Carrefour

H1 2011 Results

Growth in sales driven by growth markets
Current operating income decline of 22% primarily due to France
Net income negatively impacted by significant one-off charges
New game plan to regain momentum - New commercial strategy in France

€ m	H1 2010 restated[1]	H1 2011	Var.
Sales excl.VAT	38,710	39,607	2.3%
EBITDA	1,855	1,679	(9.5%)
Current operating income	989	772	(22.0%)
Non-recurring income and expenses	(353)	(884)	150.1%
Net income from recurring operations, Group share	14	(927)	na
Net Income, Group share	97	(249)	Na
Net Income, Group share, adjusted for exceptionals	302	153	(49.3%)

Key H1 highlights

- Growth in sales: +2.3% to €39.6bn (+1% ex. petrol and at constant exchange rates), driven by growth markets
- Current operating income: €772m (-22%) mostly reflecting underperformance in France, Greece and Italy
- Non-recurring charges of €884m, of which €516m linked to impairment charges (mostly for Italy)
- Income tax of €490m after accounting for an exceptional tax provision of €268m for Spain
- Adjusted for exceptionals, net income group share of €153m vs. €302m in H1 2010
- Spin-off of DIA completed

Unsatisfactory performance in France, tough environment in Europe, solid growth in emerging markets

- France: Weak sales and unsatisfactory profit performance
- Europe: Resilience in Spain, confirmed turnaround in Belgium, underperformance in Italy and Greece
- Latin America: Solid growth in sales, encouraging turnaround in Brazilian hypermarkets
- Asia: Good growth in China, confirmed recovery in Taiwan

Transformation Plan: Solid achievements, some shortfalls

- Confirmation of outperformance by Carrefour Planet stores
- On schedule with cost savings (€236m booked in H1 2011), cumulative gains since 2009 ahead of plan
- Inventory reduction of 0.7 days, improving from H1 2010 but behind 2009-12 objectives
- No purchasing gains booked in H1 2011 in a context of strong rises in commodity prices

2011 Current Operating Income expected to decline by around -15% vs. restated 2010, ex DIA

- Trends in Europe expected to continue broadly unchanged

[1] Adjusted as per DIA deconsolidation, Thailand deconsolidation and restated for Brazil

- Continued growth expected in emerging markets

A new game plan to rebuild momentum

- **Implementing a new game plan with a new Executive team…**
    - France "Reset": New commercial strategy in hypermarkets and action plan to boost competitiveness
    - Southern Europe: Adapting to the new context, restricting new capex allocation
- **… while pursuing our strategic priorities**
    - Continue Transformation Plan
    - Focus on growth levers
        - Reinforce leadership in key growth markets, focused on Latin America and China
        - Rollout of Carrefour Planet
        - Leverage Carrefour brand

Lars Olofsson, Chairman and CEO of Carrefour, declared:

"In the first half of 2011, Carrefour managed to grow its sales, driven by emerging markets, but overall results were unsatisfactory, weighed down by a poor performance in France and non-recurring items.
Going forward, while pursuing our Transformation Plan, we are implementing a new game plan, deploying a new commercial strategy in France to regain competitiveness and traffic in our hypermarkets and adapting to an increasingly challenging economic environment.
We have taken the decision to favor sustainable value creation over short-term gains and now expect our 2011 Current Operating Income to be about 15% lower than last year. The radical and decisive actions we are implementing with our new executive team, combined with on-going efficiency gains, will put Carrefour back on a sound footing to rebuild momentum."

At its 30th August 2011 meeting, the Carrefour Board of Directors examined and approved the H1 2011 consolidated financial statements.

Performance by zone

€ m	Sales by zone: H1 2010 restated	H1 2011	Var.	Change at const. exch. rates, ex petrol	Current operating income by zone: H1 2010 restated	H1 2011	Var.
France	16,806	17,073	1.6%	-0.2%	503	302	-40.0%
Europe	11,989	11,517	-3.9%	-4.6%	213	142	-33.3%
Latin America	6,463	7,298	12.9%	11.6%	152	193	27.4%
Asia	3,452	3,719	7.7%	6.7%	122	135	10.8%
Total	38,710	39,607	2.3%	1.0%	989	772	-22.0%

France

In France, sales were broadly stable ex. petrol. Smaller formats (convenience and supermarkets) posted solid growth. Hypermarkets underperformed, partly as a result of excessive levels of out-of-stocks during a transition phase when we implemented changes in organization, processes and systems. Commercial margin was down, impacted by rise in commodity prices and sustained competitive pressure. Current operating income decreased by 40.0% to €302m.

Europe

In Europe, sales decreased by 4.6% ex. petrol and at constant exchange rates (-3.9% on a reported basis). Across all countries, sales were affected by the challenging economic environment, but more notably in Greece and Italy. Spain was resilient while Belgium confirmed its recovery.
In total, current operating income stood at €142m, a 33.3% decline compared to H1 2010. The impact on profitability of the €472m downturn in sales and the drop in commercial margin notably in Italy, was partially offset by excellent discipline on SG&A expenses in Poland, Belgium, Spain and Italy. Greece and Italy saw their profitability deteriorate, suffering from tough economic conditions.

Latin America

Sales growth in Latin America remained solid (+11.6% at constant exchange rates ex petrol and +12.9% on a reported basis) boosted by solid like-for-like growth and continued expansion throughout the region.
Current operating income rose 27.4% to €193m (2.7% of sales, up 30bp), rebounding on H1 2010. Brazil profitability increased significantly, demonstrating encouraging signs that the action plan implemented in 2010 has started to bear fruit.

Asia

Sales in Asia grew by 6.7% at constant exchange rates (+7.7% at current exchange rates) driven by a sustained pace of expansion. Current operating income increased by 10.8% to €135m, boosted by solid performance in China and confirmed recovery in Taiwan.

Analysis of H1 2011 results:
Sales, profitability and financial situation

Income statement

- Sales were up 2.3% versus H1 2010 restated for DIA and Thailand, and rose by 1% excluding petrol and currency effects and adjusted for the calendar impact.
- Commercial margin, as a percentage of sales, fell by 40 bp (-20 bp ex petrol) mainly due to France, Italy and Greece and pressure on sales prices in a context of strong rises in commodity prices and no purchasing gains.
- Savings in logistics and in SG&A expenses reached €42m and € 195m respectively, or €236m in total savings, well on track to attain the €480m target for the full year. These savings partly offset the effects of inflation and of expansion, and SG&A including asset costs was up 3.8%, or 30bp as a % of sales.
- Current operating income declined by 22 % to €772m.
- One-off charges reached €884m. The main items were: €516m in impairment charges (mainly in Italy), €244m in operating tax expenses, €39m in restructuring charges, €79m linked to the Transformation Plan, €16m in capital gains and €22m in various non-recurring charges.
- As a result, Group Operating income was -€112m vs. a gain of €636m in H1 2010
- Financial expenses were down 2.2% to €342m
- The tax charge was €490m, up 105.8% on H1 2010 mainly on the back of a €268m tax provision recorded in Spain. The tax rate was affected also by the non-deductibility of the exceptional impairment charges in Italy.
- Minority interests were down 81% (€9m vs €49m in H1 2010), mainly due to the decrease of profitability in Greece
- Net income from recurring operations, Group share was -927€m, compared to €14m in H1 2010.
- DIA spin-off and Thailand disposal led to accounting €679m in net income as Discontinued Activities, Group share. Adjusted for exceptional items, Net income from recurring operations, Group share was €153m vs. €302m in H1 2010.

Cash flow, debt and liquidity statement

- Gross cash flow for the trailing 12 months reached €3.4bn.
- Working capital requirements resulted in a negative €272m.
- Capex, on trailing 12 months to June 2011, was €1,935m, mainly because of more spending linked to Carrefour planet and IT.
- As a result, free cash-flow was €1,108m for the 12-months to June 2011.
- On 30 June 2011, net financial debt stood at €10,654m, down 6.7% vs. 30 June 2010 (€11,424m).
- Thanks to an excellent liquidity position, no transactions have been necessary in debt capital markets. The Group's liquidity situation is sound, with €3.25bn undrawn committed syndicated loans.

AGENDA
2011 Q3 sales: October 13th, 2011

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APPENDIX

CONSOLIDATED STATEMENT OF INCOME

In millions of euros	**H1 2010 restated**	**H1 2011**	**% Prog**
Sales, net of taxes	**38,710**	**39,607**	**2.3%**
Loyalty program	(377)	(451)	19.5%
Other revenues	1,020	1,100	7.9%
Total revenues	**39,353**	**40,256**	**2.3%**
Cost of sales	(30,925)	(31,763)	2.7%
Margin of current activities	8,428	8,494	0.8%
SG&A	(6,605)	(6,869)	4.0%
Current operating income before D&A and provisions	**1,823**	**1,625**	**(10.9%)**
Depreciation & provisions	(833)	(853)	2.3%
Current operating income	**989**	**772**	**(22.0%)**
Non current income and expenses	(353)	(884)	150.1%
Operating income	**636**	**(112)**	**(117.5%)**
Financial result	(349)	(342)	(2.2%)
Result before tax	287	(453)	(258.0%)
Income tax	(238)	(490)	105.8%
Net income from recurring operations of consolidated companies	63	(918)	
Equity accounted companies	14	25	73.4%
Minority interests	(49)	(9)	80.9%
Net income from recurring operation-Group Share	**14**	**(927)**	
Discontinuing operations Group Share	84	679	
Discontinuing operations Minority Interest	1	1	
Total net income	146	(241)	
Net income- Group Share	97	(249)	

MAIN RATIOS

	H1 2010 restated	**H1 2011**
Gross margin / Sales	21.8%	21.4%
SG&A / Sales	17.1%	17.3%
Current operating income / Sales	2.6%	1.9%
Operating income / Sales	1.6%	(0.3%)
Tax rate	82.9%	(108.0%)

CONSOLIDATED BALANCE SHEET

In millions of euros	**H1 2010 restated**	**H1 2011**
ASSETS		
Intangible assets	12,843	11,366
Tangible assets	15,800	13,377
Financial investments	1,626	1,732
Deferred tax assets	695	835
Investment properties	495	536
Non current assets	**31,459**	**27,846**
Inventories	7,060	6,495
Trade receivables	2,636	2,629
Bank loans	5,322	5,435
Other receivables	1,989	1,717
Current financial assets	272	304
Cash and cash equivalents	1,949	1,713
Current assets	**19,228**	**18,293**
Non current assets of discontinued activities	136	3,652
TOTAL	**50,823**	**49,791**
LIABILITIES		
Shareholders equity, Group Share	10,129	6,028
Minority interests in consolidated companies	901	935
Shareholders equity	**11,030**	**6,963**
Deferred tax liabilities	521	707
Provisions for contingencies	2,796	3,559
Non current liabilities	**3,317**	**4,267**
Borrowings	13,645	12,672
Trade payables	13,699	11,868
Loyalty program debt	427	467
Bank loans refinancing	4,669	4,786
Other debts	3,888	6,357
Current liabilities	**36,328**	**36,150**
Non current liabilities of discontinued activities	148	2,411
TOTAL	**50,823**	**49,791**

CONSOLIDATED CASH FLOW STATEMENT

In millions of euros	**12 months to 30 June 2011**
NET DEBT OPENING	**(11,424)**
Gross Cash Flow	3,405
Change in working capital	(272)
Others and Impact of discontinued operations	57
Cash flow from operating activities	**3,190**
Capital expenditures	(1,935)
Others and Impact of discontinued operations	(148)
Free Cash Flow	**1,108**
Financial investments	(178)
Disposals	222
Others and Impact of discontinued operations	297
Cash Flow after investing activities	**1,450**
Dividends	(117)
Treasury shares	(778)
Others and Impact of discontinued operations	313
Consumer credit companies	(98)
NET DEBT CLOSING	**(10,654)**

CHANGES IN SHAREHOLDER EQUITY

In millions of euros	**Total shareholders' equity**	**Group share**	**Non-controlling interests**
At December 31, 2010	**10,563**	**9,584**	**978**
HY 2011 net income	(241)	(249)	8
2010 dividends	(802)	(709)	(92)
Capital increase and premiums	3	0	3
Foreign currency translation adjustments	(242)	(200)	(42)
Shares owned by the company (net of taxes)	(98)	(98)	0
Liability to distribute non-cash assets as a dividend (DIA spin-off)	(2,233)	(2,233)	0
Others	13	(67)	80
At June 30, 2011	**6,963**	**6,028**	**935**

DEFINITIONS

- ## Gross margin from current operations

Gross margin from current operations is the difference between the sum of net sales, other income and the cost of goods sold.

- ## Current Operating Income Before Depreciation and Amortization (EBITDA)

Current Operating Income Before Depreciation and Amortization (EBITDA) is defined as the difference between the gross margin from current operations and sales, general and administrative expenses.

- ## Current Operating Income

Current Operating Income is defined as the difference between the gross margin from current operations and sales, general and administrative expenses, depreciation and amortization.

- ## Operating Income (EBIT)

Operating Income (EBIT) is defined as the difference between gross margin from current operations and sales, general and administrative expenses, depreciation, amortization and non-recurring items

- ## ROCE (Return On Capital Employed)

ROCE is defined as the Current Operating Income divided by capital employed.

- ## Free cash flow

Free cash flow is defined as the difference between funds generated by operations and capital expenditures.