

SMART LOGISTICS

2015
BUSINESS
REPORT



INNOVATION



SUSTAINABLE PERFORMANCE

INTERNATIONAL

ID
LOGISTICS

Innovation is the focal point of ID Logistics' strategy, and drives its success.



15,000
employees



14 countries

€931 million
of revenues in 2015



Innovating in order to offer each client global and dedicated solutions, which are attractive and cutting-edge: this has been ID Logistics' strategy since its foundation. As a pure player in international logistics, the Group provides its clients with the expertise of its 15,000 employees based in 14 countries. Its customized architectures, cutting-edge technologies, and operating excellence optimize its clients' supply chain, as part of a sustainable development approach. ID Logistics, which is listed on Euronext Paris, generated revenues of €931 million in 2015, which were evenly balanced between distribution, industry, retail logistics, and e-commerce.

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THE VALUES THAT UNITE US

ENTREPRENEURSHIP

Daring, imagining and developing, taking a rigorous approach in the implementation and measurement of risk.

OPERATING EXCELLENCE

Complying with specifications and service standards, while prioritizing new technologies.

HIGH STANDARDS

Responsibility and professionalism in human relations within the company as well as with clients and partners.

SOLIDARITY

Promoting solidarity within the Group, and committing to sustainable development together with our employees, clients and partners.

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Solid fundamentals, the basis for long-term growth

Growth and business volumes remain stable, debt has decreased faster than expected, and the organizational structure has been re-invigorated: ID Logistics' success and fundamentals give the Group the means to continue its expansion, especially in Europe. Interview with Éric Hémar, Chairman and Chief Executive Officer, and Christophe Satin, Chief Operating Officer.

What is your view of your business activities in 2015?

Éric Hémar: We continued to expand at a sustained rate, including a 6.4% increase in our global revenues. This progress was particularly marked outside France, where the growth rate was 11.5%, compared with 3.9% in France. We achieved an EBIT ratio of 6.2% in France, compared with 1.9% outside France. These figures reflect our business model: strong growth is the direct result of a large number of start-ups, which have an impact on our results. Our net income ultimately increased by 18.3%. The high level of cash generated by our business activities was another source of satisfaction. We were therefore able to reduce our net debt by €41 million, lowering it to €14 million, a small amount in view of our revenues of over €930 million. In three

years, we have repaid most of the debt contracted for the CEPL acquisition. This is an outstanding performance, which should be highlighted.

What have been the success factors behind your commercial development?

Christophe Satin: First of all, our creativity and flexibility enable us to make great strides in the e-commerce field, where these two advantages are determining factors. This sector accounted for less than 1% of our revenues in 2011. Its contribution now exceeds 11%, i.e. a tenfold increase, while our actual global business volumes have doubled. 2015 was characterized by the start-up of major contracts in ►

“THE APPROPRIATENESS OF OUR STRATEGY HAS BEEN PROVEN, AND WE INTEND TO PURSUE IT WITH GREATER EMPHASIS ON DEVELOPMENT IN EUROPE.”



Éric Hémar
and Christophe Satin

Éric Hémar,
Chairman and Chief Executive Officer

“IN OUR BUSINESS, THE HUMAN FACTOR IS ESSENTIAL. OUR DEVELOPMENT IS THE RESULT OF OUR TEAMS’ TALENT.”

Christophe Satin,
Chief Operating Officer

► this area, including AuchanDirect and Cdiscount. The vitality of our subsidiaries also proved to be highly effective in our other businesses, including the signing or start-up of major contracts such as those with Henkel in Brazil, Fujifilm and Kawasaki in the Netherlands, Metro Group in Russia, Action in France and Petit Bateau in Morocco. We are continuing to broaden the scope of our business activities in the distribution and high-tech sectors, and are extending those activities to new sectors, such as pharmaceuticals. I would like to point out the collective nature of this success: in our business, the human factor is essential. Our development demonstrates the talent of our teams.

You have just altered your organizational structure. Why?

Christophe Satin: A review of the organizational structure became necessary as a result of the size that we have now reached. Up until 2015, the management of ID Logistics France, which accounts for half of our revenue, was not separate from the Group’s general management. ID Logistics France has become a fully-fledged subsidiary, thanks to the setting up of a specific general management team, on the same basis as the other international entities, using

a decentralized model. The benefit that we are seeking is twofold. First, we want to maintain the same close cooperation with our clients, even if our size is increasing. In our business, independence encourages greater responsiveness from the teams dedicated to those clients. Next, Éric and I can continue to focus our efforts on our development in European countries, and assist the same clients with their international expansion.

What are your strategic goals for 2016 and the coming years?

Éric Hémard: Our growth strategy is based on two core components: our positioning as a pure player outside France, and the development of a global, innovative, customized and cutting-edge offer, at the lowest cost and which creates value. The appropriateness of this strategy has been proven, and we intend to pursue it with greater emphasis on European expansion, as Christophe highlighted. This focus currently determines most of our priorities and investment decisions, with a view to boosting our business activities, both in Northern Europe, especially in the Netherlands, Poland and Germany, and in Southern Europe, in countries like Spain. The deterioration in exchange rates, and structural problems in emerging countries such as Brazil, Argentina, Russia and China, where our business activities account for 23% of our revenues, do not prevent us from pursuing our development, as the need for logistics services in those countries remains substantial. We must demonstrate great flexibility, so as to adjust to volumes that can be erratic at times. Lastly, we are continuing to reduce our debt in order to seize acquisition opportunities that will enable us to consolidate or increase our presence in high-potential sectors.

PLACING THE CLIENT AT THE VERY HEART OF ID LOGISTICS FRANCE’S STRATEGY



Bertrand Jungling,
Chief Executive Officer France

“When I took up my position in January 2016, I quickly met both the clients and the teams. Clients not only expect ID Logistics to demonstrate its reliability

regarding current operations, but also to provide them with strong support in terms of their plans to change their logistics systems. We must place the client and their expectations at the core center of our operations, in order to remain one step ahead. Meanwhile, the teams are passionately committed to their role. We must continue to develop our in-house talent, while attracting the most highly-qualified applicants, and organizing the People and Processes that guarantee the effective and industrial management of our business. Of course, we must do this while retaining our historical flexibility, particularly in terms of contracts that are evolving, and supporting clients and start-ups. We have excellent growth prospects ahead of us, and must be seen by our clients as a partner who adds value, and whose logistics intelligence and expertise of its teams make all the difference.”

A STRENGTHENED GOVERNANCE STRUCTURE TO SUPPORT OUR DEVELOPMENT

ID LOGISTICS' GOVERNANCE STRUCTURE MEETS THE MOST STRINGENT INTERNATIONAL REQUIREMENTS IN TERMS OF TRANSPARENCY AND EFFICACY. ACCORDINGLY, THE GROUP HAS APPOINTED THREE EXECUTIVE VICE-PRESIDENTS, EACH OF WHOM GUARANTEES THE CONSISTENT DEVELOPMENT OF THEIR OWN AREA, AS WELL AS INDEPENDENT DIRECTORS FROM VARIOUS BACKGROUNDS.

BOARD OF DIRECTORS

The Board of Directors, which has eight members, takes part in determining, implementing and monitoring the Company's development strategy. **The Board consists of representatives of the Group's controlling shareholders, and of independent persons**, it benefits from the diverse and international professional experience of its members.

Éric Hémar Chairman and Chief Executive Officer

Éric is a graduate of ENA, and began his career at the French Court of Auditors. He then joined the French Ministry of Infrastructure, Transport and Tourism, as a technical advisor to the Minister. He founded ID Logistics in 2001, after having directed the Logistics Division of the Geodis Group.

Christophe Satin Chief Operating Officer and Director

Christophe, who is a graduate of ISG, began his career at Arthur Andersen, later working at various industrial groups before joining Geodis. He co-founded ID Logistics in 2001.

Immod, represented by Marie-Aude Hémar, Director

Marie-Aude is a graduate of IDRAC Paris, and has held various positions at Caisse d'Épargne Ile-de-France (IDF), including as an inspector with the Controlling Department.

Jesus Hernandez Muñoz Chief Executive Officer of ID Logistics Brazil, and Director

As a graduate of the University of Madrid, Jesus honed his skills in international management, and was the head of ID Logistics Spain between 2006 and 2015.

Michel Clair Independent Director, Chairman of the Audit Committee

Michel is a graduate of ENA; he was a Public Auditor at the French Court of Auditors, and specifically ran the office of the French Minister of Trade, Crafts and Services before becoming the Chairman of Klépierre (BNP Paribas).

Muriel Mayette-Holtz Independent Director

Muriel is an actress and producer; she was the General Manager of the *Comédie-Française* Theatre between 2006 and 2014, and has taught at the French National Higher Conservatory of Dramatic Arts.

Michèle Cyna Independent Director

Michèle holds degrees from *École Polytechnique*, *École des Ponts et Chaussées*, and MIT, and is Chair and Chief Executive Officer of the BURGEAP Group.

Jacques Veyrat Independent Advisor

Jacques is a graduate of *École Polytechnique* and *École des Ponts et Chaussées*, and held various positions at ministerial offices before joining the Louis Dreyfus Group, before founding the Impala Group in 2011.

EXECUTIVE COMMITTEE

The Executive Committee implements the strategy determined by the Board of Directors, and takes the operational decisions required for the Group's day-to-day management.



Éric Hémar,
Chairman and Chief Executive Officer



Christophe Satin,
Chief Operating Officer



Yann Perot,
Chief Financial Officer

Yann holds a degree from EDHEC, and began his career at Deloitte (in France and the United States). He continued his career at Lagardère and then NRJ, before joining ID Logistics in 2009.



Vincent Fontaine,
Executive Vice President, Operations

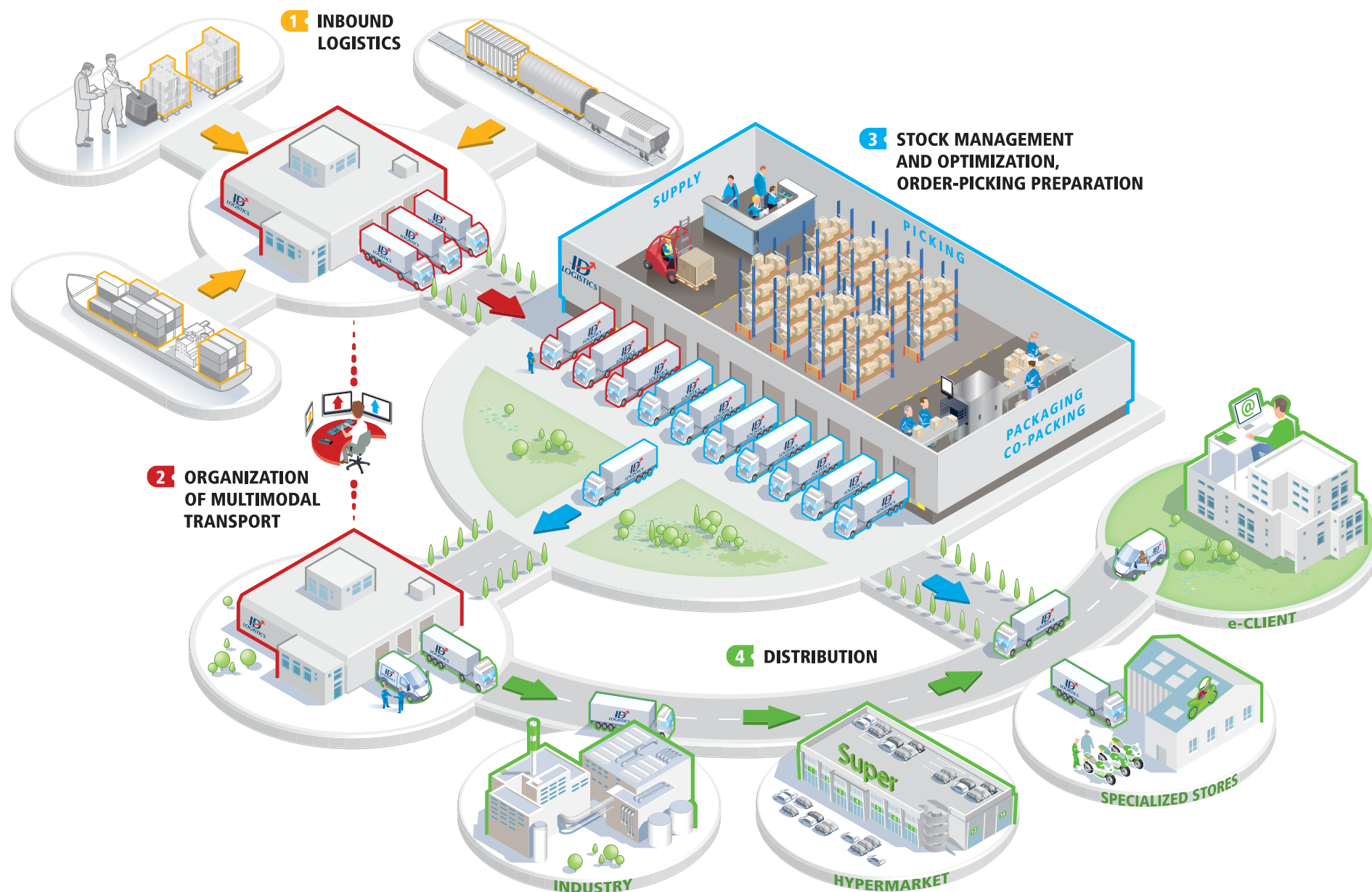
Vincent holds a degree from ESC Rouen, was Supply Chain Director for Castorama France, and then Logistics Director for Europe, the Middle East, and Africa at Flowserve USA, before joining ID Logistics in 2011.



Ludovic Lamaud,
Executive Vice-President, Development
and Innovation

Ludovic holds an Advanced Diploma in Pharmaceutical Distribution, and began his career at OCP. He then worked for Geodis, and joined ID Logistics in 2002.

CREATING VALUE ACROSS THE ENTIRE SUPPLY CHAIN



Assessing strategic challenges, designing **dedicated solutions** and implementing services: ID Logistics provides all the services of a supply chain, from upstream to downstream. Its **global coverage** is reflected in a consistent and innovative offer for each client, tailored to their specifications. The aim is to **optimize the client's flows** as part of a **value-added** and sustainable development approach.

Dedicated solutions

We transport and deliver the goods to stores and to e-commerce end-clients, under the conditions provided for in the specifications. Our dedicated solutions cover a wide range of services, including shelving goods and managing returned goods.

Global coverage

We take delivery of the goods at our clients' production sites, manage their inventory, prepare their orders, perform co-packing or delayed differentiation operations, and deliver to their own clients at a regional distribution center or to the end-client.

Adding value

We add value for clients at every stage of the supply chain, including the overall design and the formal structuring of the dedicated services, managing flows, and even optimizing inventories. Accordingly, ID Logistics takes delivery of goods on behalf of retailers, checks them, manages them, and picks the orders for the stores or the end-client as part of the e-commerce process.

Flow optimization

The transportation process benefits from specific management units. Cutting-edge IT systems [Transport Management System (TMS)] optimize the flows, and monitor them in real time. Our multi-modal approach enables us to seamlessly design solutions integrating rail and sea transport.



BEING A PURE PLAYER INTERNATIONALLY AS WELL AS IN FRANCE



OPERATING LOCATION STRATEGY

ID Logistics positions itself as a logistics pure player, and acts as a top-tier service provider in all of the countries where it operates.

The Group's international roll-out has continued since it was founded, in accordance with a structured, consistent and effective approach. Its teams share expertise, innovation and operating excellence, in order to enable their clients to benefit from appropriate services, suited to the local environment. One of the

Group's strategic and operational priorities for 2016 consists in strengthening its international performance, with a primary focus on development in Europe (the Netherlands, Germany, Belgium, Spain, etc.). This involves increasing the critical mass of the subsidiaries in each country, and an ongoing determination to provide a better response to clients' increasing requirements.

Over 50%

percentage of the sites built with clients for which ID Logistics operates in several countries



200 sites throughout the world

43% of the revenues are generated outside France



4 million sqm. of operated surface area



📍 ORGANIZING THE DISTRIBUTION FOR METRO IN RUSSIA...

ID LOGISTICS HAS BEEN TAKING CARE OF METRO CASH & CARRY'S DISTRIBUTION LOGISTICS FOR THE RETAIL BRAND'S FRANCHISED STORES SINCE SEPTEMBER 2015.

55 employees manage a 4,000 sqm. platform, and flows of 2,000 SKUs*. Dedicated geo-referencing (IDL WMS: Infolog) and RFID (radio identification) solutions have been implemented in order to optimize operations.

* SKU: Stock Keeping Unit; each SKU refers to a specific item stored in a given place.

📍 ... AND FOR THE X5 RETAIL GROUP

X5 RETAIL GROUP IS A RUSSIAN MASS DISTRIBUTION COMPANY BASED IN MOSCOW.

ID Logistics' local subsidiary took over its distribution operations in March 2016. 250 employees spread across a warehouse of 68,000 sqm. manage a high number of stock items, totaling 15,000 SKUs*. The solution specifically designed for X5 Retail Group primarily combines geo-location and voice-picking, technology pioneered by ID Logistics that has become a benchmark.



📍 TRIPLE CERTIFICATION FOR HENKEL IN BRAZIL

ID LOGISTICS HAS BEEN ASSISTING HENKEL, A GERMAN COMPANY THAT SPECIALIZES IN GLUES AND ADHESIVES, WITH ITS INTERNATIONAL DEVELOPMENT.

ID Logistics has been managing the supply chain in Brazil for Henkel, Group specialized in glues and adhesives, home maintenance and beauty, thanks to 89 employees working 24/7 on a 12,000 sqm. platform. Each month, more than 7,000 pallets are received and 280,000 packages prepared. With, as always with ID Logistics, a constant concern for quality: the Brazilian subsidiary is distinguished by three certifications (ISO 9001, ISO 14001 and OHSAS 18001).

📍 MOROCCAN PLATFORM FOR PETIT BATEAU

ID LOGISTICS HAS BEEN TAKING DELIVERY OF PETIT BATEAU'S PRODUCTS FOR LARGE AND MEDIUM SUPERMARKETS IN MOROCCO SINCE 2015, IN ORDER TO DISTRIBUTE THEM IN EUROPE (FRANCE, THE BENELUX REGION, ITALY).

- 2,700 products every season
- Over 35,500 deliveries per year (133,000 packages) to almost 1,400 clients
- 98% of the deliveries are made directly to the store, by appointment



THE NETHERLANDS REFLECTS OUR EUROPEAN MOMENTUM

over 30%
growth in 2015



8 clients, including 7 secured
over the past 2.5 years

over 500 employees, in addition
to a variable workforce of around 300 people



3 warehouses of 80,000,
50,000 and 20,000 sqm.



2013: only one warehouse for a single client. Two years later: three platforms managed for eight clients. Focus on the exemplary development of the Dutch subsidiary.



CUSTOMIZED SOLUTIONS FOR SONY AND FUJIFILM

ASIDE FROM THE SUBSIDIARY'S COMMERCIAL
MOMENTUM, ID LOGISTICS' DEVELOPMENT
IN THE NETHERLANDS REFLECTS
THE APPROPRIATENESS
OF THE GROUP'S STRATEGY, I.E.
DESIGNING AND IMPLEMENTING INNOVATIVE
SOLUTIONS FOR EACH CLIENT.

Accordingly, a new solution has been designed for Sony and Fujifilm at the Tilburg Platform, for the production of packing cartons that are the exact size of the products to be shipped. The machine, which is connected to the WMS system, is fully incorporated into the order-picking process. The benefits include a reduction in breakage thanks to higher quality, increased productivity, a reduction in the cost of raw materials, transport optimization and environmental benefits.

KAWASAKI: A NEW EUROPEAN DISTRIBUTION CENTER

IN EARLY 2016, KAWASAKI MOTORS EUROPE
ENTRUSTED THE MANAGEMENT OF ITS NEW
DISTRIBUTION CENTER IN THE NETHERLANDS
TO ID LOGISTICS.

The 10-year contract covers motorcycles, jet skis and off-road vehicles. The 20,000 sqm. platform, which is based in Tilburg, will distribute products to Western Europe. ID Logistics has developed a specific concept for Kawasaki. This concept takes into account the regulatory changes regarding carbon dioxide emissions that will enter into effect in 2017, including detailed guidelines for the handling of each engine across the entire supply chain. Every part will have its own identification number, like in mass-market electronics. For that purpose, ID Logistics has rolled out a cutting-edge video simulation model, which enables the products to be handled by radio-frequency.

“WE STAND OUT THANKS TO OUR CREATIVITY,
BUT ALSO THANKS TO OUR TEAM SPIRIT
AND OUR SOLIDARITY, WHICH ARE TWO DETERMINING
FACTORS ON THE LOGISTICS MARKET.”

Philippe Van Cauwenbergh,
Director of ID Logistics Benelux

**How do you explain your progress
in just two-and-a-half years
of existence?**

Philippe Van Cauwenbergh :
When the Group acquired CEPL in 2013, ID Logistics took over the company's business with Sony. This business was initially the Group's only business in the Netherlands. Next, the sales development process worked well, which must be credited to the freedom and spirit of initiative of ID Logistics' teams. Alongside this trust, we benefited from the strong support provided by the Group, both by its management and by other entities, including the country managers. Discussions, sharing, and a shared desire to grow all encourage commercial creativity. Our success is a collective one: it is not only the success of the teams in the Netherlands, but also that of the Group as a whole.

**Like elsewhere in Europe, the market
in the Netherlands is mature. How do
you intend to pursue your
development?**

Philippe Van Cauwenbergh : It is indeed a mature market, with one very specific trait, namely the presence of the two

largest ports in Europe 80 km from one another, in Rotterdam and Antwerp in Belgium. The third port, Hamburg, is a bit further north in Germany. These ports, particularly Rotterdam, are the preferred entry points into Europe for Japanese, Chinese and South Korean companies, and therefore offer significant growth opportunities. More broadly, as the European logistics market is well covered, there are many opportunities for an inventive company. Accordingly, starting in France, ID Logistics has become a Group with 15,000 employees in 14 countries over a period of 15 years. Our strategy is to offer our clients innovative solutions; this is how we will continue to attract them. This strategy is combined with team spirit and solidarity, two determining factors, since ultimately, what makes a difference in logistics is the human factor.



**ID Logistics' Benelux
Team** around
Philippe Van Cauwenbergh.

CULTIVATING INNOVATION, THE GROUP'S DNA



INNOVATION STRATEGY

By placing innovation and smart logistics at the core of its strategy, ID Logistics guarantees the most cutting-edge services to its clients, at the best possible price. As a pioneer in innovation, and since its foundation in 2001, ID Logistics has proven not only its ability to rapidly incorporate the most cutting-edge tools and the most recent technological advances, but also its ability to design and implement them. This has always been done

with the same goal in mind: do better faster, at a lower price, and in a more environmentally-friendly manner for its clients. Innovation is therefore a major priority in the Group's strategy, is closely linked to its development, and is fully incorporated into its operations. This is a structural and collective approach, which has benefited from a dedicated department since 2014.



4 engineers
dedicated to innovation



1 newsletter that shares
projects and ideas in
a collaborative manner



1 dedicated website
to innovation, including technical
factsheets and videos



13 international awards over
10 years recognizing ID Logistics'
spirit of innovation



AN INNOVATION ECOSYSTEM

The Innovation Department, which was set up in 2014, and reports to the Executive Vice-President responsible for Development and Innovation, went full steam ahead in 2015.

The formalization of the approach has increased its effectiveness, and emphasizes the Group's leadership in the logistics innovation field. Four engineers are at the center of the system. Their role is to identify, develop, centralize and disseminate the projects for the future. The work is guided

and monitored by an Innovation Committee, which consists of the Operations, IT Systems, and Development management teams. Aside from the incremental technological advances, the analysis covers solutions that break with current organizational structures, in partnership with start-ups, universities and research centers. An innovation ecosystem is in place: the tangible advances bear witness to its effectiveness.

LEAN MANAGEMENT: ONGOING IMPROVEMENT IN ACTION

Every operator on every site is involved. Even though the internal CID certification program determines what an operator must do, lean management helps them to do it better. How? By structuring and inspiring a culture of ongoing improvement within the Group. In a fast-changing world, lean

management facilitates innovation, as well as ongoing adjustment to client requirements. The processes and tools rolled out specifically strengthen assessments, decision making, and management ties. As a result, the best solutions are often designed as a group.

- ▶ **95%** of sites following the Lean Management approach
- ▶ **1** manager per site receives a Lean Management training



► **14,000**

items per hour, i.e. the sorting capacity of the tray sorter that serves the Cortefiel Group's worldwide warehouse (productivity gains of over 60%).

► **52,000**

containers equipped with RFID tags, and 1,400 prepared every day for the whole of France: the tracking system implemented for Norauto prevents any being misplaced.

EASY CHECK-IN: SMOOTHER FLOWING TRUCK TRAFFIC ON SITE

ID LOGISTICS HAS LAUNCHED A NOVEL AUTOMATED MANAGEMENT PLAN FOR THE ENTRY AND EXIT OF TRUCKS AT LOGISTICS SITES FOR A MAJOR OPERATOR IN THE BEVERAGE INDUSTRY.

The system was designed with a selected technical partner, in order to shorten carriers' transit time, ensure the smooth traffic flow of trucks on the site, and optimize the administrative and management tasks relating to access and to the yard. The solution implemented specifically combines interactive reception terminals, registration plate readers, interactive display panels, electronic signatures, as well as automated print-outs. The first pilot site set up during the first half of 2015 enabled the effectiveness of the concept to be confirmed.

INCORPORATING A WEIGHT CONTROL DEVICE INTO THE ORDER-PICKING FORK-LIFT

ID LOGISTICS, WORKING WITH BALEA, HAS DEVELOPED AND INTRODUCED A PARTICULARLY INNOVATIVE ORDER-PICKING FORK-LIFT FOR AN INDUSTRIAL OPERATOR IN THE PAINT SECTOR.

A scale has been fitted onto the truck's forks. This weighing feature for each order picking line, entirely integrated with voice-picking, enables the quantity of the products picked to be guaranteed. Thanks to this novel technology, significant gains in quality can be achieved, together with an improved flow between picking the order and its dispatch. The fork-lift that is currently being trialed at the Genlis site is an order-picking truck with a pallet that can be raised, which combines ease-of-use with the new feature. An improvement to the product is already underway, in order to apply the weight control device to trucks with two pallets.



E-VIGILANTE, THE FIRST INDEPENDENT SECURITY ROBOT

ID LOGISTICS HAS ROLLED OUT THE FIRST SECURITY ROBOT IN THE WORLD AT THE ORMES WAREHOUSE, NEAR ORLÉANS.

The e-vigilante robot, which was developed by EOS Innovation over a period of four years, moves about in a random manner inside the warehouse when the platform is shut. As soon as it identifies an abnormality, regardless of whether it involves an intruder or a product that is out of place, an alarm rings at the premises of the remote monitoring service provider. The control screen displays the robot's video feedback, so that any doubts can be dispelled directly. The operator then takes control of the robot directly, in order to move it, classify the alert, set off a piercing alarm, or even talk to the offender and initiate the measures required, while remaining protected from any attack. If the event turns out to be serious, the police can be contacted directly in order to intervene on the site. The robot therefore provides full responsiveness. The partnership formed with EOS Innovation enables ID Logistics to be a frontrunner in the introduction of future developments of the product, in particular to ensure security outside the warehouse.



DRIVING GROWTH VIA E-COMMERCE



11% the percentage of ID Logistics revenues that e-commerce now represents



10-fold increase in the Group's e-commerce business in five years



1st technological driver for ID Logistics

The booming e-commerce sector requires flawless logistics. Thanks to ID Logistics, e-commerce operators benefit from the expertise of a leader in the retail order-picking field.

ID LOGISTICS IS PARTNERING MAJOR PLAYERS IN THE E-COMMERCE MARKET

ID Logistics' strengths have provided a genuine advantage for its development in the e-commerce field, including its capacity for invention, in order to improve solutions, tools, processes and management, and its flexibility in terms of adjusting the logistics architecture depending on changes in the client's strategy, their markets, and their international expansion. This responsiveness is strategic in the e-commerce sector, as the logistics provider serves the end-client directly. According to FEVAD*, e-commerce revenues in Europe are expected to reach €500 billion in 2016. E-commerce is continuing to record double-digit growth throughout the world, led by the United States, China, the United Kingdom, Japan, and Germany. Industrial companies and

distributors have been required to rethink their logistics in order to take advantage of this trend. Excellence in logistics is the standard for every operator, whether they are a dedicated specialist, a multi-channel distributor, or a market place. Without such excellence, it is impossible to keep the promise made to the client. The quality of the online stock item checking process, as well as the right balance between the broadness of the offer and the control of storage costs, the management of returns, and value-added services (gift wrapping, personal messages, tailor-made assembly, and customization), and increasingly short delivery times, etc., are all challenges met by ID Logistics' logistics intelligence and capacity for innovation, in order to guarantee the satisfaction of the end-clients.

* Fevad: French E-Commerce Federation and remote sales.

AUCHANDIRECT CHOOSES ID LOGISTICS

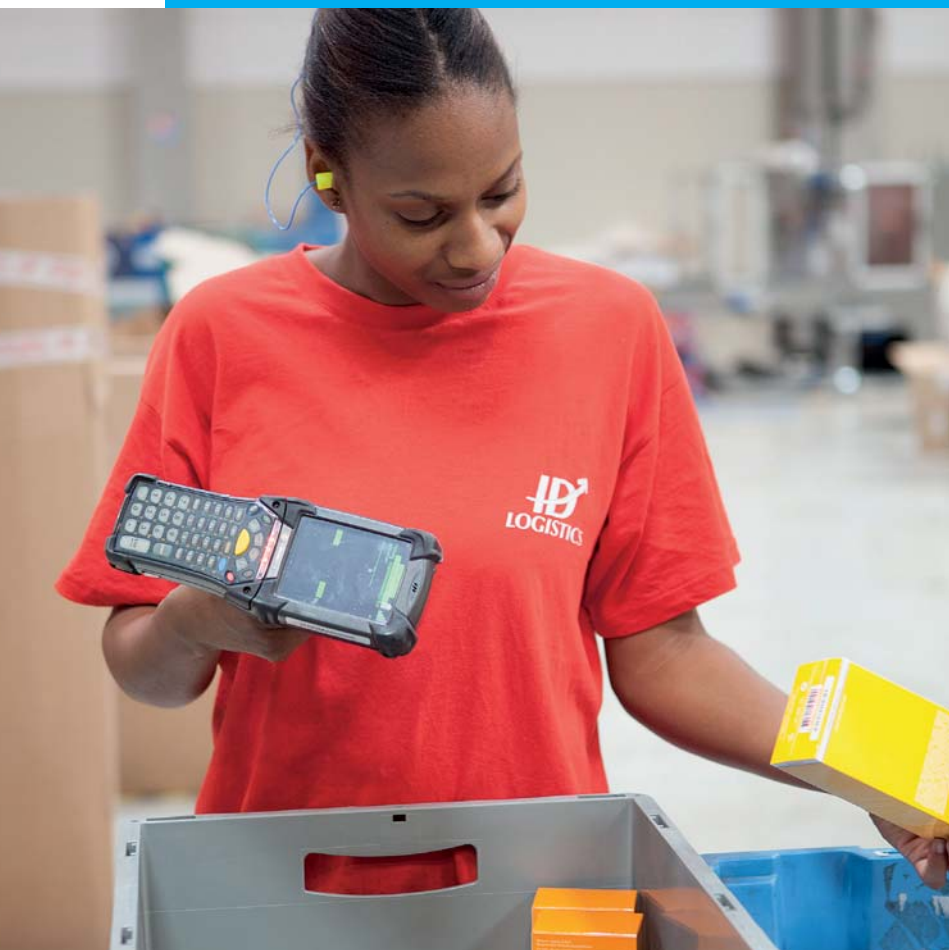
2015: ID LOGISTICS' POSITIONING AS A LEADING E-COMMERCE LOGISTICS SPECIALIST.

The company was specifically selected by AuchanDirect to operate the logistics for its three sites in the Paris area. The automation of a new distribution center was entrusted to Knapp, the Austrian engineering company: 20,000 products in four different temperature ranges, in order to serve the Paris area as from October 2016 – and therefore bring the hypermarket to the city center. The site will be equipped with two OSR Shuttles™ with a capacity of around 50,000 containers operating in “Goods-to-Man” mode: over 200 shuttles will transport the goods to the “Pick-it-Easy” stations, where the ease-of-use enables a productivity rate of close to 500 picks per hour. Once they have been picked, the orders will once again be stored in the OSR*, which will release them as the carriers arrive. This platform, which is linked to the three existing sites (150 employees), will enable Auchan to deal with the sharp increase in its e-commerce business.

* OSR : Order Storage and Retrieval System.



► **€ 500 billion,**
e-commerce revenues
in Europe in 2016.



“IN E-COMMERCE, IT IS THE LOGISTICS SPECIALIST WHO DRIVES THE BRAND. WE ARE COMPLETELY ON TOP OF THIS NEW STRATEGIC ROLE THANKS TO OUR EXPERTISE IN RETAIL ORDER-PICKING SERVICES, TO OUR CREATIVITY, AS WELL AS TO OUR FLEXIBILITY, WHICH IS ONE OF OUR REASONS FOR BEING.”

Ivan Louge,
ID Logistics Contract Manager

INTERNATIONALLY RECOGNIZED EXPERTISE

Another of the Group's strong asset is its expertise in the retail order-picking field.

The acquisition of CEPL in 2013 gave the Group a leading position in this market in France, and strong positions abroad. Its e-commerce expertise has been fully incorporated into all of its subsidiaries and business sectors. This expertise has been recognized, as demonstrated by the success achieved, both by pure players like Cdiscount, or cross-channel operators like Auchan. Another example is the start-up of a warehouse for a major furniture retailer in Germany in 2016, which is the retail brand's first warehouse entirely dedicated to e-commerce.

► **50%**
of the calls for
tenders to which ID
Logistics responds
now include an
e-commerce aspect.

PICK-TO-GRAPHIC, A VISUAL AID FOR PICKING THE ORDER

THE PICK-TO-GRAPHIC SYSTEM, WHICH WAS ROLLED OUT FOR THE FIRST TIME AT THE TILBURG SITE IN THE NETHERLANDS, GUIDES THE OPERATOR.

A display is provided on the fork-lift truck, which shows them a photograph of the unit, the under-packaging, or the package to pick. Other information is provided, such as the quantity to pick, and the foldable container for which it is destined. If two order-picking staff have to pick a product in the same place, the

light flashes, and shows their respective colors in turn. The item picked can then be approved on the display unit. The advantages include a limited risk of errors, increased productivity, and the ability to manage several types of packaging at the same picking point.

TRANSPORT MANAGEMENT, THE STRATEGIC CHALLENGE FOR CLIENT RELATIONS

Transport, which is in direct contact with the end client, is a key link in the e-commerce supply chain.

The quality of delivery, which is often perceived as the weak point in client relations, is a strategic challenge for e-retailers. Their requirements are high, especially in terms of “omni-channelling” (in-store purchase to be delivered at home, or Internet purchase to be collected in-store, etc.), and of the wide variety of delivery methods (appointments, letterbox, collection points, etc.). Since 2015, ID Logistics has been assisting its clients with the roll-out of dedicated teams and tools, which provide a unique and proactive contact point in order to deal with a significant increase in flows. These teams work closely with clients, and apply solutions for monitoring an order from the moment it is placed until it is delivered or returned, i.e. - a detailed tracking process that is crucial for client services. The real-time information regarding the status of the delivery provided to the end-clients via email and SMS is adapted to the brand’s house style, to its marketing policy, and to the delivery channel. Communication with the e-clients, anticipating delays and detailed management of carriers significantly improve the service and the financial gains. The offer can be enhanced by specific services, such as Same-Day Delivery (Cdiscount) or L@D “home delivery from check-out” (Castorama).



PACKSIZE: TAILOR-MADE PACKAGING

A TAILOR-MADE BOX IS PRODUCED FOR EACH ORDER.

The solution for producing packaging that is the exact size of the products, developed by ID Logistics, is particularly suited to e-commerce. It is connected to the warehouse management system (WMS), and is incorporated into the order-picking flow. The orders and sizes are transmitted directly in order to carry out the pre-packing of the items, determine the optimum size of the packaging, cut and fold the packages, load them onto a multiple-order-picking truck, and prepare and seal the packages. The benefits include reduced breakage, increased productivity, reduced use of raw materials, streamlined transport, and environmental benefits.

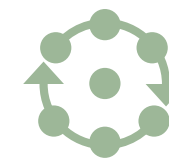
A REMOTE-CONTROLLED ORDER-PICKING TRUCK

THE TRUCKS AT THE ACTION PLATFORM ARE EQUIPPED WITH A REMOTE CONTROL, IN ORDER TO OPTIMIZE THEIR MOVEMENT IN THE ORDER-PICKING AISLES.

The trucks align themselves automatically, and avoid obstacles thanks to their laser. A revolving flashing light shows their operating mode, i.e. remote-controlled, switched off, or manual mode. The truck is always one step ahead, in order to minimize the trips made by the order-picking operator. The benefits of the solution include saving time and productivity gains, reducing the trips made and the risk of an accident, and greater ease-of-use.



COMMITTING TO SUSTAINABLE PERFORMANCE



SUSTAINABLE DEVELOPMENT STRATEGY

All of the Group's employees are involved in its initiatives in favor of the environment as well as social and societal issues. These initiatives are formally set down in a dedicated charter. The aim is to help each site to implement practical initiatives as part of a consistent global approach. Over 100 initiatives are listed on the intranet, and each one is described in a handy factsheet that sets out its positive effects, and the key stages in its implementation.

1,800 projects underway aimed at supporting sustainable development, 1,600 of which have been implemented



102 sites involved in sustainable development initiatives



300,000 hours of training each year worldwide

ENVIRONMENT

Our commitment: to protect the environment by taking action on pollutants, energy consumption and waste, and by optimizing the impact of the solutions and resources used (sites and transport).

CONTROLLING THE IMPACT ON THE ENVIRONMENT

ID Logistics' environmental policy is relevant to both its clients and its employees.

This balance has been established based on the same goal: collectively reaching a sustainable performance that is measurable and creates value.

The management of the supply chain, a particularly sensitive area, enables our clients' carbon footprint to be reduced, thanks to the optimization of flows. ID Logistics' goal of being exemplary in this area, is reflected in the inclusion of rail transport in its solutions, and by the use of vehicles powered by natural gas. This approach has been approved by independent certification bodies, including the Carbon Disclosure Project, which ranks the Group among the top logistics service providers (*see opposite*).



► **99**
was the rating obtained in 2015 during the CDP (Carbon Disclosure Project) survey, which marked an improvement compared with 2014 (81 A+). The average for the sector is 53/100.

► **ISO 14001**
for LVMH. LVMH's Beauvais Platform, which is managed by ID Logistics, has embarked on an environmental certification process, which is a first for a warehouse belonging to the Group in France.

📍 1ST PRIVATE RAIL HUB IN FRANCE

RAIL TRANSPORT IS STRATEGIC FOR DANONE WATERS.

The aim is to reduce its carbon footprint by 50% between now and 2020. The complexity of the flows from Evian, which are intended for eight platforms in Europe, led IDEO, ID Logistics' multi-modal control tower, to design a global solution for the very precise coordination of operations, involving a local rail operator, a private rail hub in Ambérieu, a train car pooling solution for maximum flexibility, long-distance rail transport by three operators, and a specific information system connected to the road TMS downstream of the platforms.

📍 HEQ PLATFORM IN PARTNERSHIP WITH PIERRE FABRE, ID LOGISTICS IS SET TO MOVE INTO AN HEQ* LOGISTICS PLATFORM IN MURET (DEPARTMENT OF HAUTE-GARONNE) WITH PIERRE FABRE PHARMACEUTICALS LABORATORY.

Almost half of the site (35,000 sqm. in total) will be intended for warehouses with a storage capacity of up to 90,000 pallets. The platform will supply the French market, while taking care of the order-picking for international shipments: Forecast traffic flow: 60 heavy-goods vehicles and 60 light vehicles per day. In addition to taking the environmental impact into account, the HEQ initiative covers optimizing working conditions for the teams' health. A management system and identified targets determine the building's environmental quality (energy management, and acoustic comfort, etc.).

* High Environmental Quality (French HQE standard for a new standard-setting commercial building built in 2015).

SOCIAL

Our commitment is to increase the involvement and safety of our employees.

PROMOTING CAREER PATHS AND INTERNAL MOBILITY

ID Logistics implements a pro-active promotion policy via a career management system, combined with a job mobility charter drawn up with our social partners.

There is a large number of agreements intended to advance employees' collective status, including a highly effective health-care cover plan for each staff member and their family, which is fully paid for at the first level of cover. Just like the business guidelines, management practices are based on the Group's values (see *inside cover*). Every employee is compensated on the basis of clear and shared targets, in accordance with a permanent drive to ensure client satisfaction and compliance with the Group's values. The quality of our HR policy was recognized in 2015 via the winning of four awards (see *opposite*).

“JOINING ID LOGISTICS MEANS JOINING A FAST-GROWING COMPANY THAT OFFERS A GREAT NUMBER OF OPPORTUNITIES FOR PROFESSIONAL DEVELOPMENT, INCLUDING RELEVANT TRAINING AND TAILOR-MADE PROGRAMS IN FRANCE AND ABROAD.”

► **8.8%**
decrease in the workplace accident frequency rate. The pro-active prevention and security policy extends to temporary workers, and takes musculo-skeletal disorders into account.

► **300,000**
hours of training worldwide including over 10,000 e-learning modules.



📍 A WEALTH OF AWARDS FOR THE HR TEAM

HR Digital Team “Talent and Growth” Award for the implementation of “Talents 2020”. The award ceremony was organized by RH&M at the initiative of the Global Talent Observatory.

The **Label Happy Trainees** issued by *meilleures-entreprises.com* for the way the Group welcomes interns and work-study trainees. The interns and trainees rated their experience, and ID Logistics was the only logistics company to win an award.

Human Capital Leaders Victory Award, organized by the Deciders & Leaders League in the Talent Management & International Mobility Category: Special Mention: HRD of the Year – Growth company.

Prize for the Most Attractive Logistics Employer in Spain, awarded by Randstad.

Sébastien Guiragossian,
HRD

📍 TALENTS 2020: LAUNCH OF THE 2ND STAGE

AFTER THE MANAGEMENT OF EXECUTIVES WITH HIGH POTENTIAL, TALENTS 2020 HAS BEEN EXTENDED TO LOCAL MANAGEMENT.

The aim is to assess and boost skills, in order to tighten the link to clients' expectations. The year was also characterized by the holding of the 3rd seminar dedicated to high-potential managers, with the aim of making the best use of the resources suited to the launching of complex assignments and operations. More broadly, Talents 2020, which is an essential component of the career management and development system, supports each employee using tools that are appropriate for each manager. The international roll-out of the program is underway, in particular in Brazil, Poland, and Russia.

📍 EASE-OF-USE AND SAFER DRIVING

INNOVATION ALSO ENABLES ARDUOUS WORK TO BE REDUCED.

Among the advances made, split-levels with drawers have been installed in mass retail warehouses. As a result, the breadth of the stock items has been maintained, with optimal ease-of-use. Meanwhile, the Blue Safety Light enables the crossing of trucks to be anticipated thanks to the beam of an LED light. The Blue Safety Light is currently being rolled out in all trucks in France.

SOCIETAL

Our commitment: being a responsible company within the community, by encouraging social inclusion initiatives.

TAKING ACTION IN FAVOR OF COMMUNITIES

ID Logistics has formed close links with the surrounding communities since its foundation.

Accordingly, IDEBRA, a Brazilian voluntary organization that is recognized as acting in the public interest, was founded in the *favelas* of Rio de Janeiro in 2004. The aim of the organization is to take action via education and training, in order to achieve social change in underprivileged districts. In France, a partnership was signed with the Culture & Diversity Improvisation Award in September 2014 (see *opposite*). ID Logistics has also been pursuing the Han'Action initiative since 2012, which aims to implement solutions that improve the day-to-day lives of disabled workers, together with an internal communication program aimed at informing employees about how to recognize disability and combat preconceptions.

📍 NICOLAS SAVANT-AIRA, A TABLE-TENNIS CHAMPION

NICOLAS SAVANT-AIRA, THE TABLE TENNIS PLAYER, WHO IS ALSO AN IT DEVELOPER AT ID LOGISTICS, HAS AN IMPRESSIVE LIST OF AWARDS.

European Champion 2011, Team Bronze Medal at the London 2012 Olympic Games, and two awards at the French Championships in 2014. In 2015, Nicolas ranked second alongside Grégory Rosec in the team event at the International Disabled Sports Tournament in Lignano (Italy).

📍 IMPROVISATION AWARD: CAVAILLON REACHES THE FINAL IN PARIS

CULTURE & DIVERSITÉ, WHICH WAS SET UP IN 2010 AT THE INITIATIVE OF JAMEL DEBBOUZE AND MARC LADREIT DE LACHARRIÈRE, ORGANIZES A NATIONAL THEATRICAL IMPROVISATION AWARD EVERY YEAR.

Every year, pupils from junior high schools that are mainly in priority education areas discover and take part in theatrical improvisation, which is a factor that encourages their personal development and social inclusion. ID Logistics provides financial and logistics support for the event in the South of France. The 2015 semi-final was held in Cavaillon, and the town's team took part in the final in Paris.



► OVER 1,500

Brazilian children and teenagers benefited from the IDEBRA Program in 2015, via an initiative conducted with their families in order to encourage their social and professional inclusion, including courses, educational scholarships, company internships, and sporting and cultural activities.

CONTINUE THE GROWTH MOMENTUM



2015 FINANCIAL RESULTS

2015 marked another year of solid growth, despite major volatility in the currency markets at the end of the year, in particular in Brazil, Argentina and Russia. Our operating margin was down slightly during the financial year due

to substantial start-up costs, especially outside France. Our accelerated debt reduction profile is giving us a significant level of financial capacity enabling us to consider new acquisitions.

2015 revenues
+6.4%



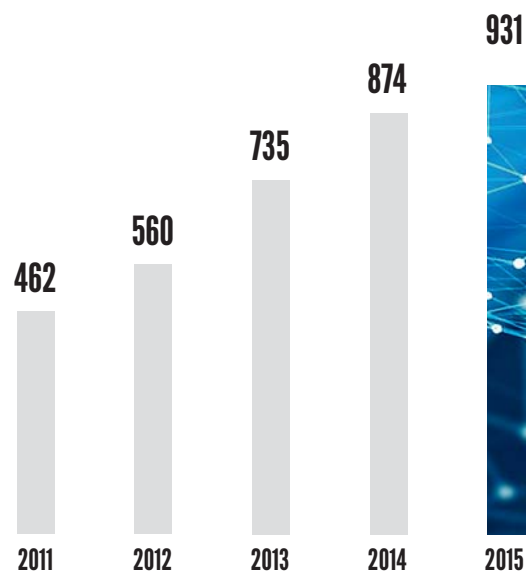
Net debt
-73.7%



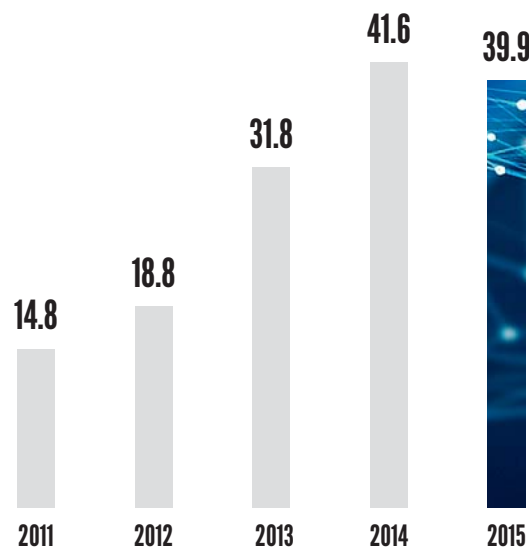
Net income, Group share
+18.3%



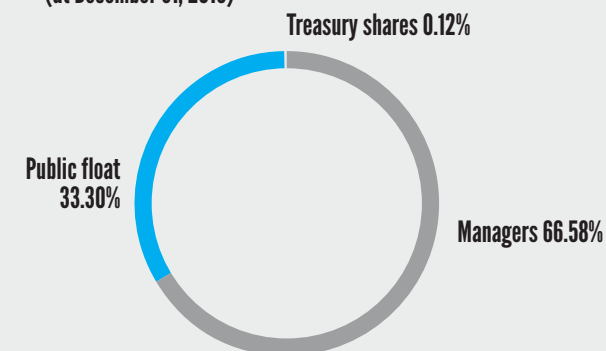
→ REVENUES (in €M)



→ UNDERLYING OPERATING INCOME (in €M)



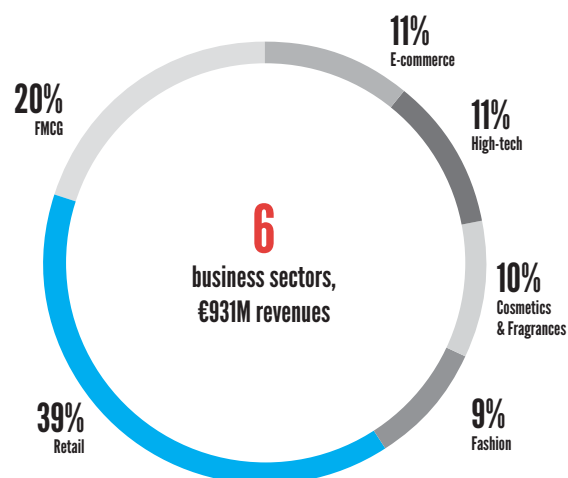
→ BREAKDOWN OF SHAREHOLDERS (at December 31, 2015)



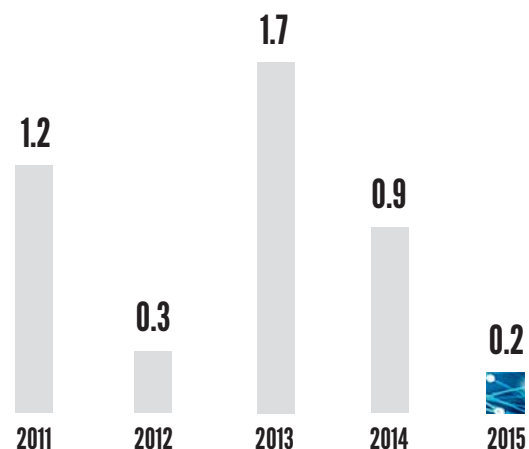
→ SHARE PRICE MOVEMENTS (€)



→ REVENUES DISTRIBUTION (in 2015)



→ LEVERAGE RATIO (net debt / EBITDA)



→ ID LOGISTICS SHARE

- **ISIN code:** FR0010929125
- **Compartment:** Euronext Compartment B
- **Other indices:** CAC Mid & Small, CAC All-Tradable, CAC Industrials
- **Listing market:** Euronext Paris
- **Principal index:** CAC Small

FINANCIAL RESULTS

CONSOLIDATED INCOME STATEMENT

(€000)	31/12/2015	31/12/2014
Revenues	930,813	874,503
Purchases and external charges	(488,206)	(436,523)
Staff costs	(371,485)	(359,572)
Miscellaneous taxes	(14,030)	(13,731)
Other underlying income (expenses)	1,529	(378)
Net (increases) write-backs to provisions	4,933	136
Net depreciation/impairment	(23,642)	(22,901)
EBIT before amortization of customer relations	39,912	41,534
Amortization of acquired customer relations	(537)	(537)
Non-recurring expenses	-	(4,150)
Operating income	39,375	36,847
Financial income	1,654	1,340
Financial expenses	(7,724)	(8,131)
Group income before tax	33,305	30,056
Corporate income tax	(10,161)	(11,446)
Share of earnings of equity affiliates	306	(47)
TOTAL CONSOLIDATED NET INCOME	23,450	18,563
Of which minority interests	2,166	560
Of which Group share	21,284	18,003
EARNINGS PER SHARE, GROUP SHARE		
Basic EPS (€)	3.82	3.23
Diluted EPS (€)	3.58	3.04

The tables above are a summary of the complete financial statements, which, together with the auditors report, can be viewed in full on the ID Logistics Group website at www.id-logistics.com, finance area

CONSOLIDATED BALANCE SHEET

(€000)	31/12/2015	31/12/2014 ⁽¹⁾
Goodwill	116,971	116,971
Intangible assets	7,536	7,812
Property, plant and equipment	98,125	132,391
Investment in equity affiliates	1,432	1,134
Other non-current financial assets	8,374	5,373
Deferred tax assets	8,947	8,714
Non-current assets	241,385	272,395
Inventories	20	42
Trade receivables	147,292	140,191
Other receivables	45,092	37,976
Other current financial assets	8,842	5,924
Cash and cash equivalents	69,783	80,360
Current assets	271,029	264,493
TOTAL ASSETS	512,414	536,888
Capital stock	2,793	2,791
Additional paid-in capital	53,569	53,365
Exchange differences	(7,751)	(3,940)
Consolidated reserves	54,442	32,664
Net income for the year	21,284	18,003
Shareholders' equity, Group share	124,337	102,883
Minority interests	6,328	5,082
Shareholders' equity	130,665	107,965
Borrowings (due in over 1 yr)	55,161	99,680
Long-term provisions	17,688	19,945
Deferred tax liabilities	3,535	2,460
Non-current liabilities	76,384	122,085
Short-term provisions	18,517	22,575
Borrowings (due in less than 1 yr)	28,524	35,321
Other current financial liabilities	520	876
Bank overdrafts	55	30
Trade payables	130,429	122,438
Other payables	127,320	125,598
Current liabilities	305,365	306,838
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	512,414	536,888

(1) Restated following the implementation of the new accounting standard IFRIC 21 "Duties and taxes"

CONSOLIDATED STATEMENT OF CASH FLOWS

(€000)	31/12/2015	31/12/2014 ⁽¹⁾
Net income	23,450	18,563
Net depreciation, impairment and provisions	22,492	25,226
Fair value adjustments on financial instruments	(210)	(214)
Share of undistributed earnings of equity affiliates	(298)	77
Capital gains or losses on the sale of fixed assets	467	-
Change in working capital	(9,469)	2,691
Net cash flows from operating activities after net cost of debt and tax	36,432	46,343
Corporate income tax	10,161	11,446
Net financial costs from financing activities	4,648	5,553
Net cash flows from operating activities before net cost of debt and tax	51,241	63,342
Tax paid	(8,038)	(10,064)
Net cash flow from operating activities	43,203	53,278
Purchase of intangible assets and PP&E	(23,648)	(21,623)
Purchase of financial assets	(5,370)	(1,688)
Fixed asset payables	(198)	(427)
Sale of intangible assets and PP&E	31,235	3,930
Sale of financial assets	1,505	728
Net cash flow from investing activities	3,524	(19,080)
Net financial costs from financing activities	(4,648)	(5,553)
Net loans received	10,305	14,725
Loan repayments	(60,895)	(31,874)
(Purchase) sale of treasury shares	(18)	(350)
Minority interest dividends	(356)	(280)
Share issue	205	100
Transactions with minority interests	-	2,685
Net cash flow from financing activities	(55,407)	(20,547)
Exchange gains (losses)	(1,923)	92
NET UNDERLYING CHANGE IN CASH AND CASH EQUIVALENTS	(10,603)	13,743
Opening net cash and cash equivalents	80,331	66,588
Closing net cash and cash equivalents	69,728	80,331

(1) Restated following the implementation of the new accounting standard IFRIC 21 "Duties and taxes"



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