

H1 2007: On track to meet our Full Year objectives

2008-2010: Accelerating growth and maximizing shareholder returns

- **Our H1 2007 results demonstrate the resilience of our business and reflect the execution of our strategy focused on customers and growth**
 - H1 2007 sales : + 5.5% (+ 6.1% on constant exchange rates)
 - Activity Contribution : + 0.3%
 - Net income from recurring operations, Group share : + 0.1%
 - Improving operating free cash flow

The Supervisory Board of Carrefour, which met on the 29th of August 2007, has examined the consolidated accounts for the half year 2007 drawn up by the Management Board on 21 August.

Consolidated profit and loss account*			
€m	H1 2007	H1 2006	Growth
Net sales	38,845	36,823	+5.5%
Activity Contribution bef. Dep. and Amortisation (ACDA)**	2,187	2,128	+2.8%
Activity Contribution	1,364	1,360	+0.3%
% Activity Contribution margin	3.5%	3.7%	
Net income from recurring operations Group Share	741	740	+0.1%
Net income Group Share	729	706	+3.3%

* As per IFRS 5, H1 2006 and 2007 accounts have been adjusted for the deconsolidation of Portuguese hypermarkets and Switzerland operations

** Before non recurring items

- **In 2008-2010, we will grow faster and maximize shareholder returns by :**
 - Making the brand work harder and generating cash
 - Optimising capital allocation
 - Managing the balance sheet actively and leveraging property assets
- **This will result in :**
 - Faster growth in profitability,
 - Free cash flow generation of €1.5bn p.a. from 2008,
 - An improvement in ROCE from close to 20% to at least 22% by 2010
 - Further return to shareholders notably via share buy-backs from cash generated by divestments and the planned IPO of Carrefour Property

① H1 2007 results show that our strategy, focused on customers and growth, is on track to deliver

- **Group sales increased 5.5% in the first half, or 6.1% at constant exchange rates:**
All regions contributed to an increase in sales, and this was achieved within strongly competitive environments, especially in Western Europe.
 - In France, our sales were supported by strong volume gains in hypermarkets and supermarkets. Excluding petrol, sales increased 2.5%. The Group consolidated strong market share gains of 0.7% achieved in H1 2006.

Regional breakdown of Net Sales				
€m	H1 2007	H1 2006	Growth	Growth at constant exch. rates
France	18,126	17,941	+1.0%	+ 1.0%
Europe (ex France)	14,478	13,644	+6.1%	+ 6.3%
Latin America	3,480	2,821	+23.4%	+ 26.0%
Asia	2,760	2,417	+14.2%	+20.0%
Total Group	38,845	36,823	+5.5%	+6.1%

- **Activity Contribution grew 0.3% to €1,364m, at a slower rate than sales, as expected:**
 - Commercial margin, at 22.5%, was resilient as we strengthened our local price and promotion leadership. In France, our commercial margin was down 10bp, reflecting a strong decline in dry grocery margin partly offset by an improved margin mix in non-food and a reduction in supply chain costs
 - SG&A (excluding rents) were stable as a percentage of sales, despite an increase in cost inflation and greater resources allocated to stores undergoing conversion
 - Asset costs (rents & depreciation) were up 9% in H1, continuing to reflect the impact of faster expansion

Activity Contribution			
€m	H1 2007	H1 2006	Growth
Net sales	38,845	36,823	+5.5%
Commercial income	8,750	8,325	+5.1%
<i>Commercial margin</i>	22.5%	22.6%	
SG&A	(6,563)	(6,197)	+5.9%
Activity Contribution, before depreciation and amortization	2,187	2,128	+2.8%
Depreciation and amortization	(823)	(768)	+ 7.1%
Activity Contribution	1,364	1,360	+0.3%

➤ **International activities reported an 8.5% increase in Activity Contribution:**

- Excluding Italy, our international activities recorded a 21% increase in Activity Contribution.
- Our new engines for growth continued to deliver: Activity Contribution in countries outside G4 (France, Spain, Italy and Belgium) was up 46% in the period.

Breakdown of Activity Contribution by region			
€m	H1 2007	H1 2006	Growth
France	734	779	- 5.8%
International	630	581	+ 8.5%
Europe (ex France)	436	456	- 4.4%
Latin America	84	40	+ 108.2%
Asia	110	84	+ 30.4%
Total Group	1,364	1,360	+ 0.3%

➤ **Net income Group share, before discontinued activities, was up 0.1%:**

- Financial costs were up €10m, as expected, as a result of rising interest rates and a dynamic acquisition pipeline.
- Tax rate was broadly stable at 29%, while our share in associates declined to €2m, reflecting lower exceptional capital gains at our associates this year.

Profit and loss account			
€m	H1 2007	H1 2006	Growth
Activity Contribution	1,364	1,360	+ 0.3%
Non recurring elements	23	(9)	Na
EBIT	1,387	1,351	+ 2.7%
Financial costs	(248)	(238)	+ 4.0%
Income tax	(329)	(328)	+ 0.3%
Tax rate	28.9%	29.5%	
Minority interest	(71)	(60)	+ 17.7%
Associates	2	16	Na
Net income from rec. Ops Group Share	741	740	+ 0.1%
Discontinued activities	(12)	(34)	
Net income group share	729	706	+ 3.3%

- **Net debt at the end of H1 improved by more than €600m, resulting in solid financial ratios:**
 - Free Cash Flow improved by over €1bn, driven by solid cash flow (+3%) and an improvement in working capital. Capital expenditure was broadly stable at €1.1bn.
 - This solid Free Cash Flow helped us finance €1bn of acquisitions in H1 07, the largest being Atacadao in Brazil for €825m.
 - Cash Flow/ Net debt was 16%, vs. 15% in H1 2006. Financial ratios remained solid.

Free Cash Flow and net debt ratios			
€m	H1 2007	H1 2006	Change
Free Cash Flow	(1,945)	(2,967)	€1,022m
Net debt closing	10,212	10,831	(€620m)
ACDA/ Financial costs	8.8x	8.9x	
Cash Flow/ Net debt	16%	15%	

② We are confident we will reach our full year goals

- **Our H1 results make us confident that our 2007 targets will be met:**
 - 2007 sales growth on constant exchange rates > 2006 (reported 6.4%)
 - Growth in Activity contribution, at a slower pace than sales
- **In France, we are assuming no change in the pricing environment in the H2:**
 - We remain committed to our non-negotiable priority of local price leadership, whatever the competitive environment
- **Our engines for growth will continue to deliver:**
 - Growth markets in Europe, Latin America and Asia continue to record strong trends
 - Our recent acquisitions, Atacadao and Ahold Polska, will contribute to growth
- **We continue to optimise our portfolio:**
 - Disposal of Portuguese hypermarkets for an EV of €662m (July 2007)
 - Disposal of Switzerland for an EV of around €330m (August 2007)

③ 2008 – 2010: turning the virtuous circle faster

- **We will use all our levers for value creation at our disposal, including:**
 - Making the brand work harder and generating cash, via reinforcing our commercial model (food, non-food, using our multi-format single brand strategy), managing the commercial margin, reducing costs and controlling capital expenditure to a maximum of €3bn
 - A more rigorous allocation of capital: we target €1.5bn of disposals between 2007 and 2008 as part of our portfolio optimisation
 - A more active management of our balance sheet, including the leverage of the value of our property assets

- **As a result, we will be able to accelerate growth and maximize shareholder returns:**
 - From 2008, Activity Contribution will grow at least in line with sales
 - From 2008, Free Cash Flow will increase to €1.5bn p.a. The cash will be mainly used to accelerate growth in the core business through tactical acquisitions
 - ROCE will increase from close to 20% to at least 22% by 2010
 - We expect to list our dedicated real estate vehicle, Carrefour Property, in 2008 (subject to market conditions):
 - The pan-European vehicle Carrefour Property will consist of around 60% of our estimated total property value (between 20 and €24bn), representing 3.7 million m² (around 280 hypermarkets and 540 supermarkets),
 - We plan to open a portion of the capital of this vehicle to outside investors worth around €3bn.
 - Cash from divestments and the IPO of Carrefour Property will be returned mainly via share buy-backs to maximize shareholder returns. These buy backs could be worth up to €4.5bn* on the period.

Next appointment:
Publication of Q3 2007 sales
16 October 2007

* Subject to the approval at the 2008 AGM