Carrefour

First Half 2010 results

Solid growth in sales and Activity Contribution
Transformation plan on track, 2010 objectives confirmed

Solid H1 sales, growth in Activity Contribution thanks to significant cost savings

- **Solid growth in sales**: up 6% at current exchange rates (up 1.8% at constant exchange rates ex petrol and ex calendar effect), driven by growth markets (+20%) and resilience in France
- **Activity Contribution of €1,096m, up 7.6%,** with strong cost savings of €236m and continued price investments. Activity Contribution impacted by labour movements in Belgium (€36m) and a one-off charge for inventory write-off and accounting adjustments in Brazil (€69m), partly offset by positive impact of €46m of CVAE tax reclassification in France.
- **EBIT up 40.3%** supported by lower non-recurring charges
- **Net income Group share of €67m** (vs. €-48m in June 2009) despite €384m of non-recurring charges

Transformation plan on track

- **Ongoing strong like-for-like market share** gains in France (+80bp YTD for Carrefour banners), thanks to tailored commercial investments and an improved price image
- **Purchasing savings of €168m** in H1 2010, vs. €230m targeted for 2010
- **Total cost savings of € 236m** in H1 2010, vs. €500m targeted for 2010
- **Inventory reduction of 0.6 days** at constant exch. rates in H1 2010, vs. 2 days targeted for 2010
- **Investments at the same level as 2009**, strongly focused on G4 transformation and expansion in Brazil and China

Consolidating our positions in key countries to build future growth

- **Belgium:** agreement signed with unions and partner Mestdagh on July 2 to relaunch Carrefour Belgium on a redefined and sound footing
- **Brazil:** an action plan has been launched to improve hypermarket performance and boost margin growth
- **Strengthening our positions in growth countries** where Carrefour has leadership positions: partnership with Baolongcang in China, Para CT in Indonesia and acquisition of Ipek in Turkey

2010 objectives confirmed

- **Activity Contribution of around €3.1bn,** taking into account:
  - a positive impact of CVAE (evaluated at €90m)
  - a negative impact from labour disruptions in Belgium of €40m and a one-off charge of around €80m, mainly in Brazil

Lars Olofsson, CEO and Board member of Carrefour, declared:

“Carrefour turned in a good performance in the first half of 2010, with solid growth in sales and Activity Contribution. Significant market share gains in France attest to the enhanced attractiveness of the Carrefour brand, our improved price image and the success of our banner convergence and new formats. Carrefour has also consolidated its positions in its priority markets through acquisitions and partnerships and taken radical operating decisions to restore profitability in underperforming markets. Our "en avant!" Transformation Plan is delivering planned results and makes us confident of achieving our 2010 objectives. We are consistently building for the future and Carrefour is on its way to becoming the preferred retailer and improving shareholder returns."

At its August 30, 2010 meeting, the Carrefour Board of Directors examined and approved the H1 2010 consolidated financial statements.

€ m	H1 2009	H1 2010	Var.
Sales excl. VAT	41,276	43,733	*6.0%*
ACDA	1,972	2,064	*4.7%*
Activity Contribution	1,018	1,096	*7.6%*
Non-recurring income and expenses	-511	-384	*-24,8%*
EBIT (Activity Contribution after non-recurring items)	507	712	*40.3%*
Net income from recurring operations, Group share	-48	67	*na*

Performance by zone

	Sales by zone				Activity Contribution by zone		
€ m	H1 2009	H1 2010	Change	Change at const. exch. rates	H1 2009	H1 2010	Change
France	17,690	18,083	2.2%	2.2%	442	513	15.9%
Europe	14,834	14,591	-1.6%	-2.7%	315	298	-5.3%
Latin America	5,335	7,179	34.6%	16.0%	148	141	-4.8%
Asia	3,417	3,880	13.5%	8.9%	113	144	27.5%
Total	41,276	43,733	6.0%	2.8%	1,018	1,096	7.6%
Of which Dia	*4,751*	*4,836*	*1.8%*	*0.1%*	*52*	*74*	*42.9%*

- **France**

In France, sales were down 0.4% ex petrol. Carrefour banners like-for-like market share rose by 80 basis points since the beginning of the year, driven by Carrefour Market and improved sales in hypermarkets in Q2.

Activity Contribution grew by 15.9% to €513m, 5.5% excluding the positive impact of CVAE of €46m, with good operating cost control and gains on purchasing offsetting continued price investments.

- **Europe**

In Europe, sales fell by 3.1% ex petrol at constant exchange rates (-1.6% on a reported basis). Sales were impacted by the restructuring of our Belgium activities and by the economic situation in Southern Europe.

In total, Activity Contribution reached €298m, a fall of 5.3% compared with June 2009. The impact on profitability of the €243m downturn in sales and the decrease in commercial margin due to price investments, notably in Spain, was partially offset by excellent operating cost discipline.

- **Latin America**

Sales growth in Latin America remained strong (+16.0% at constant exchange rates, +34.6% on a reported basis), boosted by solid like-for-like growth and sustained expansion throughout the region.

The 4.8% decline in Activity Contribution reflects weaker hypermarket sales, inventory write-off and accounting adjustments in Brazil for €69m, while Argentina and Colombia reported solid growth in AC.

- **Asia**

Sales in Asia grew by 8.9% at constant exchange rates (+13.5% at current exchange rates), driven by a sustained pace of expansion and accelerating growth in China in Q2.

Activity Contribution in the region grew by 27.5% (23.7% at constant exchange rates) to €144m. The increase in Activity Contribution is mainly attributable to China and Thailand.

- **Dia**

The hard discount network saw sales increase by 0.1% at constant exchange rates (1.8% at current exchange rates). Performance on a like-for-like basis remained difficult in France, reflecting lower traffic in the hard discount concept, but stores under the Dia banner (170 at the end of June 2010) registered sustained sales growth. Sales were resilient in Spain with growth in volumes in a deflationary environment and grew strongly in emerging markets.

Activity Contribution grew by 42.9%, primarily due to Spain and its excellent cost discipline.

- **Financial services and Insurance**

The Group's Financial services and Insurance recorded a 16.7% rise in net banking income to €471m. Activity Contribution was up 13.3% to €130m. In the first half of 2010, we finalised the first step in setting the Carrefour Bank in Europe with the creation of GIE Carrefour Personal Finance, a centralised platform for G4 countries.

- **Carrefour Property**

Carrefour Property's total net rents were broadly stable (+0.3%), at €384m Activity Contribution rose 0.7% to €282m.

Analysis of H1 2010 results:
Sales, profitability and financial situation

Income statement

- **Sales** were up by 6.0% versus H1 2009, and by 1.8% excluding petrol, currency impact and adjusted for the calendar effect.
- **Commercial margin,** as a percentage of sales, fell by 50 basis points (-30 basis points ex petrol) reflecting reinvestment in prices of purchasing gains, of which €168m linked to the Transformation Plan and other elements with a negative impact on margin such as a different country mix, partly offset by shrinkage/ logistics cost savings of €52m.
- **SG&A** rose 3.4% in H1 2010, and fell by 40 bp (as a % of sales) supported by solid cost savings of €184m, partly offsetting the impact of inflation, expansion and currencies.
- **Activity Contribution** grew by 7.6 % to €1,096m.
- **Non-recurring charges** were €384m. The main items were: restructuring charges of €174m and €137m linked to the transformation plan.
- As a result, Group **EBIT** grew by 40.3% to €712m.
- **Financial expenses** rose by 11.0% to €350m.
- **The tax rate** was 72.5%, inflated by the non-deductibility of some restructuring charges and the impact of CVAE. Restated for these items, the underlying tax rate was around 40%.
- **Minority interests** (-€48m against -€47m in H1 2009) remained stable.
- **Net income from continuing operations, Group share,** was €67m, compared to €-48m in H1 2009.

Cash flow, debt and liquidity statement

- **Cash flow** for the trailing 12 months reached €3,344m, down 6.3%, reflecting the impact of some one-off items, as well as the increase in financial charges.
- On trailing 12 months, **working capital requirements** resulted in a negative inflow of €232m (against a positive flow of €100m in June 2009), primarily reflecting the impact of a one-off adjustment of €354m linked to the reclassification under financial debt of our securitization program for supplier receivables.
- **Capex**, on trailing 12 months to June 2010, was strictly managed, and was down 26.4% to €1,989m. In H1 2010, capex decreased by 15% to €830m.
- As a result, trailing 12 months free **cash-flow** reached €1,116m at end-June 2010 compared with €944m on 30 June 2009.
- At end-June 2010, net financial debt totalled €11,264m, stable compared to 30 June 2009 (€11,322m).
- Over the course of the period, the Group had successfully completed a new €1.75 bn 5-year syndicated credit facility. The **Group's liquidity situation** is sound, with €3.25bn undrawn committed syndicated loans.

AGENDA
2010 Q3 sales: 13 October 2010

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APPENDIX

CONSOLIDATED STATEMENT OF INCOME

In millions of euros	June 2009	June 2010	% Prog
Sales, net of taxes	**41,276**	**43,733**	**6.0%**
Loyalty program	(297)	(379)	27.4%
Other revenues	986	1,076	9.1%
Total revenues	**41,965**	**44,430**	**5.9%**
Cost of sales	(32,841)	(34,975)	6.5%
Margin of current activities	**9,123**	**9,456**	**3.6%**
SG&A	(7,152)	(7,392)	3.4%
Activity contribution			
Before depreciation & provisions (ACDA)	**1,972**	**2,064**	**4.7%**
Depreciation & provisions	(953)	(968)	1.5%
Activity contribution (AC)	**1,018**	**1,096**	**7.6%**
Non current income and expenses	(511)	(384)	-24.8%
EBIT	**507**	**712**	**40.3%**
Financial result	(315)	(350)	11.0%
Result before tax	**192**	**362**	**88.4%**
Income tax	(209)	(263)	25.6%
Net income from recurring operation of			
Consolidated companies	**(2)**	**115**	**na**
Equity accounted companies	15	15	2.0%
Net income from recurring operation	**13**	**130**	**Na**
Minority interests	(47)	(48)	2.8%
Net income from recurring operation- Group Share	**(48)**	**67**	**na**
Discontinuing operations Group Share	(10)	15	na
Discontinuing operations Minority Interest	0	0	na
Total net income	**(11)**	**130**	**na**
Net income- Group Share	**(58)**	**82**	**na**

MAIN RATIOS

	June 2009	June 2010
Gross margin / Sales	22.1%	21.6%
SG&A / Sales	-17.3%	-16.9%
Activity contribution / Sales	2.5%	2.5%
EBIT / Sales	1.2%	1.6%
Tax rate	108.7%	72.5%
ACDA / Financial result (X)	(6.3)	(5.9)
Activity contribution / Financial result (X)	(3.2)	(3.1)

CONSOLIDATED BALANCE SHEET

In million of euros	June 2009	June 2010
ASSETS		
Intangible assets	12,627	12,852
Tangible assets	14,970	15,813
Financial Investments	1,642	1,633
Deferred tax assets	685	693
Investment properties	383	495
Non current assets	**30,308**	**31,487**
Inventories	6,516	6,999
Trade receivables	2,499	2,646
Bank loans	4,945	5,322
Other receivables	1,825	2,004
Current financial assets	335	272
Cash and cash equivalents	1,923	1,950
Current assets	**18,044**	**19,193**
Non current assets of discontinued activities	161	136
TOTAL	**48,513**	**50,816**
LIABILITIES		
Shareholders equity, Group share	9,564	10,388
Minority interests in consolidated companies	757	903
Shareholders equity	**10,321**	**11,292**
Deferred tax liabilities	405	521
Provisions for contingencies	2,390	2,689
Non current liabilities	**2,795**	**3,210**
Borrowings	13,581	13,486
Trade payables	13,362	13,698
Loyalty program debt	288	427
Bank loans refinancing	4,410	4,669
Other debts	3,747	3,886
Current liabilities	**35,388**	**36,166**
Non current liabilities of discontinued activities	9	148
TOTAL	**48,513**	**50,816**

MAIN RATIOS

Main ratios	June 2009	June 2010
Net debt	11,322	11,264
Net debt / Shareholders equity	110%	100%
Operating working capital (in days of COGS)	26	23

CONSOLIDATED STATEMENT OF CASH FLOW

In million of euros	12 months to June 2009	12 months to June 2010
NET DEBT OPENING	**(11,008)**	**(11,322)**
Cash Flow	3,567	3,344
Change in working capital	90	(204)
Others	10	(29)
Cash flow from operations (ex. financial services)	**3,666**	**3,111**
Capital expenditures	(2,701)	(1,989)
Change in payables to fixed assets suppliers	11	10
Others	(33)	(17)
Free Cash Flow	**944**	**1,116**
Financial investments	(276)	(127)
Disposals	395	240
Others	(141)	(210)
Cash flow after investments	**921**	**1,019**
Dividends / capital increase	(893)	(843)
Treasury shares	20	(263)
Others	(360)	148
NET DEBT CLOSING	**(11,322)**	**(11,264)**

CHANGES IN SHAREHOLDERS EQUITY

In million Euros	Retained Earnings	SH equity Group share	Minority Interests
At December 31, 2009	**11,115**	**10,315**	**800**
Hy 2010 result	130	82	48
2009 dividends	(826)	(740)	(86)
Capital increase and premiums	28	0	28
Foreign currency translation adjustments	892	821	71
Others	(46)	(89)	43
At June 30, 2010	**11,292**	**10,388**	**904**

DEFINITIONS

- ## Gross margin from current operations

Gross margin from current operations corresponds to the sum of net sales and other income less the cost of sales (other than inventory purchases and variations, the cost of goods sold includes other costs that mainly consist of the costs of products sold by financial companies, income from discounts and exchange rate differences generated by goods purchases).

- ## Activity contribution before depreciation and amortization (ACDA)

Activity contribution before depreciation and amortization (ACDA) corresponds to the gross margin from current operations less sales, general and administrative expenses.

- ## Activity contribution (AC)

Activity contribution corresponds to the gross margin from current operations less sales, general and administrative expenses, depreciation and amortization.

- ## EBIT

EBIT corresponds to the gross margin from current operations less sales, general and administrative expenses, depreciation, and amortization and non-recurring items (items of an unusual type due to their nature and frequency are accounted for under non-current income and non-current expenses, such as depreciation of assets and restructuring costs).

- ## ROCE (Return On Capital Employed)

ROCE is the ratio of Activity Contribution to capital employed.

- ## Free cash flow

The Free cash flow corresponds to the cash flow generated by operating activities plus the change in working capital less capital expenditures.