# 2011 RESULTS

**Slight growth in sales, supported by emerging markets**
**Current Operating Income of €2.2bn**
**Net income, Group share, down 14%, impacted by significant one-off elements**
**Net debt reduced by more than €1bn to €6.9bn**
**Proposed dividend for 2011 of €0.52 per share payable in cash or shares**

| € m | 2010 restated[1] | 2011 | Var. |
|---|---|---|---|
| Sales excl.VAT | 80,511 | 81,271 | 0.9% |
| EBITDA | 4,377 | 3,883 | (11.3%) |
| Current operating income | 2,701 | 2,182 | (19.2%) |
| Non-recurring charges | (999) | (2,662) | n.a. |
| Net income from discontinued ops., Group share | 90 | 2,573 | n.a. |
| Net Income, Group share | 433 | 371 | (14.3%) |
| Net debt at year-end | 7,998 | 6,911 | (13.6%) |

## Key 2011 highlights

- Slight growth in sales: +0.9% to €81.3bn (+0.4% ex-petrol at constant rates), supported by emerging markets (+8.4% at constant exchange rates)
- Current operating income of €2,182m (-19.2%), negatively impacted by French hypermarkets and Greece
- Non-recurring charges of €2,662m, of which €2,162m linked to impairment charges, mostly for Italy
- Net income from discontinued operations, Group share, of €2,573m reflecting the DIA spin-off and the disposal of operations in Thailand
- Net income, Group share of €371m, down 14.3%, affected by significant one-off elements
- Net debt reduced by €1,087m (-13.6%), down to €6,911m
- Completion of the DIA spin-off in July 2011

## 2011 business review

- **France**: Profitability impacted notably by operational issues in hypermarkets; good performance in supermarkets and convenience
- **Europe:** Mixed results in a tough environment particularly in Southern Europe; confirmed turnaround in Belgium and Poland, contained erosion in Spanish profitability, underperformance in Italy, Greece sharply impacted by crisis
- **Emerging markets**: Solid growth in sales (+7.4%) and profitability (+12.8%) in Asia and Latin America with turnaround well underway in Brazilian hypermarkets
- Continuing solid growth in **Personal Financial Services**

[1] P&L adjusted as per DIA deconsolidation

## Planet update

- 81 Carrefour Planet stores at year-end 2011, representing c.10% of Group sales
- Sales and results: Planet sales outperform non-converted stores, but overall results lower than expected due to unprecedented macro-economic conditions in Southern Europe impacting non-food in particular, and to operational hurdles in France
- Pragmatic actions in light of strict financial discipline:
    - 2012 conversions to be significantly scaled down: 11 stores planned
    - Further roll-outs on hold: Existing store base to be monitored and fine-tuned; lower conversion costs before any further roll-out
    - Make selected Planet best practices available worldwide

## 2012 priorities

- Continue execution of "RESET" plan in France: Adjust our new hypermarket organization, rebuild our commercial mix and accelerate Drive / e-commerce
- Action plans in Southern Europe to address challenging economic environment: Enhance price competitiveness with fewer and more targeted promotions, pursue and reinforce cost reductions, broaden Carrefour-branded product offer
- Continue strong commitment to expansion in emerging markets with focus on China, Brazil and Indonesia
- Financial policy: Cost and cash discipline
    - Enhance cash efficiency: Minimum cost savings of €400m and planned 2-day reduction in inventories vs. 2011
    - Tight control of Capex: €1.6bn-€1.7bn vs. €2.3bn in 2011; reduction in Europe but continued expansion in emerging markets where Capex levels remain unchanged
    - New pay-out policy: Proposed pay-out of c. 45% of net earnings adjusted for exceptional items

**Lars Olofsson, Chairman and CEO of Carrefour, declared:**

*"2011 was a year of mixed results for Carrefour. Sales grew slightly, driven by a strong performance in emerging markets, and the Group is ahead of its cumulative cost-cutting target since the launch of the Transformation Plan. The tough environment we faced throughout the year, notably in Southern Europe, and the underperformance of French hypermarkets led to a drop in current operating income. Our net income was further impacted by very significant largely non-cash one-off elements, notably an impairment charge for Italy.*

*In 2012, we will capitalize on our strengths while exercising strict cost and cash discipline to adjust to the environment in which we are operating. Carrefour will continue implementing its Reset Plan in France as well as local action plans in Southern Europe, aiming at consistent lower prices, more targeted promotions, and a considerably enhanced Carrefour-branded product offer. We will pragmatically adjust the roll-out of Planet to the current context. Additionally, Carrefour will accelerate its multi-channel strategy by multiplying the number of Drive pick-up points in France and growing its presence in e-commerce while continuing its expansion in its key emerging markets."*

At its March 7, 2012 meeting, the Carrefour Board of Directors examined and approved the 2011 consolidated financial statements. The Board also decided to propose to shareholders at the next AGM, to be held on June 18, a dividend of €0.52 per share (vs. €1.08 in 2010), payable in cash or shares. This dividend will be paid on July 27th 2012.

# Performance by zone

| € m | Sales by zone 2010 restated | 2011 | Var. | Change at const. exch. rates, ex petrol | Current operating income by zone 2010 restated | 2011 | Var. |
|---|---|---|---|---|---|---|---|
| France | 34,907 | 35,179 | 0.8% | -1.2% | 1,274 | 862 | -32.4% |
| Europe | 24,763 | 23,699 | -4.3% | -4.3% | 706 | 508 | -28.1% |
| Latin America | 13,919 | 15,082 | 8.4% | 10.1% | 434 | 554 | 27.5% |
| Asia | 6,923 | 7,312 | 5.6% | 5.1% | 286 | 258 | -9.7% |
| **Total** | 80,511 | 81,271 | 0.9% | 0.4% | 2,701 | 2,182 | -19.2% |

## France

In France, full year sales were down 1.2% ex-petrol, marked by underperformance in hypermarkets. Commercial margin ex-petrol was marginally down, impacted by the rise in commodity prices and sustained competitive pressure, although it showed some improvement in H2, with price investments partly offset by reduced promotions. SG&A costs increased, notably in hypermarkets, impacted by legislative changes. Current Operating Income decreased by 32.4% to €862m.
Overall, supermarkets, convenience stores and Personal Finance Services posted good resilience in profitability.

## Europe

In Europe, sales decreased by 4.3% ex-petrol and at constant exchange rates (-4.3% on a reported basis). Across all countries, sales were affected by the tough economic environment, mostly in Southern Europe and particularly in the latter part of the year. In total, current operating income stood at €508m, a 28.1% decline compared to 2010. The impact on profitability of the €1bn drop in sales offset the resilience of the commercial margin and efforts to control SG&A expenses.
Our performance differed significantly from country to country. Overall, the deterioration in the operating margin is largely due to Greece and to a lesser extent Italy. Belgium showed strong margin recovery while Spain's operating margin was resilient in spite of a slight erosion.

## Latin America

Sales growth in Latin America remained solid (+10.1% at constant exchange rates ex-petrol and +8.4% on a reported basis) boosted by solid like-for-like growth and continued expansion throughout the region.
Current operating income rose 27.5% to €554m, leading to a strong rise in margin (+60bp) that accelerated in H2. The increase in profitability was largely driven by the recovery in hypermarkets in Brazil. Margins in both Argentina and Colombia were resilient.

## Asia

Sales in Asia grew by 5.1% at constant exchange rates (+5.6% at current exchange rates) driven by sustained expansion. However sales decelerated in H2 notably in non-food in China. While gross margin was resilient, the slower sales momentum towards year-end weighed on current operating income, which decreased by 9.7% to €258m. While China's margin was down, Taiwan posted margin growth and Indonesia continued its solid performance.

## Analysis of FY 2011 results:

### *Income statement*

- Sales were up 0.9% restated for DIA, and rose by 0.4% excluding petrol and currency effects
- Commercial margin, as a percentage of sales, fell by 20 bp but was up 10bp ex-petrol, indicating good resilience in a context of strong commodity price hikes and despite below-target purchasing gains of €58m
- Cost savings in logistics and in SG&A expenses reached €55m and €394m respectively, or €449m in total savings, slightly short of our €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 3.3%, or 50bp as a % of sales.
- Current operating income declined by 19.2 % to €2,182m.
- Non-recurring charges reached €2,662m. The main items were: €2,162m in impairment charges (mainly in Italy), €245m in operating tax expenses, €89m in restructuring charges, €120m linked to the Transformation Plan, €255m in capital gains, €156m of provisions for labor claims and €145m in various non-recurring charges.
- As a result, Group Operating income was -€481m vs. a gain of €1,703m in 2010
- Total financial expenses were up 16.9% to €757m: interest charges were down 11.6% to €482m but other financial charges almost doubled to €275m, including €151m in one-off elements.
- The tax charge was €1,002m, up 64.3% on 2010 mainly on the back of a €268m tax provision recorded in Spain and €151m of impairment on deferred tax assets. The tax rate was affected also by the non-deductibility of the exceptional impairment charges in Italy.
- Minority interests were down 76% (€33m vs €135m in 2010), mainly due to the decrease of profitability in Greece
- Net income from recurring operations, Group share was -€2,202m, compared to €340m in 2010.
- The DIA spin-off, effective on July 5, and the disposal of our operations in Thailand led to booking €2,573m in net income as Discontinued Activities, Group share.
- As a result, net income, Group share, was down 14.3% to €371m. Adjusted for exceptional items, net income from recurring operations, Group share was €756m vs. €1,203m in 2010.

### *Cash flow statement & debt*

- Reported cash flow reached €2,577m, down 24.0%. Our reported cash flow includes DIA for 12 months in 2010 and 6 months in 2011. Adjusted for discountinued operations, cash flow is €2.4bn in 2011 vs. €2.9bn in 2010, i.e. a decline of 17% reflecting the decrease in EBITDA (11%) and increased cashed-out income tax.
- Working capital requirements resulted in an outflow of €118m (against an outflow of €730m in 2010), primarily reflecting deterioration in inventories.
- Capex was €2,330m, up 27% compared to €1,832m (ex-DIA and Thailand) mainly because of investments linked to Carrefour Planet.
- As a result, free cash-flow was €77m compared with €839m on 31 December 2010.
- The cash-in from the disposals of our Thai operations, the sale of the real estate of 97 supermarkets in France and the debt push-down linked to the DIA spin-off account for the increase in cash flow after investments, from €514m in 2010 to €1,950m in 2011.
- On 31 December 2011, net financial debt stood at €6,911m, down 13.6% vs. 31 December 2010 (€7,998m).

**AGENDA**
**2012 Q1 sales: April 12th, 2012**

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# APPENDIX

## *CONSOLIDATED STATEMENT OF INCOME*

| In millions of euros | FY 2010 restated | FY 2011 | % Prog |
|---|---|---|---|
| **Sales, net of taxes** | **80,511** | **81,271** | **0.9%** |
| Loyalty program | (774) | (816) | 5.5% |
| Other revenues | 2,103 | 2,309 | 9.8% |
| **Total revenues** | **81,840** | **82,764** | **1.1%** |
| Cost of sales | (63,969) | (64,912) | 1.5% |
| Margin of current activities | 17,871 | 17,852 | (0.1%) |
| SG&A | (13,494) | (13,969) | 3.5% |
| **Current operating income before D&A and provisions** | **4,377** | **3,883** | **(11.3%)** |
| Depreciation & provisions | (1,675) | (1,701) | 1.5% |
| **Current operating income** | **2,701** | **2,182** | **(19.2%)** |
| Non current income and expenses | (999) | (2,662) | na |
| **Operating income** | **1,703** | **(481)** | **na** |
| Financial result | (648) | (757) | 16.9% |
| Result before tax | 1,055 | (1,238) | na |
| Income tax | (610) | (1,002) | 64.3% |
| Net income from recurring operations of consolidated companies | 445 | (2,240) | |
| Equity accounted companies | 34 | 64 | 88.7% |
| Minority interests | (139) | (25) | (81.7%) |
| **Net income from recurring operation-Group Share** | **340** | **(2,202)** | |
| | | | |
| Discontinuing operations Group Share | 93 | 2,573 | |
| Discontinuing operations Minority Interest | (4)0 | 7 | |
| Total net income | 568 | 404 | |
| Net income- Group Share | 433 | 371 | |

## *MAIN RATIOS*

| | FY 2010 restated | FY 2011 |
|---|---|---|
| Gross margin / Sales | 22.2% | 22.0% |
| SG&A / Sales | 16.8% | 17.2% |
| Current operating income / Sales | 3.4% | 2.7% |
| Operating income / Sales | 2.1% | (0.6%) |

## *CONSOLIDATED BALANCE SHEET*

| **In millions of euros** | **FY 2010 restated** | **FY 2011** |
|---|---|---|
| **ASSETS** | | |
| Intangible assets | 12,930 | 9,706 |
| Tangible assets | 15,297 | 13,771 |
| Financial investments | 1,798 | 1,713 |
| Deferred tax assets | 766 | 745 |
| Investment properties | 536 | 507 |
| Consumer credit from financial-services companies-long term | 2,112 | 2,236 |
| **Non current assets** | **33,440** | **28,676** |
| Inventories | 6,994 | 6,848 |
| Trade receivables | 2,555 | 2,782 |
| Consumer credit from financial-services companies-short term | 3,444 | 3,384 |
| Other receivables | 1,664 | 1,437 |
| Current financial assets | 1,811 | 911 |
| Cash and cash equivalents | 3,271 | 3,849 |
| **Current assets** | **19,739** | **19,211** |
| Non current assets of discontinued activities | 472 | 44 |
| **TOTAL** | **53,650** | **47,931** |
| | | |
| **LIABILITIES** | | |
| Shareholders equity, Group Share | 9,584 | 6,617 |
| Minority interests in consolidated companies | 979 | 1,009 |
| **Shareholders equity** | **10,563** | **7,627** |
| Deferred tax liabilities | 560 | 586 |
| Provisions for contingencies | 3,188 | 3,680 |
| Borrowings- long term | 10,365 | 9,523 |
| Bank loans refinancing- long term | 493 | 419 |
| **Non current liabilities** | **14,605** | **14,208** |
| Borrowings – short term | 2,715 | 2,149 |
| Trade payables | 16,796 | 15,362 |
| Bank loans refinancing –short term | 4,527 | 4,482 |
| Other debts | 4,122 | 4,104 |
| **Current liabilities** | **28,160** | **26,096** |
| Non current liabilities of discontinued activities | 321 | 0 |
| **TOTAL** | **53,650** | **47,931** |

## *CONSOLIDATED CASH FLOW STATEMENT*

| **In millions of euros** | **FY 2010 restated** | **2011** |
|---|---|---|
| **NET DEBT OPENING** | **(6,600)** | **(7,998)** |
| Cash Flow | 3,392 | 2,577 |
| Change in working capital | (730) | (118) |
| Others | 158 | (111) |
| **Cash flow from operations (ex. financial services)** | **2,821** | **2,348** |
| Capital expenditures | (1,832) | (2,330) |
| Change in payables to fixed assets suppliers | 165 | 206 |
| Others | (315) | (147) |
| **Free Cash Flow** | **839** | **77** |
| Financial investments | (143) | (71) |
| Disposals | 262 | 523 |
| Others | (445) | 1,421 |
| **Cash Flow after investments** | **514** | **1,950** |
| Dividends and capital increase | (847) | (775) |
| Acquisition and disposal of investments without change of control | 218 | (13) |
| Treasury shares | (943) | (126) |
| **Others** | (338) | 50 |
| **NET DEBT CLOSING** | **(7,998)** | **(6,911)** |

## *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** |
| FY 2011 net income | 404 | 371 | 33 |
| 2010 dividends | (813) | (708) | (105) |
| Capital increase and premiums | 36 | 0 | 36 |
| Foreign currency translation adjustments | (324) | (293) | (31) |
| Shares owned by the company (net of taxes) | (73) | (73) | 0 |
| Liability to distribute non-cash assets as a dividend (DIA spin-off) | (2,230) | (2,230) | 0 |
| Others | 63 | (33) | 96 |
| **At December 31, 2011** | **7,627** | **6,618** | **1,008** |

## *NET INCOME GROUP SHARE ADJUSTED FOR EXCEPTIONAL ITEMS*

| In millions of euros | FY 2010 restated | 2011 | % Prog. |
|---|---|---|---|
| **Net income- Group Share** | **433** | **371** | **(14.3%)** |
| Restatement of non-current income & expenses | 999 | 2,662 | |
| Restatement of one-off elements recorded in Financial result | 35 | 151 | |
| Tax impact on restated elements | (179) | (211) | |
| Minority interest on restated elements | 6 | (63) | |
| Restatement of one-off elements recorded in Income tax | 0 | 418 | |
| Restatement of Net income from discontinuing activities | (90) | (2,573) | |
| **Net income Group Share adjusted for exceptional items** | **1,203** | **756** | **(37.2%)** |

# 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.