



BE SMART BE LOGISTICS



2016
ANNUAL
REPORT



18,500
employees

16
countries

Revenues of

€1,070M

Innovating for our clients

ID Logistics is an international contract logistics group that designs and implements one-stop solutions tailored to the specific requirements of each client. The services it offers combine customised architectures, innovation, cutting-edge technologies and operating excellence to allow clients to optimise their supply chain as part of a sustainable development approach. Since it was founded in 2001, the company's pure player strategy has proven its worth and its client portfolio has continued to diversify. In 2016, its business momentum and the acquisition of Logiters, leading company in Spain and Portugal, allowed it to deliver another year of growth, significantly outperforming the market. ID Logistics is listed on Compartment B of NYSE Euronext's regulated market (ISIN code: FR0010929125, Ticker: IDL).

BE SMART

BE LOGISTICS

01 Interview with the Chairman and Chief Executive Officer and the Chief Operating Officer

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BE INTERNATIONAL

BE LOGISTICS

This is one of the key elements of our strategy: our international deployment benefits from a structured and effective dynamic.

BE BUSINESS

BE LOGISTICS

Designed according to the client's business and strategy, our solutions integrate a high level of technology into both traditional sectors and e-commerce.

BE INNOVATIVE

BE LOGISTICS

Pioneers in innovation, we guarantee our clients not only reliable services but also optimum flexibility and productivity.

BE COMMITTED

BE LOGISTICS

In terms of the environment, our employees and society in general, we are committed to sustainable development in all aspects as a responsible company, with the involvement of our employees.

22 Financial results

With the integration of Logiters and a strong organic growth,

ID Logistics took another step forward in its development in 2016, passing the threshold of revenues of €1 billion. ”

Éric Hémar, Chairman and Chief Executive Officer



With revenues topping €1 billion for the first time, the acquisition of Logiters and a record number of new contract starts, ID Logistics took another step forward in its development. We look back at an outstanding year with Éric Hémar, Chairman and Chief Executive Officer, and Christophe Satin, Chief Operating Officer.

The key event of 2016 was the acquisition of Logiters. Why did you make this acquisition?

Éric Hémar: Logiters is No. 2 in contract logistics in Spain and Portugal and its acquisition fits in fully with our strategy of enhancing our model as a pure player logistics group by strengthening our market-leading positions in Europe. Our operations in Spain have been consolidated and we have also established our presence in Portugal. More generally

speaking, our operations in Europe now account for over 80% of revenues. This acquisition is also a structural move due to its size. Logiters generates revenues of €250 million, equal to around one-quarter of the Group's revenues before the acquisition. Another benefit is that the integration of Logiters and its staff – who over the years have demonstrated a high level of technical expertise and excellent client relations – will allow us to extend the scope of our activities to new business segments presenting strong visibility and considerable potential, in particular healthcare and automotive. At the same time, we have consolidated our position in our historic business sectors of fast-moving consumer goods and retail, and have broadened our portfolio significantly to include top-ranking clients. The acquisition has also enabled us to acquire new areas of expertise and know-how, whether in IT, engineering or logistics organisation.

Lastly, the integration of Logiters has allowed us to break through the symbolic threshold of revenues of €1 billion, and we are now one of the leading contract logistics specialists in Europe.

How is the integration of Logiters progressing and how has it impacted your financial position?

Christophe Satin: The integration of Logiters is progressing completely in line with what we had planned when it began at the start of September 2016. We have brought together our Spanish and Portuguese subsidiaries under a single management team under the name of ID Logistics Iberia. The strategic fit between staff is clear and the integration process will be completed at the end of the first half of 2017. The financial terms of the acquisition were satisfactory and thanks to our operating cash flow over the last four



Our growth in 2016

has reinforced our pure player model and our positions in Europe.”

Christophe Satin, Chief Operating Officer



From left to right: Christophe Satin, Éric Hémar, Yann Perot, Ludovic Lamaud.

months of the year and the sale of a property, we have already repaid some of our net debt, which has decreased from €125 million after the acquisition to €50 million as at 31 December 2016. Our balance sheet structure therefore remains very solid.

Apart from this acquisition, what is your assessment of ID Logistics' performance in 2016?

C.S.: In addition to this acquisition, it was also a year of particularly robust organic growth, with a record of 31 new sites opened over the period. ID Logistics' teams were able to continue to diversify our client portfolio by attracting world market leaders in various fields and stepping up our growth in e-commerce. The result of this was organic revenue growth of 9.8%. In accordance

with our J-shaped curve model, these many new site launches weighed down margins over the short term, which were down in 2016 relative to 2015. This investment constitutes the basis of our new growth drivers for the years ahead and we will see the initial benefits of this as of the second half of 2017. It should also be stressed that these new site launches concern both new clients and new sites for long-standing clients.

Can this business momentum be seen across all subsidiaries?

C.S.: Growth has been particularly brisk in France, Germany and the Benelux region, but our momentum can be seen everywhere and we have also launched major new sites in Poland, Russia and even China.

Following the acquisition of Logiters, our balance sheet structure remains extremely solid.

Yann Perot,
Chief Financial Officer

Our creativity is decisive in anchoring logistics in the age of automation.

Ludovic Lamaud,
Executive Vice-President,
Development and Innovation



What is the outlook for 2017?

E. H. : We began the year with two priorities: finalising the integration of Logiters into the Group in 2016, and at the same time completing the ramp-up of sites launched in 2016. During the second half of the year, we will therefore be able to benefit fully from the operating and business momentum of our teams and increase our profit margins. ID Logistics also intends to benefit from its new visibility and strong commercial and technical positioning in order to continue to grow at a faster rate than the market, while also responding to the many new challenges facing its clients. Once these objectives have been achieved, we will continue to monitor potential acquisition opportunities very closely, especially in Northern Europe, so that we can provide our existing and prospective clients with the largest possible coverage.

+14.9%

revenue growth in 2016
(+6.4% in 2015)

A DYNAMIC GOVERNANCE TO STEER OUR GROWTH

With three executive vice-presidents, each of whom guarantees the consistent development of their own area, as well as independent directors from various backgrounds, ID Logistics' governance structure meets the most stringent international requirements in terms of transparency and efficacy.

The Board of Directors

The Board of Directors takes part in determining, implementing and monitoring the company's development strategy. The Board consists of representatives of the Group's controlling shareholders and independent persons, benefiting from the diverse and international professional experience of its 8 members.



Éric Hémard
CHAIRMAN AND CHIEF
EXECUTIVE OFFICER

Éric is a graduate of the École Nationale d'Administration (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,
DIRECTOR

Christophe is a graduate of ISG business school and 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 Hémard**
DIRECTOR

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



**Jesus Hernandez
Muñoz**
CHIEF EXECUTIVE OFFICER
OF ID LOGISTICS BRAZIL,
DIRECTOR

Jesus is a graduate of the University of Madrid and has honed his skills in international management, serving as head of ID Logistics Spain from 2006 to 2015.



Michel Clair
INDEPENDENT DIRECTOR, CHAIRMAN
OF THE AUDIT COMMITTEE

Michel is a graduate of the École Nationale d'Administration (ENA) and 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). He is now CEO of France Habitation and OGIF. He is Vice-President of the Paris Region Ile-de-France.



Michèle Cyna
INDEPENDENT DIRECTOR
AND MEMBER OF THE AUDIT
COMMITTEE

Michèle holds degrees from École Polytechnique, École des Ponts et Chaussées and MIT, and is Director 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.



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. She is now Director of the Academy of France in Rome - Villa Medici.

Executive Committee

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

Éric Hémard,
CHAIRMAN AND CHIEF EXECUTIVE
OFFICER

Christophe Satin,
CHIEF OPERATING OFFICER

Yann Perot,
CHIEF FINANCIAL OFFICER
Yann holds a degree from EDHEC business school 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.

Ludovic Lamaud,
EXECUTIVE VICE-PRESIDENT,
DEVELOPMENT AND
INNOVATION
Ludovic holds a DESS advanced diploma in Pharmaceutical Distribution and began his career at OCP. He then worked for Geodis and joined ID Logistics in 2002.

APPOINTED ON MARCH 22ND, 2017

Laurent Nicastro,
EXECUTIVE VICE PRESIDENT,
OPERATIONS

Laurent is a graduate of Panthéon-Sorbonne University and holds a DESS advanced diploma in Logistics Management and Transport Engineering. He began his career at Hays Logistique and then was in charge of supply chain management at Castorama before joining ID Logistics in 2017.

CREATING VALUE

ACROSS THE ENTIRE SUPPLY CHAIN

2

WE ORGANISE TRANSPORTATION BY OPTIMISING ALL TRANSPORTATION FLOWS, WHILE ALSO FACTORING IN SUSTAINABLE DEVELOPMENT CONCERNS.

At ID Logistics, transportation organisation benefits from specific control units. Effective IT tools developed in-house – such as the Transport Management System (TMS) – help to optimise transportation flows as part of an overall sustainable development approach, while also allowing for real-time monitoring. Thanks to a multi-modal approach, end-to-end solutions including rail and maritime transportation are developed.

60%

of volumes from the Evian plant (Danone Eaux France) shipped via a rail hub managed by the IDEO multi-modal platform (see opposite)



1

WE TAKE CARE OF THE ENTIRE SUPPLY CHAIN FOR OUR CLIENTS BY DEVISING AND APPLYING A DEDICATED LOGISTICS SOLUTION FOR EACH ONE.

The teams at ID Logistics receive clients' goods from their production plants, manage stock levels, prepare orders and provide high value-added services such as co-packing and postponement, and deliver to their clients' own clients, whether at regional distribution centres or to the end customer.

The aim is to optimise the client's logistics flows as part of a value-added and sustainable development approach.



275

sites worldwide

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



4

WE CREATE ADDED VALUE AND GUARANTEE THE RESULTS OF ORDER PREPARATION AND DISTRIBUTION.

At all stages of the supply chain, ID Logistics' experts and technicians create value for clients by thorough analysis of strategic issues, overall and consistent design, formalised dedicated and innovative solutions, management of logistics flows and even stock optimisation. ID Logistics receives products on behalf of distributors, checks them, manages them and prepares orders for shops or the end customer in the case of e-commerce.

3

WE PROVIDE OUR CLIENTS WITH CUTTING-EDGE TECHNOLOGIES, PRIMARILY IN STOCK MANAGEMENT AND OPTIMISATION.

Goods are shipped by ID Logistics teams for delivery at the end of the supply chain to shops and convenience stores, and – in the case of e-commerce – to end customers, in accordance with terms set out in the specifications. The Group's dedicated solutions cover a wide range of complementary services, including shelving goods and managing returned goods.



5

million sqm operated by ID Logistics



ID Logistics wins awards in France...

On 20 January 2017, Supply Chain Magazine awarded ID Logistics and its client Danone Eaux France the "Grand Prize" in the Kings of the Supply Chain event for 2017. This prestigious award was in recognition of the "Private Rail Hub" project for Danone, which judges believed best met the criteria of "originality, innovation, difficulties overcome and results". Spurred on by its client, ID Logistics created the IDEO operating platform in 2013. This platform



manages all transport flows in Europe, by road and rail, for a number of clients. To allow evian to achieve its target of being carbon neutral by 2020, IDEO has set up

a private rail hub with local operators and a connected railcar solution. The results are greater flexibility, improved performance and more visibility (see p.15).

... and in Poland

ID Logistics was voted "Logistics Operator of the Year 2016" at an event organised by Polish magazine Eurologistics. This award is given on the basis of an independent firm's satisfaction survey of logistics and haulage companies' customers in the Polish market. ID Logistics won the award for rolling out innovative supply chain solutions in Poland that meet the highest security, quality assurance and service reliability standards.

BE INTERNATIONAL BE LOGISTICS

With operations in Europe, Latin America, Asia and Africa, we generate 53% of our revenues from international activities. The unifying values shared by our multicultural teams enhance their expertise for the benefit of our clients.



Our comprehensive approach, from site construction to mechanisation and e-commerce delivery, allows us to respond to Kiabi's many expectations. "

Belinda Molenat, Project leader for Kiabi,
ID Logistics Spain

WHAT DOES THE KIABI PROJECT ENTAIL?

Our partnership with Kiabi started with just transportation. Two years ago, we set up a dedicated flow management unit for France in Lille. This relationship has enabled us to develop an in-depth understanding of the company and to understand its characteristics and needs. Until now, its logistics had been centralised. Kiabi wanted recently to create a unit for its operations in the south. In 2016, we responded to its call for tenders, which we won.

WHAT WAS THE SOLUTION SELECTED?

A 50,000 sqm platform is in the process of being set up in Catalonia, in the Tarragona region. The first 25,000 sqm tranche will be launched in late 2017 and the second one year later. Initially the site will serve Spain and Portugal, representing around 50 sales outlets. This is a conventional business-to-business manual preparation solution. Later on, geographical coverage will be extended, with a much larger number of stores and the extension of activities to include e-commerce. Italy and southern France will be supplied in this way as well as other countries, in particular Morocco and Malta. Lastly, as

the site will need to absorb increasing logistics flows, we will transition gradually to a mechanised solution. This will allow for the management of high volumes that are difficult to absorb manually.

HOW WAS THE PROJECT CONCEIVED?

We worked closely with Béatrice Régner, Kiabi's Logistics Director, as well as with our mechanisation partners. Our engineers were involved at a very early stage in coming up with a solution offering optimal mechanisation depending on the different products and distribution channels. We drew on the experience we have acquired alongside major clothes retailers such as Puma, Le Coq Sportif, Cortefiel and Auchan Textile. Our success in the call for tenders attests to our ability to listen to clients: we came up with a comprehensive solution encompassing real estate, logistics preparation, mechanisation and transportation up to final delivery. Kiabi operates 500 stores in 15 countries and sells over 275 million items to over 22 million customers. Kiabi has 8,700 employees unified around an ambitious expansion strategy based on a cross-channel model.



53%
of sales generated
from international
activities proforma
2016

Over
50%
of clients are
accompanied by ID
Logistics in several
countries

PUSHING THE BOUNDARIES

The Group's expertise and excellence allow its clients to benefit from uniform, innovative and robust services all over the world.

2016 key events: the acquisition of Logiters and strengthening of our position in Europe.

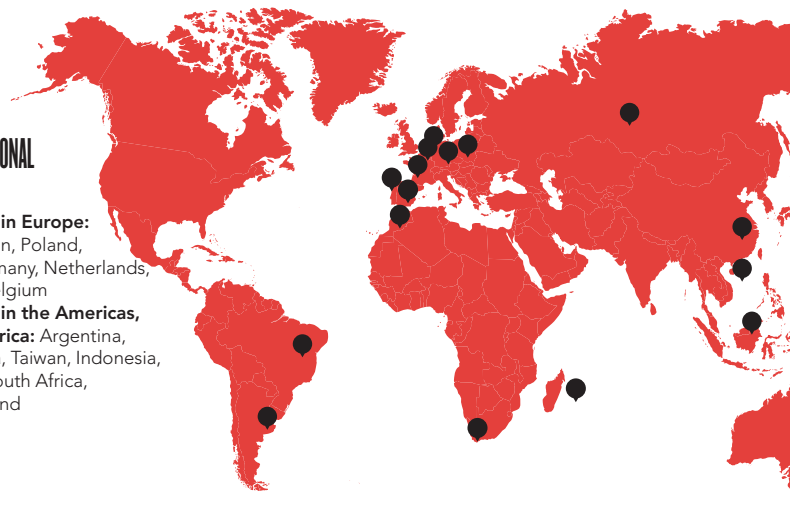
ID Logistics' growth strategy is based on two key axes: the development of global, innovative, customised and cutting-edge services at the lowest cost and which create value; an international pure player positioning that has proven its value over the years. The Group continued in this vein in 2016 with a greater emphasis on expansion in Europe. This determined to a large extent its priorities and investment choices with the aim of strengthening its operations in Southern Europe, as well as the Iberian Peninsula this year (see opposite) and the North, Germany, the Netherlands, Belgium and Poland in particular.

OUR INTERNATIONAL FOOTPRINT

8 countries in Europe:

France, Spain, Poland, Russia, Germany, Netherlands, Portugal, Belgium

8 countries in the Americas, Asia and Africa: Argentina, Brazil, China, Taiwan, Indonesia, Morocco, South Africa, Réunion Island



Performance in France

ID Logistics' revenues in France grew by 12.5% in 2016 to €581.7 million. This very satisfactory performance is thanks to the launch of a number of new contracts, coupled with solid volumes in historic contracts.

Strengthening our position in Europe

International revenues totalled €488.3 million, up 18% overall. On a like-for-like basis, excluding the positive impact of the first-time consolidation of Logiters and the unfavourable currency effect, revenues increased by 6.2%. Growth in international activities was driven primarily by Europe, in particular Germany, Spain and the Benelux region. The first site was opened in the second half of the year in Belgium, a new country for the Group with Portugal as a result of the acquisition of Logiters. In emerging markets (Brazil, Argentina, Russia and China), deterioration in exchange rates and economic difficulties did not prevent us from achieving further growth, with the need for logistics services in these countries remaining significant. Russia made a substantial contribution to revenue growth in 2016. ID Logistics' flexibility allows it to adapt to its own constraints as well as changes in volumes.

14 NEW SITES IN FRANCE...

ID Logistics opened four new sites in France in 2016, some for new retail clients (But, Action, Lapeyre etc.) and others in new sectors for Puma, Thalès and also Pierre Fabre. The Group also extended its partnership in new

sites with clients such as Carrefour, Auchan and Leclerc, and strengthened its e-commerce expertise with Nespresso (second site), Cdiscount (second site) and AuchanDirect (mechanized warehouse).

... AND 17 WORLDWIDE

There were even more international openings, with 17 new sites.

In Germany, ID Logistics opened two sites with a total area of around 200,000 sqm for a leading name in furniture and home decor.

In Belgium – a new market – a site was set up for Maxeda, market leader in DIY in the

Benelux region. In the Netherlands, a dedicated European platform now provides logistics services for Kawasaki motorbikes. New openings were also seen in Russia for food retailer X5, Bacardi and Yves Rocher, in Spain for the e-commerce activities of Cortefiel and El Corte Ingles, and in Taiwan for City Super and A.mart.

RAMP-UP OF MARGINS

In accordance with the Group's business model, the opening of new sites results in operating losses during the start-up period. Operating income was therefore

down slightly relative to 2015. The start-up phase will be complete, allowing for acceleration in profitability as of the second half of the year.

€250M
of revenues
generated by
Logiters

750,000 sqm
over 50 sites

3,300
employees

EXPANSION OF ID LOGISTICS IBERIA

Logiters is the first acquisition outside France, strengthening the Group's position in the Iberian Peninsula and boosting its development in segments offering strong potential (healthcare/pharma, automotive) and consolidating its position in its existing sectors by enlarging its portfolio to include top-name clients such as Duracell, Mustang and Media Markt.

With Logiters, we have extended our position in what are three major markets for us: Pharmaceuticals, FMCG and Electronics. Its teams have enhanced our expertise in multi-client services and the automotive sector, a booming sector in Spain. We have also extended our operations to Portugal, with services across the entire Iberian Peninsula. Our clients benefit from lower costs and higher standards. Clients are continuing to demand more and more. Our enhanced expertise as a result of this acquisition constitutes a decisive commercial and operational asset.”



Javier Echenique, Head of ID Logistics Iberia



In Spain, ID Logistics has launched its activities in the FMCG sector, with clients like Auchan, Eroski and Cortefiel.



Its successes have swiftly allowed it to extend its activities to cosmetics (Puig, Coty etc.), e-commerce (Privalia, Vente Privée etc.), publishing (Planeta etc.) and even manufacturing.

Mustang chooses ID Logistics

In early 2017, ID Logistics signed an agreement with Mustang, Spain's number one footwear and fashion accessories group, for the logistics management of all of its products. Mustang has centralised its national and international logistics activities within a 17,000 sqm platform in Massalavés (near Valencia).

Its missions: receipt and storage of goods and order fulfilment, including the value-added services of co-packing and special handling, in order to meet the needs of various different distribution channels, from traditional retail and wholesale networks through to large e-commerce websites. To ensure smooth operation, Mustang's ERP system has been interfaced with ID Logistics' warehouse management system in order to guarantee internet users and consumers cutting-edge logistics and impeccable services standards.



ID Logistics Iberia has become a leading name in contract logistics, with a market-leading position in retail, pharma, FMCG and e-commerce.



Its strategy is to permanently enhance its services by including the most effective technologies, particularly in automation, and by innovating in order to continue to contribute to its clients' successes.

For each client, we come up with specific solutions covering all the needs of an intelligent supply chain, with cutting-edge expertise in e-commerce and B2B.

BE BUSINESS BE LOGISTICS



Cutting-edge technologies allow us to respond to the client's expectations in order to reduce costs, make its supply chain more effective and ensure a level of growth in a structural way. ”

Cyril Beausire, Head of the Start-up – Support and Expertise department at ID Logistics

EXPERTISE AND TECHNOLOGY

WHAT DOES THE AUCHAN PROJECT ENTAIL?

AuchanDirect's operations in the Paris region were previously run manually at three sites. Auchan decided to take a major step forward by opting for a fully mechanised solution at just one site. This had three main aims: cut logistics costs, respond as best possible to market demands by offering high service standards, and, prepare for the future in order to keep up with the rates of growth expected in the B2C sector.

WHAT WAS THE SOLUTION PROVIDED?

The site opened in Chilly-Mazarin in September 2016 handles four categories of products: fruit and vegetables, frozen foods, fresh produce and fast-moving consumer goods (FMCG). For each of these categories, a bespoke process has been devised and deployed in order to take account of their specific constraints, with particularly highly developed mechanisation systems for fresh produce and FMCG. This involves

+15%

growth a year in Auchan's e-commerce activities

20,000

products in 4 temperature ranges at the new AuchanDirect distribution centre

sorting terminals, a shuttle system, Goods to man preparation, pick-put to light and palletising, allowing for very high handling rates coupled with high levels of reliability.

Our major challenge is keeping up with the growth in AuchanDirect's business, and our technical knowledge of mechanisation and automation issues make this level of projection possible.

WHAT IS YOUR ANALYSIS OF THE INITIAL FEEDBACK?

After eight months in operation, we are continuing to enhance the site's performance at a steady rate in order to keep up with the shift from 10,000 to around 20,000 products and the 50% increase in the number of orders. In addition to the mechanical solution rolled out, the on-site engineering team analyses results on a daily basis in order to ensure improvement. Change management has also been a real challenge as regards team management. This is an innovative project with very different processes. Lastly, I would say that a solution of this kind is not based solely on technical knowledge, but also on a certain level of competence in terms of management in order to be able to adapt algorithms and the fluidity of all processes as best possible.



AuchanDirect warehouse, Chilly-Mazarin (France)

Decisive strengths

The teams at ID Logistics demonstrate their creativity and flexibility in implementing new concepts on a daily basis. The way in which subsidiaries are managed fosters

both consistency and autonomy, allowing talented staff to come to the foreground. These are all decisive strengths, particularly in e-commerce, a market that now

accounts for 10% of revenues compared with less than 1% in 2011. The Group's expertise and market-leading position in retail order picking is another key strength. More generally,

ID Logistics is continuing to extend its activities in the fields of distribution and high tech, and to strengthen its position in its most recent sectors, such as pharma and automotive.

CONTRIBUTING TO OUR CLIENTS' SUCCESS

Our aim is to offer to each of our client unfailing reliability and maximum flexibility. This is a major imperative to enable him to be competitive in his market.

The primary aim of the storage techniques devised and deployed by ID Logistics is to offer clients an optimum level of service with comprehensive and dedicated solutions that are attractive and effective, automated and flexible. This approach is rolled out across all sectors, taking account of their specific constraints using value-creating strategies. The logistics specialist is now positioned as a key player in the client's overall production system.

Maximum integration in the automotive sector

The level of integration of logistics specialists into teams at carmakers and automotive equipment suppliers is particularly high. The logistics expert

provides their expertise from the design stage and once production begins they continue to optimise processes. ID Logistics allows its clients to benefit from a high level of coordination, control, precision and flexibility, from the storage of components to just-in-time supply chain management of pre-assembled items such as headlights and bumpers. In addition to ISO standards, each client's specifications are input into its IT systems and latest-generation technologies such as autonomous devices, RFID*, Pick by voice, sensitive tablets and scanners.

Rigorous and flexible approach in pharmaceuticals

In the highly regulated pharmaceuticals sector, the logistics expert needs to monitor stringent standards while also ensuring the highest level of flexibility in order to serve dispensaries, hospitals and pharmacists. In addition to specific skills, employees have particular profiles: at least one pharmacist is attached to each site. This activity is characterised by temperature and humidity checks, secure areas for narcotic and psychotropic drugs, control of changes in procedures or even the description of each operation up to cleaning, among others. At ID Logistics, this benefits from a high degree of automation at multi-client sites, allowing for the pooling of storage, preparation and distribution. Other strengths are a dedicated IT system developed in-house, a customisation procedure that goes as far as export notices, and complete and detailed traceability.

*Radio-identification

EFFICIENCY, PRODUCTIVITY, FLEXIBILITY



NEW CONCEPT FOR KAWASAKI

At Kawasaki's new European platform in Tilburg in the Netherlands, ID Logistics has deployed a concept that integrates the latest CO₂ emissions standards. Each part has its own identification number, like in mass-market electronics. A cutting-edge video simulation has been developed to handle products using radio frequency. The approximately 20,000 sqm platform distributes motorbikes, jet skis and all-terrain vehicles in Western Europe.



PIERRE FABRE CHOOSES ID LOGISTICS FOR ITS TOULOUSE PLATFORM

The new Pierre Fabre platform is to accompany the international growth of its dermo-cosmetics and consumer health division. The platform, constructed in accordance with HQE environmental standards, can store 90,000 palettes. Around 60 people work at Pierre Fabre's historic site, preparing goods for France and for international shipments.

ADAPTABILITY, FLEXIBILITY AND RESPONSIVENESS FOR CDISCOUNT

Cdiscount has reiterated its confidence in ID Logistics for the opening of its second platform in Saint-Mard: 40,000 sqm dedicated to large household appliances (receipt, shipping in France and same-day delivery in Paris). ID Logistics' flexibility allows it to manage growth and the

seasonal nature of the company's activities, while also rolling out new activities such as managing returns and same-day delivery. The processes used optimise storage, in particular with trucks with retractable grabbers. The 60 employees handle 550,000 packages per year.



11%

of ID Logistics' revenues generated from e-commerce

10x

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

E-COMMERCE
AS A TARGET

E-COMMERCE: STEPPING UP GROWTH

E-commerce is ID Logistics' primary technological driver and the driving force behind its growth. Its market-leading position in retail order picking allows its clients to benefit from all of the services required by this activity at a high standard. The Group's expertise has therefore established it as a major partner of e-merchants.

E-commerce logistics requires certain strengths. These are the same strengths that have formed the basis of our success from the beginning, in particular our ability to come up with inventions in order to continually improve our solutions and high-tech tools, our robust processes and adapting to our clients' strategies. Our management team favours responsiveness, which is more strategic in this market than elsewhere. All this allows us to play the new role of e-commerce logistics expert: being the driving force behind the brand.



Ivan Louge, Contract Manager at ID Logistics



BE INNOVATIVE BELOW

Logistics has entered the age of automation and digitisation, consolidating our strategy of doing better, more quickly, more cheaply and in a more environmentally-friendly way. Innovation is closely linked to our development and fully integrated into what we do.



The creation of an initial private hub in France has allowed for rail transportation to be made reliable in order to ensure tighter cost control and a major benefit for the environment. ”

Marie Flouzat, Head of Rail Transportation Management for Danone, IDEO

WHAT ARE THE CHALLENGES INVOLVED IN RAIL TRANSPORTATION MANAGEMENT?

For getting pallets of Evian and Volvic water off the production lines and sending them in mass to ten warehouses in Europe, rail transportation has proven to be an effective solution. Each train transports 1,000 pallets, the equivalent of 40 trucks. This means that the roads are less congested, costs are controlled and our carbon footprint is reduced, one of Danone's major targets. The innovative solution we have developed allows us to be more responsive and to adapt with greater flexibility to the needs of the plant.

WHAT DOES THIS SOLUTION CONSIST OF?

Previously, Danone depended on two rail operators. IDEO, a subsidiary of ID Logistics, helped it to develop a new model, with the creation of the first private hub in France. The implementation of this model in the Lyon region in early

A PIONEER IN INNOVATION
15
innovative projects developed and trialled each year

4
newsletters a year to share these projects with clients

15
international awards over 11 years recognising ID Logistics' spirit of innovation

2016 allowed for the diversification and specialisation of rail service providers, resulting in greater efficacy. IDEO leases and manages wagons for its client. Once again, this helps to improve costs and the complete availability of the fleet is facilitated by the development of new solutions. We have trialled and validated Internet of Things technology in dealing with this issue, and the roll-out of 1,200 sensors on wagons in our fleet. The main appeal is the provision of a more transparent supply chain offering multiple benefits such as control of the journey time to calculate rotation rates, as well as anticipating delays in order to warn sites early on and avoid forklift operators having to wait at the point of receipt. A specific portal has been developed in partnership with a start-up. In addition, a new train hub process has been introduced, with a TMS* created in three months by ID Logistics - a real achievement!

HAVE YOU ALREADY SEEN ANY RESULTS?

The flexibility of the model allows us to protect the Evian plant from the uncertainties and rigidity of the rail transportation model, which caused breaks in production. This reliability has restored our confidence in rail transportation, which is reflected by growth over the long term in this mode of transport relative to road transportation. The benefit of this innovative model, which won an award in early 2017 (see page 5), is therefore highly significant in terms of reducing our carbon footprint and helps the Danone Group to achieve its environmental targets, for the benefit of its clients.

* TMS : Transport Management System.

IDEO, Saint-Priest, (France)



INVENTING THE STANDARDS OF TOMORROW

The opening of an Innovation Campus in Châtres (Île-de-France) is a first in France. More than just a showroom, it allows clients, prospects, students and other visitors to find out about the Group's innovations at the Castorama and Marionnaud sites. Demonstrations under real conditions are at the heart of presentation and discussion.

The campus allows us to show what we are capable of inventing for our clients. Innovation is no longer just one theme among many others, but the main focus of the visit. In just one meeting, we present a broad range of new solutions actually in operation as prototypes or demonstration models. We then talk to visitors, who are invited to share their impressions by completing an online satisfaction survey. We have already received many large companies. The feedback is very positive.

Romain Dellamonica, Head of Innovation at ID Logistics



"PUT TO LIGHT" TRUCKS

Facilitating preparation

Optimising productivity, quality and user-friendliness: these are the three benefits of the "Put-to-Light" system introduced at an Auchan platform (textiles activities for Europe). Equipped with a screen and scanner, the truck tells the operator what tasks to carry out (address picking, quantity etc.). A picture of the product allows for the pick to be validated, a light-up sign shows where to place the product and mechanical support helps with transportation.

INNOVATION CAMPUS

20

innovations to discover at Innovation Campus



SMART NETWORK

Analysing networks

Developed with a start-up specialising in real-time displays of electricity and gas networks, the Smart Network solution is a big data processing tool.

It has been adapted to the logistics network in order to allow for all logistics flows to be analysed and anticipated, thus allowing for improved management.



EASY CHECK-IN

Automated check-in for drivers

The on-site automated driver check-in system allows for optimised fluidity, reliability and security. The easy check-in concept, currently under development at ID Logistics, allows for drivers to be recognised from a terminal rather than having to get down from their fork-lift truck to present themselves to the security guard. This terminal is coupled with a registration plate reader and the automatic barrier.



MOBILE SHELVING IN RACKS

Increase of data

The growing density of the number of products available is a major problem in retail order picking. These shelving systems offer columns in a number of sizes, attached to rails. Rows

can be moved to allow for access to columns at the back. The number of places where products can be put is doubled or trebled and ease of use is improved significantly.

VIDÉO TRACKING

Reducing legal disputes

ID Logistics has implemented a Video Tracking solution with one of its partners at a Carrefour warehouse dedicated to fresh produce. Coupled with the WMS*, the solution makes it easy to find order preparation video sequences. As the number of stores supplied is in excess of 450 with inventory-less just-in-time management, this helps to deal with anomalies. The operator checks with the system using the support number and product reference. The video sequence is displayed immediately, allowing the operator to check that the order has been prepared correctly and dispel any doubts visually.

* Warehouse management system



A REMOTE-CONTROLLED TROLLEY

Optimum ease of use

At the crossroads between manual fork-lift trucks and AGVs (Auto Guided Vehicles), the remote-controlled truck can be steered in the conventional way or remotely. This avoids the operator having to get back on every time something is picked up.



BE COMMITTED BE LOGISTICS

At ID Logistics, everyone takes action to apply the Group's commitments as set out formally in a dedicated environmental charter. This comprehensive and consistent approach is implemented by each site in the form of tangible and quantified projects.



The LVMH Fragrance Brands platform reconciles respecting the environment with comfort for employees, while also ensuring high quality preparation of products and services. ”

René d’Aboville, Director of the Beauvais site, ID Logistics France

WHAT WAS THE REQUEST FROM LVMH FRAGRANCE BRANDS ?

The 17-year partnership with this client concerns order storage and preparation and retail order picking of Givenchy and Kenzo perfumes, representing a total of 5,000 products worldwide. As a responsible and influential leading name, LVMH Fragrance Brands has committed itself to a progress-led approach involving its partners. Reflecting in particular its consistent desire to factor environmental concerns more into its supply chain policy, in 2016 we launched our own ISO 14001 certification procedure. This commitment illustrates our support of LVMH Fragrance Brands in its environmental policy.

HOW WAS THE PROJECT ORGANISED?

First of all, we identified all of the actions, procedures and optimisations that could be used and, more generally, we worked on setting out a formal environmental management system, taking care not to set anything in stone. On the contrary, the aim is to achieve ongoing progress. This approach allows us to permanently monitor management of the environmental impact of our activities on the platform, while also involving staff so that we work together – by means of our practices and actions – to develop sustainable logistics. I would also like to highlight our staff’s very strong support of this policy.

WHERE DO THINGS STAND AT PRESENT?

In concrete, the benefits are manifold: reducing consumption of water, electricity and cardboard, improving warehouse lighting using LEDs, management of recycling and recovery of 80% of waste, optimising quality of life in the workplace (hygiene, health, safety). A pre-audit was performed in October 2016 and we should obtain certification after the definitive audit in May 2017. This will make Beauvais the first ID Logistics site to be ISO 14001 certified.



SUSTAINABLE DEVELOPMENT
IN ACTION

1,800
projects underway supporting sustainable development, 1,600 of which have been realized

102
sites involved in sustainable development initiatives

A sustainable performance

The Group’s sustainable development strategy is based on three core principles:

- protecting the environment and managing risk by reducing our impact (vehicles and sites);
- helping clients by means of optimised and innovative solutions that meet needs in terms of both economic and environmental performance;
- increasing employee involvement and

safety by means of training programmes and encouraging responsible initiatives. A tool for monitoring and sharing environmental best practices helps to raise employee awareness and communicate with clients. Its implementation is reflected by a number of action plans leading to tangible results (waste recycling, reducing water consumption etc.).



Flows optimization integrating rail and maritime

A COLLECTIVE AND STRUCTURAL APPROACH

Sustainable development at ID Logistics involves everyone: within the Group, each manager is responsible for bringing the Group's strategy to life in their area and for measuring progress made.

Launched in 2010, an intranet platform has helped to improve the dissemination of ID Logistics' values in its Sustainable Development policy, as well as to structure what it does at Group level to make them more effective and easier to reproduce. In order to guarantee the efficacy of this approach, two committees have been created.

The Strategic Sustainable Development committee defines the major strategic directions, manages progress on the basis of the execution plan, validates structural projects and specific tools, and implements a system of rewards to encourage initiatives.

The Operational Sustainable Development Committee turns these directions into action

plans, monitors the indicators, assesses sites and proposes projects and changes to tools to the Strategic Committee.

Reducing our carbon footprint

The role of logistics expert has an impact on the environment, particularly in terms of product transportation. The creation of dedicated management units helps to reduce our carbon footprint by reducing empty kilometres travelled and vehicle utilisation times. Improved coordination of logistics operators optimises in particular the use of space in trucks (see opposite also).

Acting for employees and communities

In the employee relations and social sphere, ID Logistics has introduced concrete measures to improve working conditions for its employees and prevent work-related accidents. These measures have also helped to increase employee involvement and improve their performance. More generally, the Group is involved in humanitarian efforts within the framework of its international expansion. In Brazil, for example, in order to be better integrated into its local environment, ID Logistics has created the charity Idebra. The aim is promote education for children and teenagers in the Beira Mar favela, within the immediate proximity of one of the company's sites in Rio de Janeiro.



INVOLVEMENT
OF EVERYONE

40%

of clients participate in the Group's methodology to optimise their sustainable development

Over

220,000

hours of training, equal to 0.9% of hours worked

Around

20%

of reduction in CO₂ emissions by the transportation division since 2009

REDUCING OUR CARBON FOOTPRINT

Within the framework of the ADEME charter signed by the Group's transportation division, a new audit in 2016 certified the efforts made to reduce CO₂ emissions. Achieving targets is based

on modernising the vehicle fleet, monitoring their consumption, training drivers, improving load rates and minimising empty kilometres travelled. Overall, emissions have been cut by around 20% since 2009.

RUNNING ON NATURAL GAS

In partnership with ID Logistics, Castorama has introduced six trucks running on natural gas to supply its Paris stores from its logistics platform in Pantin, also managed by the Group. The benefits are half the level

of noise, no fumes, few particles and an odourless exhaust gas, all supporting clean urban logistics.



TRAINING AND MOTIVATION

A subsidiary of the Group accredited by the French Department of Labour, IDL Training has nearly all accreditations relating to employee safety. The training organisation has also launched a huge programme on managerial best practices, targeted at operational managers.

The Operations Department for France oversees the selection of young managers with potential, the "ID Logistics Breeding Ground", in partnership with EMLYON Business School. In 2016, 15 employees benefited from training provided by industry experts.

SOLIDARITY

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

Over 16 years, ID Logistics has become an international group employing 18,500 people serving top-ranking clients. This success attests to the relevance of its strategy, as well as the strength of its unifying values.

ENTREPRENEUR

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

OPERATING EXCELLENCE

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

DEMANDING

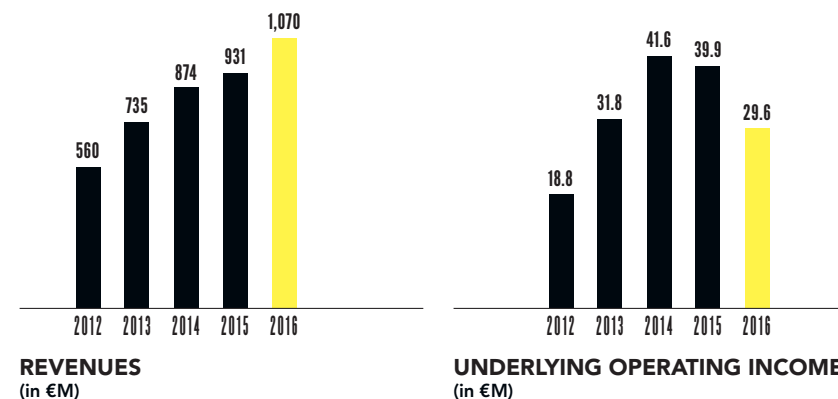
Responsibility and professionalism in human relations within the company as well as with clients and partners.



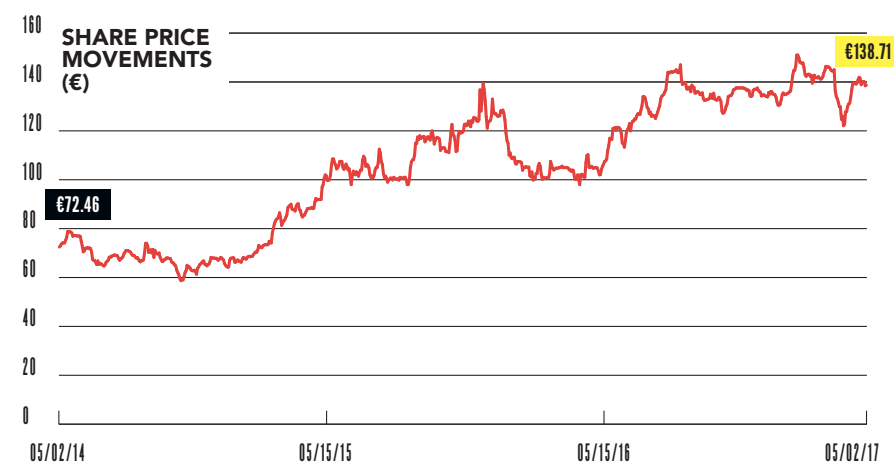
2016 RESULTS

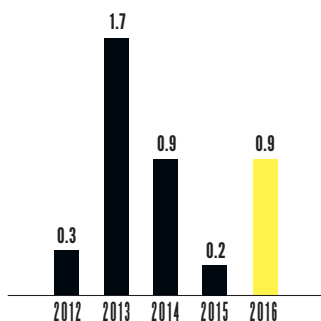
ID Logistics achieved revenues in excess of €1 billion in 2016 and has solid growth in store for 2017.

Key figures



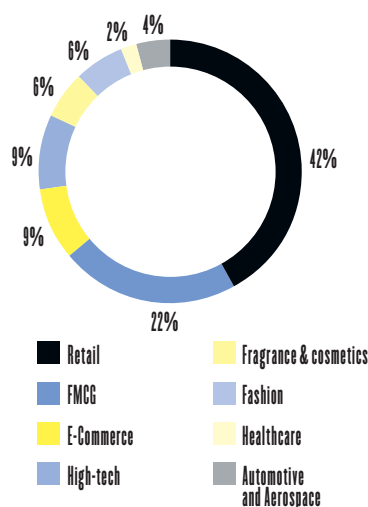
Shareholding and stock exchange



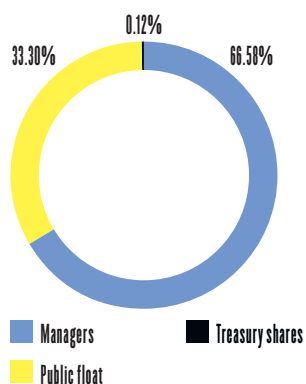


LEVERAGE RATIO
(net debt / EBITDA)

REVENUES DISTRIBUTION
(proforma 2016)



BREAKDOWN OF SHAREHOLDERS
(at December 31, 2016)



ID LOGISTICS SHARE

ISIN CODE
FR0010929125

COMPARTMENT
Euronext Paris

LISTING MARKET
Euronext
Compartment B

PRINCIPAL INDEX
CAC Small

OTHER INDICES
CAC Mid & Small,
CAC All-Tradable,
CAC Industrials

+15%
of revenues

GROWTH
MOMENTUM

CONSOLIDATED INCOME STATEMENT

| (€000) | 12/31/ 2016 | 12/31/ 2015 |
|---|--------------------|--------------------|
| Revenues | 1,070,067 | 930,813 |
| Purchases and external charges | (585,132) | (488,206) |
| Staff costs | (433,037) | (371,485) |
| Miscellaneous taxes | (13,038) | (14,030) |
| Other underlying income (expenses) | 1,208 | 1,529 |
| Net (increases) write-backs to provisions | 10,933 | 4,933 |
| Net depreciation/impairment | (23,166) | (23,642) |
| EBIT before amortization of customer relations | 27,835 | 39,912 |
| Amortization of acquired customer relations | (787) | (537) |
| Non-recurring income (expenses) | 2,531 | - |
| Operating income | 29,579 | 39,375 |
| Financial income | 1,966 | 1,654 |
| Financial expenses | (7,694) | (7,724) |
| Group income before tax | 23,851 | 33,305 |
| Corporate income tax | (6,454) | (10,161) |
| Share of earnings of equity affiliates | 15 | 306 |
| TOTAL CONSOLIDATED NET INCOME | 17,412 | 23,450 |
| Of which minority interests | 1,922 | 2,166 |
| Of which Group share | 15,490 | 21,284 |
| Earnings per share, Group share | | |
| Basic EPS (€) | 2.78 | 3.82 |
| Diluted EPS (€) | 2.60 | 3.58 |

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) | 12/31/2016 | 12/31/2015 |
|---|----------------|----------------|
| Goodwill | 168,417 | 116,971 |
| Intangible assets | 20,635 | 7,536 |
| Property, plant and equipment | 83,427 | 98,125 |
| Investment in equity affiliates | 734 | 1,432 |
| Other non-current financial assets | 12,376 | 8,374 |
| Deferred tax assets | 10,293 | 8,947 |
| Non-current assets | 295,882 | 241,385 |
| Inventories | 97 | 20 |
| Trade receivables | 224,562 | 147,292 |
| Other receivables | 58,112 | 45,092 |
| Other current financial assets | 14,429 | 8,842 |
| Cash and cash equivalents | 88,988 | 69,783 |
| Current assets | 386,188 | 271,029 |
| TOTAL ASSETS | 682,070 | 512,414 |
| Capital stock | 2,795 | 2,793 |
| Additional paid-in capital | 53,841 | 53,569 |
| EXCHANGE DIFFERENCES | (6,518) | (7,751) |
| Consolidated reserves | 72,715 | 54,442 |
| Net income for the year | 15,490 | 21,284 |
| Shareholders' equity, Group share | 138,323 | 124,337 |
| Minority interests | 7,089 | 6,328 |
| Shareholders' equity | 145,412 | 130,665 |
| Borrowings (due in over 1 yr) | 114,114 | 55,161 |
| Long-term provisions | 20,630 | 17,688 |
| Deferred tax liabilities | 1,279 | 3,535 |
| Non-current liabilities | 136,023 | 76,384 |
| Short-term provisions | 12,410 | 18,517 |
| Borrowings (due in less than 1 yr) | 25,938 | 28,524 |
| Other current financial liabilities | - | 520 |
| Bank overdrafts | 10 | 55 |
| Trade payables | 188,890 | 130,429 |
| Other payables | 173,387 | 127,320 |
| Current liabilities | 400,635 | 305,365 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 682,070 | 512,414 |

CONSOLIDATED STATEMENT OF CASH FLOWS

| (€000) | 12/31/2016 | 12/31/2015 |
|---|-----------------|-----------------|
| Net income | 17,412 | 23,450 |
| Net depreciation, impairment and provisions | 12,682 | 22,492 |
| Fair value adjustments on financial instruments | (520) | (210) |
| Share of undistributed earnings of equity affiliates | 14 | (298) |
| Capital gains or losses on the sale of fixed assets | (11,917) | 467 |
| Change in working capital | 23,217 | (9,469) |
| Net cash flows from operating activities after net cost of debt and tax | 40,888 | 36,432 |
| Corporate income tax | 6,454 | 10,161 |
| Costs on acquisitions of equity investments | 2,254 | - |
| Net financial expenses on financing activities | 4,503 | 4,648 |
| Net cash flows from operating activities before net cost of debt and tax | 54,099 | 51,241 |
| Tax paid | (9,799) | (8,038) |
| Net cash flow from operating activities | 44,300 | 43,203 |
| Purchase of intangible assets and PP&E | (33,889) | (23,648) |
| Purchase of financial assets | (2,141) | (5,370) |
| Fixed asset payables | - | (198) |
| Purchase of subsidiaries net of cash acquired | (84,485) | - |
| Costs on acquisitions of equity investments | (2,254) | - |
| Sale of intangible assets and PP&E | 44,857 | 31,235 |
| Sale of financial assets | 2,419 | 1,505 |
| Net cash flow from financing activities | (75,493) | 3,524 |
| Net financial expenses on financing activities | (4,503) | (4,648) |
| NET LOANS RECEIVED | 129,846 | 10,305 |
| Loan repayments | (74,686) | (60,895) |
| (Purchase) sale of treasury shares | (403) | (18) |
| Minority interest dividends | - | (356) |
| Share issue | 274 | 205 |
| Net cash flow from financing activities | 50,528 | (55,407) |
| Exchange gains (losses) | (85) | (1,923) |
| CHANGE IN NET CASH AND CASH EQUIVALENTS | 19,250 | (10,603) |
| Opening net cash and cash equivalents | 69,728 | 80,331 |
| Closing net cash and cash equivalents | 88,978 | 69,728 |

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