operating costs (cost of goods sold, services and miscellaneous goods, employee benefit expenses, depreciation, amortisation, impairments and other operating expenses).

Purchase of property, plant and equipment and intangible assets

Purchase of property, plant and equipment and intangible assets also includes finance leases, but excludes acquisitions through business combinations and contributions by third parties.

Revenue

Revenue comprises the sale of goods and services provided to our own customers, affiliated customers and wholesale customers, after the deduction of discounts and commissions allocated to these customers.

RHD

'Restauration hors domicile' concerns the foodservice in France which delivers to the hotel, restaurant and café sector (commercial) and to public collectives such as schools, hospitals and nursing homes (social).

ROCE

Return on capital employed, or operating profit (EBIT) after tax divided by the capital employed.

Share of the group

Interest that can be attributed to the owners of the parent company.

Weighted average number of outstanding shares

The number of outstanding shares at the beginning of the period, adjusted for the number of shares cancelled, treasury shares purchased or shares issued during the period multiplied by a time-correcting factor.





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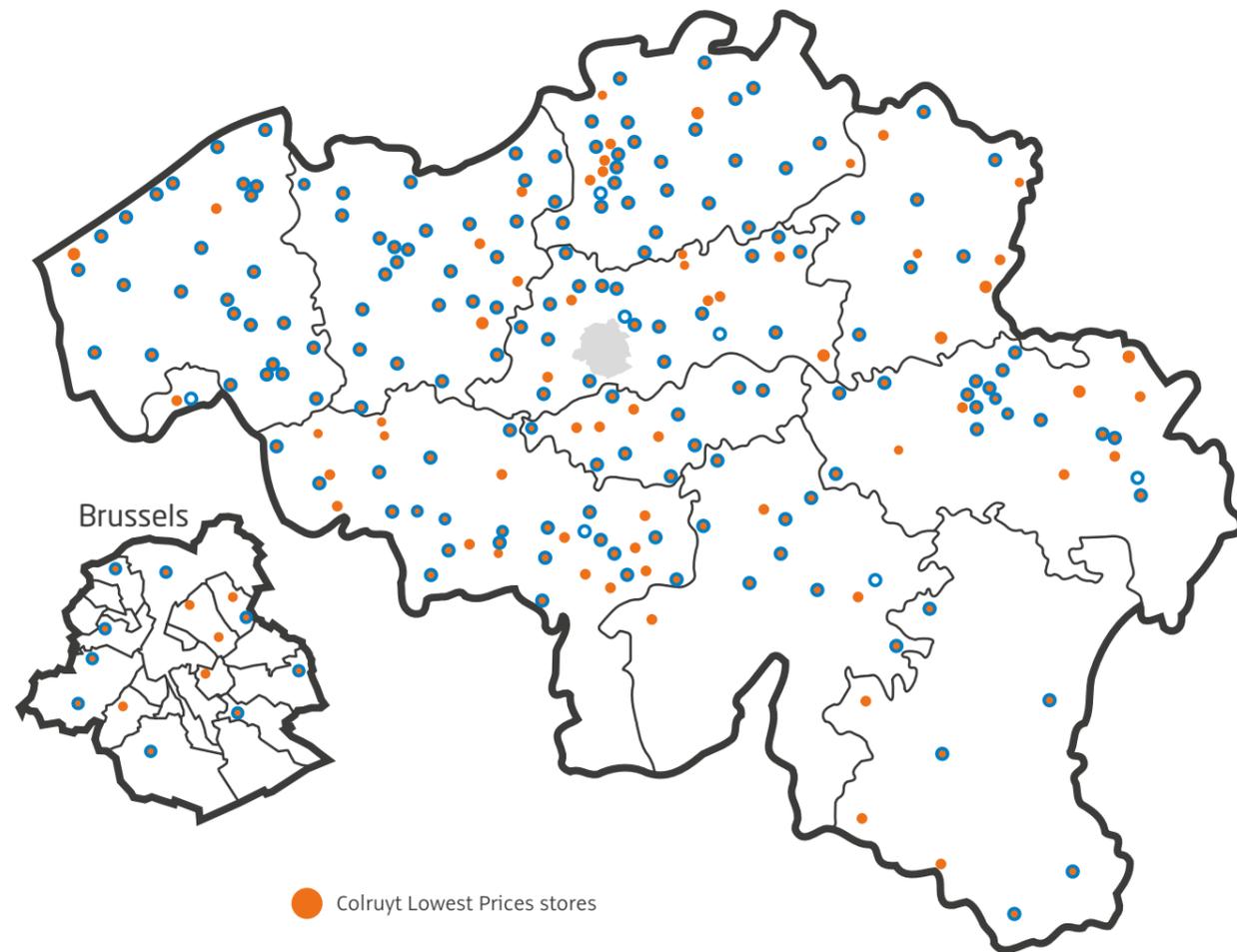
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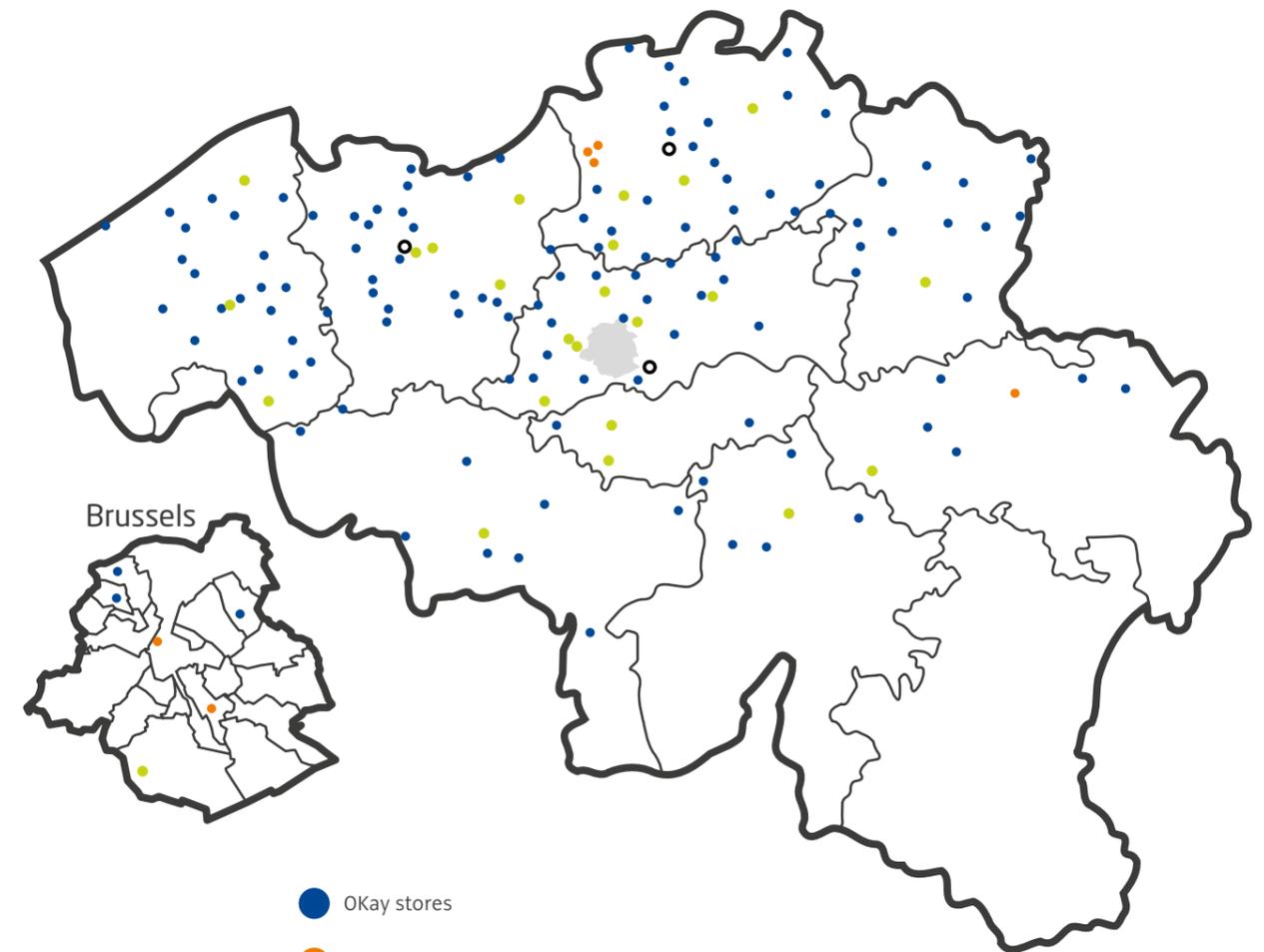


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- Colruyt Lowest Prices stores
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- Collect&Go collection points

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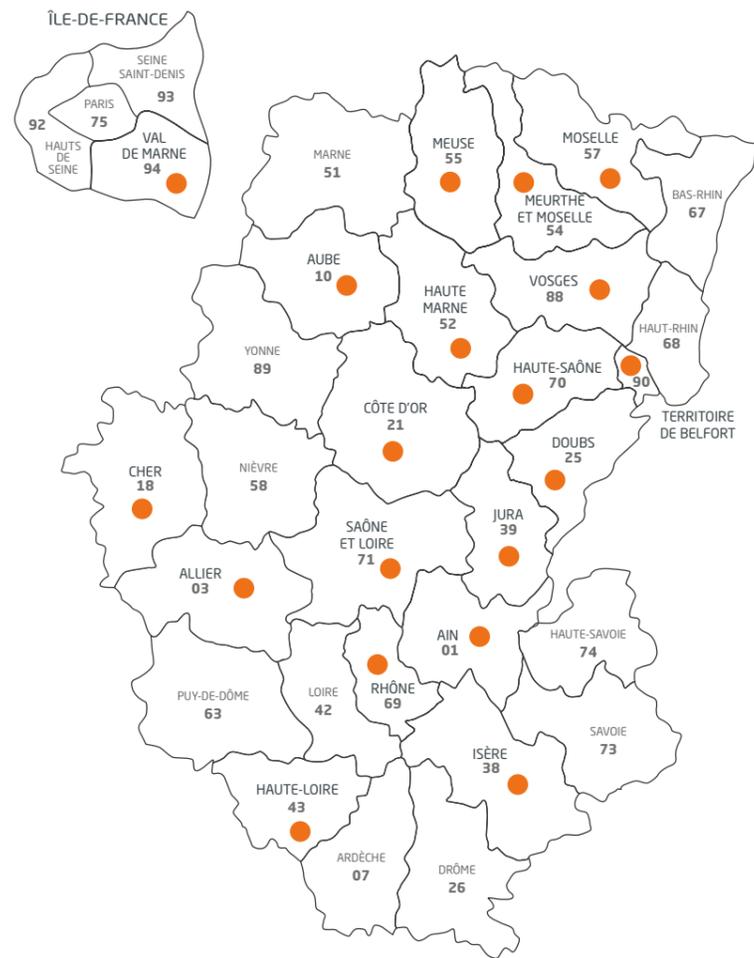
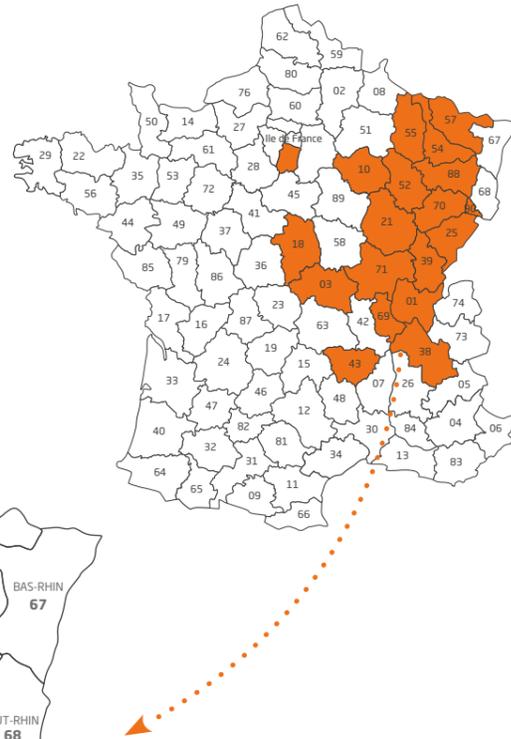
- Okay stores
- Okay Compact stores
- Bio-Planet stores
- CRU stores

Find the address of your closest store on :
okay.colruytgroup.be bioplanet.be cru.be





Zone industrielle
Rue des Entrepôts 4
39700 Rochefort-sur-Nenon
TVA-FR-87.789.139.789
+33 (3) 84.70.74.00
colruyt.fr
contact@colruyt.fr



● Colruyt Prix Qualité stores

Find the address of your closest Colruyt Prix Qualité store on colruyt.fr



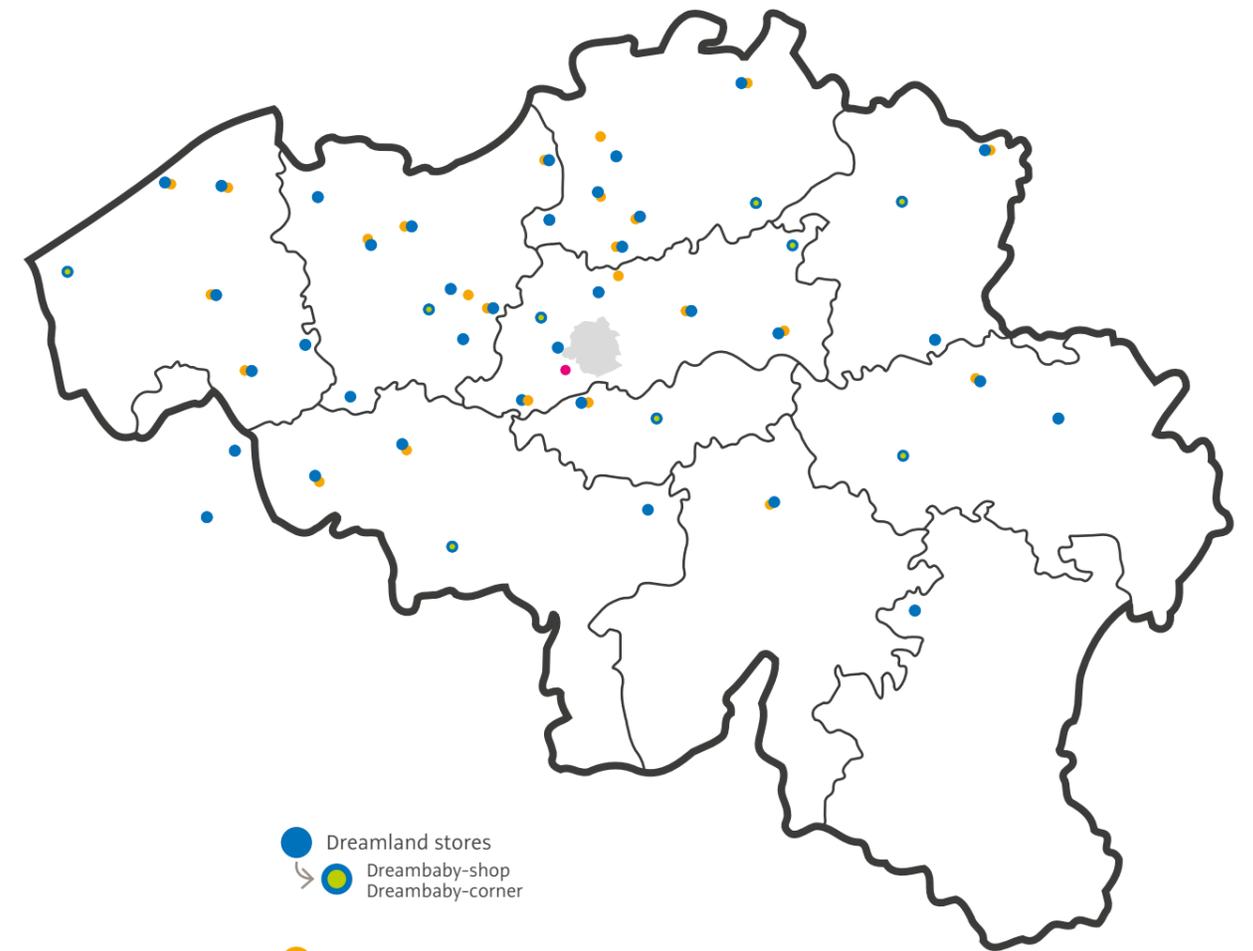
Edingensesteenweg 196
1500 Halle
BTW-BE-0448.746.645
+32 (2) 363.56.56
dreamland.be
info@dreamland.be



Edingensesteenweg 196
1500 Halle
BTW-BE-0472.630.817
+32 (2) 363 56 65
dreambaby.be
advieslijn@dreambaby.be



Edingensesteenweg 196
1500 Halle
BTW-BE-0400.378.485
+32 (2) 363 50 60
collishop.be
info@collishop.be



- Dreamland stores
- Dreambaby-shop
Dreambaby-corner
- Dreambaby stores
- Collishop store

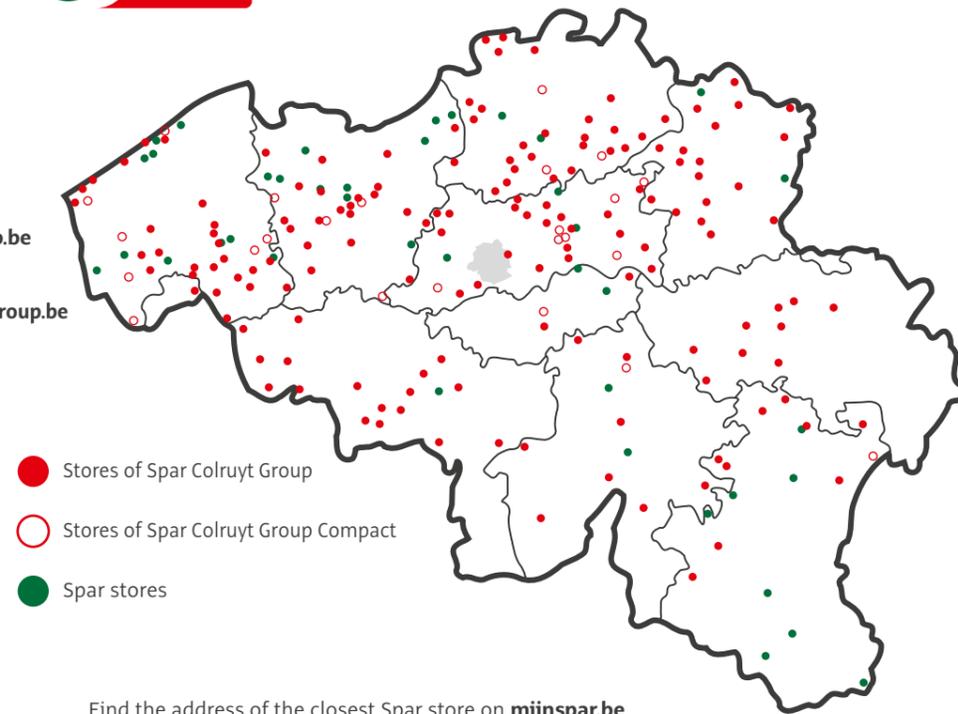
Find the address of the closest store on:
dreamland.be **dreambaby.be** **collishop.be**





De Regenboog 8
2800 Mechelen
BTW-BE-0413.970.957
Tel. +32 (2) 583 11 11

retailpartnerscolruytgroup.be
mijnspar.be
info@retailpartnerscolruytgroup.be



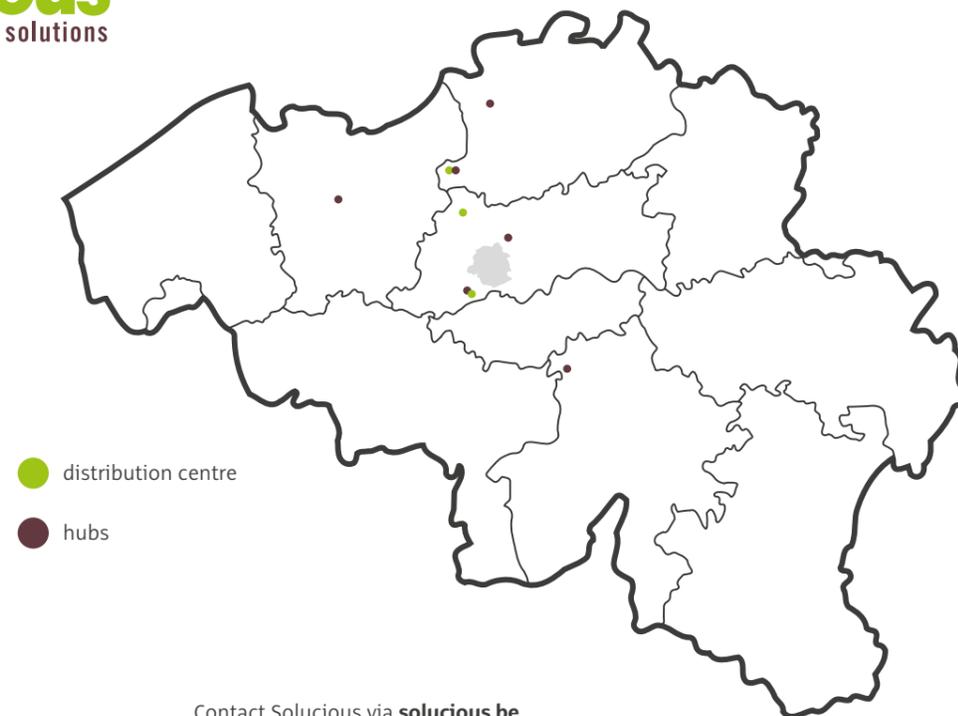
- Stores of Spar Colruyt Group
- Stores of Spar Colruyt Group Compact
- Spar stores

Find the address of the closest Spar store on mijnspar.be



Edingensesteenweg 196
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BTW-BE-0448.692.207
+32 (2) 333 88 88

solucious.be
info@solucious.be



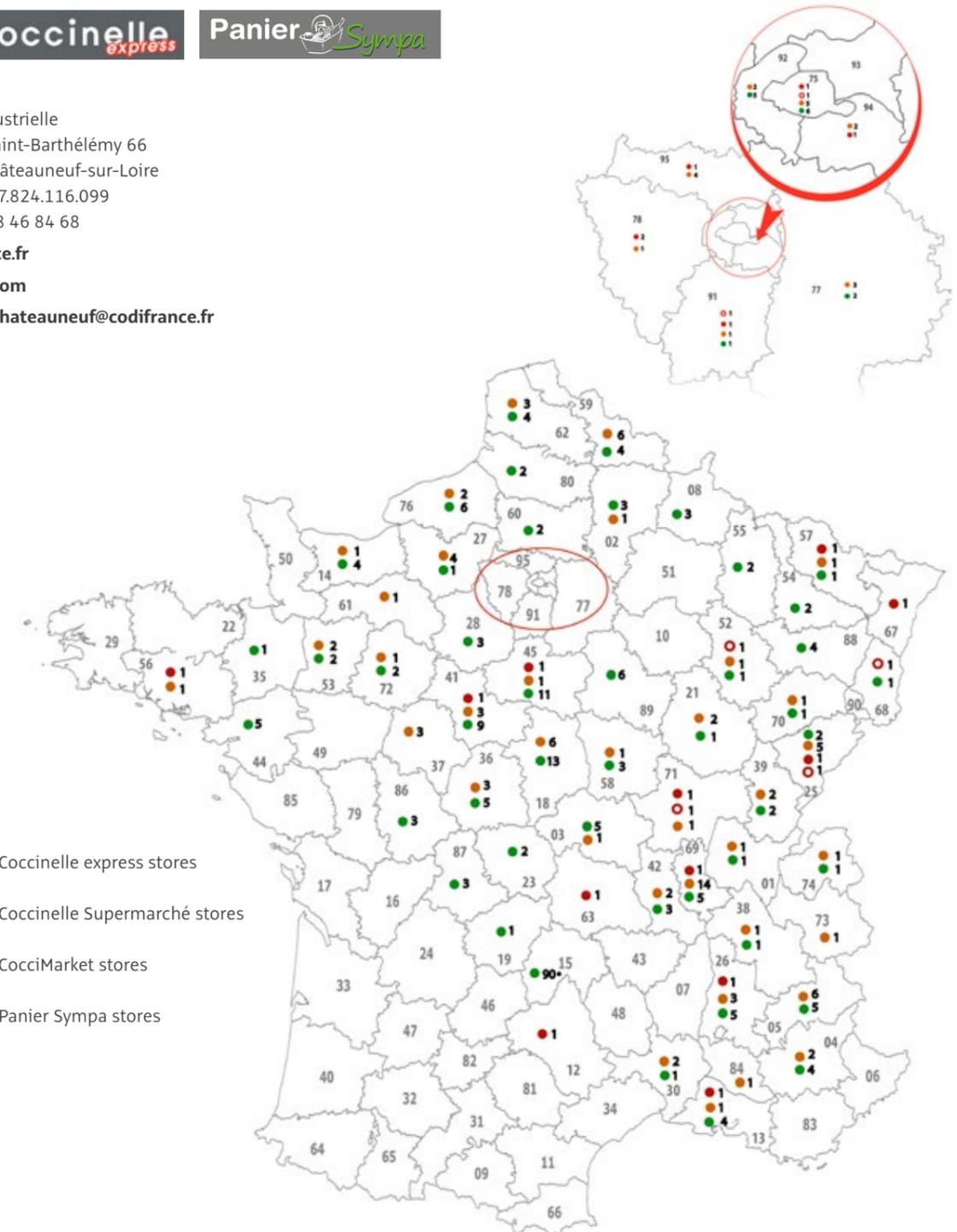
- distribution centre
- hubs

Contact Solucious via solucious.be



Zone industrielle
Rue de Saint-Barthélémy 66
45110 Châteauneuf-sur-Loire
TVA-FR-87.824.116.099
+33 (2) 38 46 84 68

codifrance.fr
codiclic.com
contact.chateauneuf@codifrance.fr



- Coccinelle express stores
- Coccinelle Supermarché stores
- Coccimarket stores
- Panier Sympa stores

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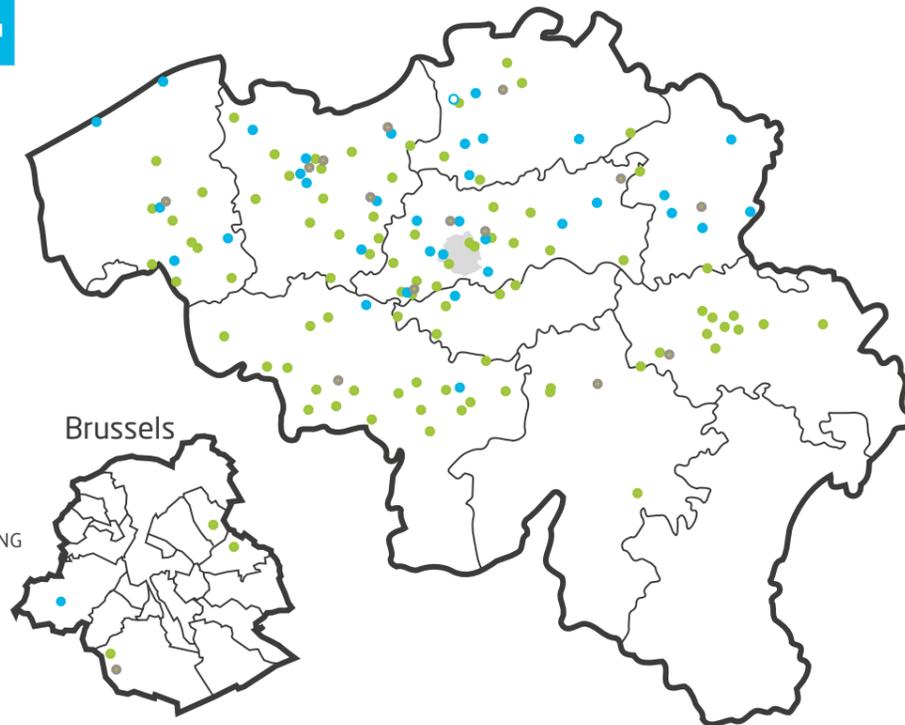


DATS 24

Edingensesteenweg 196
1500 Halle
BTW-BE-0893.096.618
Tel. +32 (2) 363 51 52

dats24.be
dats24@dats24.be

- diesel - euro 95 - euro 98
- diesel - euro 95 - euro 98 - CNG
- only CNG
- electric charging posts



Find the address of your closest DATS 24 filling station on dats24.be

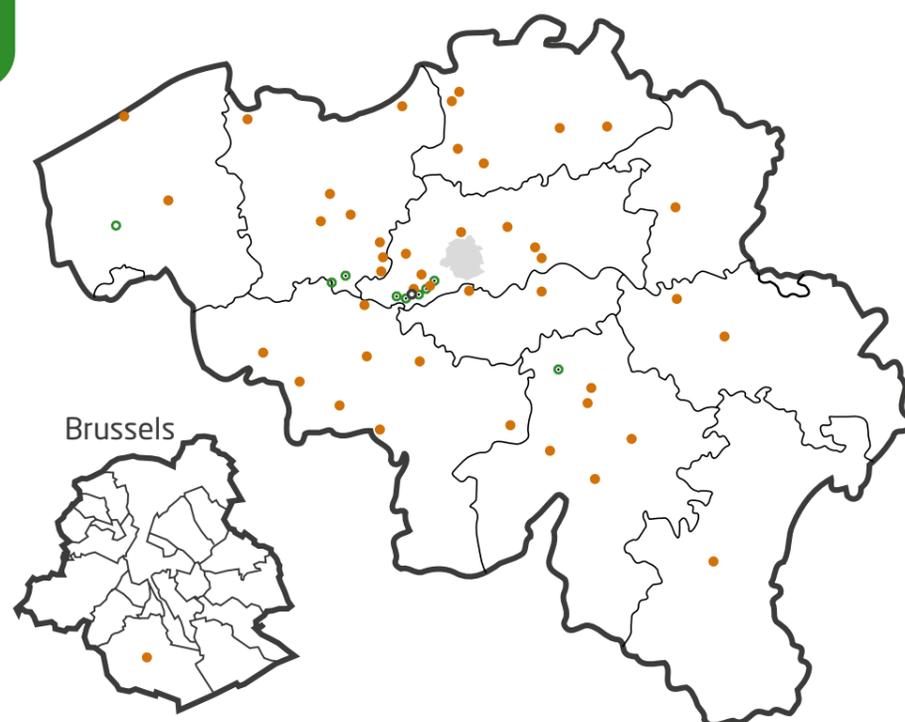
EOLY

COLRUYTGROUP ENERGY

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eoly.be
info@eoly.be

- wind turbines
- solar panels
- combined heat and power unit



Contact Eoly via eoly.be

Contact

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Publisher:

Kris Castelein • Colruyt Group Services NV • Edingensesteenweg 196 B-1500 Halle
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Design: Customer Communication & Experiences • Edingensesteenweg 249 B-1500 Halle

Only the Dutch version of the annual report is the official version.

The French and English versions are translations of the original Dutch version.

