

# RALLYE

## 2009 first half results

- **Casino's business held up well despite a more challenging economic environment**
- **Confirmation of an improvement of the commercial results recorded at GO Sport since the second half of 2008**
- **Collection of 6.8 million of Mercialys shares following the distribution in kind of a part of Casino 2008 dividend**
- **Sound liquidity position of the Group and renewed bank financing**

The Board of Directors of Rallye, chaired by Jean-Charles NAOURI, met on August 27, 2009 in order to review the accounts for the first half ended June 30, 2009.

### 2009 first half results

Consolidated figures

(in €m)	H1 2008 <sup>(1)</sup>	H1 2009	Change
<b>Net sales from continuing operations</b>	<b>14,166</b>	<b>13,789</b>	<b>(2.7%)</b>
<b>EBITDA <sup>(2)</sup></b>	<b>853</b>	<b>811</b>	<b>(4.9%)</b>
<b>Current operating income</b>	<b>518</b>	<b>470</b>	<b>(9.3%)</b>
Net income from continuing operations	118	81	(31.4%)
<b>Net income from continuing operations, Group's share</b>	<b>(52)</b>	<b>(36)</b>	
Net income from discontinued operations	(3)	(1)	
Net income	114	80	
<b>Net income, Group's share</b>	<b>(54)</b>	<b>(37)</b>	

(1) IFRIC Interpretation 13 "Customer Loyalty Programmes" was applicable by the Group as from January 1, 2009. 2008 data were adjusted accordingly

(2) EBITDA = Current operating income + current depreciation and amortization expenses

## 1. GROUP ACTIVITY

Rallye consolidated net sales reached €13.8bn, down 2.7% compared to the first half of 2008. Current operating income was down 9.3% at €470m. Net income from continuing operations, Group's share, was €(36)m compared to €(52)m in the first half of 2008.

Rallye's investment portfolio at June 30, 2009 was valued at €582m compared to €622m as at December 31, 2008. The evolution of the investment portfolio value over the first half of 2009 is explained by €(12)m of net investments, of which €(22)m on real estate programmes and +€10m on Private Equity (capital calls on existing portfolio lines) and by €28m of value reduction. The portfolio's contribution to Rallye H1 2009 current operating income amounted to €4m (vs. €13m in H1 2008).

## 2. SUBSIDIARIES ACTIVITY

### CASINO: BUSINESS HELD UP WELL IN FIRST-HALF 2009:

- ✓ ORGANIC GROWTH OF 1.3%, EXCLUDING PETROL AND CALENDAR EFFECT
- ✓ EBITDA MARGIN ALMOST STABLE ON AN ORGANIC BASIS
- ✓ NET INCOME, GROUP'S SHARE, STABLE AT €231M

In first-half 2009, Casino consolidated net sales were €13.4bn, up 1.3% on an organic basis (excluding petrol and calendar effect). EBITDA margin was almost stable on an organic basis, and current operating income was €488m, showing a decline limited to 9.1% (6.4% on an organic basis), due to higher depreciation expense, leading to a moderate fall of the operating margin by 26 basis points. These results reflect continued strong momentum in international markets, combined with resilient performances by the convenience formats in France and rapid implementation of the cost-cutting plan.

In France, sales declined by 4.2% on an organic basis (2.4% excluding petrol), nevertheless the convenience formats continued to perform satisfactorily, attesting to their positioning, which is well aligned with consumer trends. EBITDA margin was stable on an organic basis, thanks to firm gross margins, while the current operating income was down 11.8% (9.8% on an organic basis), primarily due to the increase in depreciation expense that resulted from expansion of the Casino supermarkets and Monoprix store bases.

In international markets, organic sales growth for the period was a strong 5.0%, led by robust performances in South America (+6.2% on an organic basis) and Asia (+7.4% on an organic basis), which now account for nearly 30% of consolidated net sales. Current operating income decreased by 2.6% (+1.9% on an organic basis), due to the unfavourable impact of the decline in Brazilian real and Colombian peso against the euro.

Net income from continuing operations, Group's share, was stable at €231m in first-half 2009.

Casino maintained its strict financial discipline with debt ratios remaining stable compared with June 30, 2008, and net debt stood at €6,003m at June 30, 2009, versus €5,868m a year earlier. The liquidity position was strengthened through the issue of €1.5bn worth of bonds since the beginning of 2009. Energetic action was taken during the period to reduce inventories and limit capital expenditure, in line with the business plan.

### GROUPE GO SPORT: CONFIRMATION OF THE TREND IMPROVEMENT AT GO SPORT SINCE THE SECOND HALF OF 2008, POSITIVE EBITDA AT +€3,8M AND CURRENT OPERATING INCOME UP €3.4M

Groupe GO Sport consolidated net sales were €338.5m as at June 30, 2009, down 1.4% on a same-store basis and at constant exchange rates compared to the first half of 2008. In France, GO Sport banner enjoyed a 0.9% increase in sales, confirming the trend improvement recorded since the second half of 2008 following the action plan defined at 2007 year-end. Courir reported a 10.2% decrease in sales on a same-store basis, after a very strong growth recorded in 2008 (+11.8% during the first half of 2008 compared to 2007). In Poland, the banner's net sales were up 2.6% on a same-store basis and at constant exchange rates.

Current operating income was €(6.1)m, up €3.4m compared to the first half of 2008, thanks to the action plan implemented that enabled a tighter cost control. EBITDA was in strong growth as well, positive at €3.8m in the first half of 2009.

Net income from continuing activities was €(4.3)m. As at the first half of 2008, it was standing at €(5.7)m and included a €3.2m pre-tax capital gain from the disposal of one store premises and a €6.0m eviction fee related to the Lyon République store (pre-tax, post closure costs).

### 3. CONCLUSION

- **Rallye benefits from a solid liquidity position**, with €1,0bn of undrawn and immediately available confirmed credit lines. The Group has no bond maturing before October 2011 and its financings are perfectly secured.
  
- **Rallye holds a portfolio of assets with strong value appreciation potential:**
  - **Casino** attested its ability to adapt to a more challenging environment, as well as to the effectiveness of its business built around :
    - ✓ a strategic focus on expanding the convenience and discount formats as well as e-business in France
    - ✓ a platform of international assets concentrated in high potential markets
    - ✓ an assertive strategy to capture the value of property assetsCasino intends to speed up the implementation of its action plans, with three main strategic objectives:
    1. Strengthening the banners' shopper appeal by continuing to develop the private label offering, optimising the pricing strategy and transforming in-depth the hypermarket operating model in France
    2. Maintaining margins through improved purchasing conditions and ongoing action to cut costs, that should generate cost savings exceeding €300m in 2010 (of which €150m by year-end 2009)
    3. Enhancing the Group's financial flexibility by improving free cash flow generation and implementating a €1bn asset disposal program by the end of 2010Casino therefore confirms its objective of improving its net debt/EBITDA ratio by end-2009 and reducing the ratio to less than 2.2x by the end of 2010.
  - **Groupe GO Sport**, encouraged by the good commercial results recorded by the GO Sport banner since the second half of 2008, will pursue the deployment of the rationalization and differentiation strategies implemented in the course of 2007, that are starting to bear fruits. As for Courir, a new CEO, Jacques Krauze, has recently been appointed and is in charge of the banner revitalisation.
  - As to the **investment portfolio**, the disposals will be pursued in Private Equity (depending on market conditions) as well as in commercial real estate. Several negotiations on additional disposals are currently in process for an amount of about €80m.
  - Rallye also holds a liquid stake in **Mercialys**, valued at €102m<sup>1</sup> as of today and taking into account the disposals realized since June 2009 amounting to €65m.



**Rallye confirms its commitment to reduce its net financial debt and improve noticeably its financial structure ratios over the following two years**

The Board of Directors of Rallye decided the payment of an interim dividend of €0.80 per share, unchanged compared to last year, to be paid on October 2, 2009.

#### 2009 Investor Calendar:

Wednesday, 14 October 2009 (after the close of trading): Third-quarter 2009 sales announcement

For more information, please consult the company's website: [www.rallye.fr](http://www.rallye.fr)

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<sup>1</sup> Valuation based on Mercialys closing market price as at August 27, 2009 (€25.39 / share)