



Carrefour



Hypermarkets



Supermarkets



Hard discount



Convenience
and other businesses

Annual Report 2004



No. 1 in Europe

No. 2 worldwide

32 countries

430,695 employees

90.681 Bn€ sales incl. tax, under group banners in 2004

11,080 stores

13,958,000 sq.m sales area (under our banners)

More than **3 Bn** cash transactions per year for all formats



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All information relating to the new corporate governance shown in this edition remains subject to the approval of the General Meeting of shareholders on 20 April 2005.

Carrefour in 2004

A multi-format and international Group



Hypermarkets

Carrefour 

868 stores	267,088 employees	57.7% of Group sales
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Concept

To present to the customer, at a single location, a diversified, organised and competitive product mix of food and non-food products (general goods, capital goods, cultural products, etc.) and services. The freedom of choice offered to the customer (80,000 items on average) on a floor area of 5,000 to 20,000 sq.m, the many services (Carrefour travel, Carrefour insurances, after sales services, Carrefour bookings, free parking) make the hypermarket a place of shopping pleasure.



Supermarkets

Champion    GLOBI

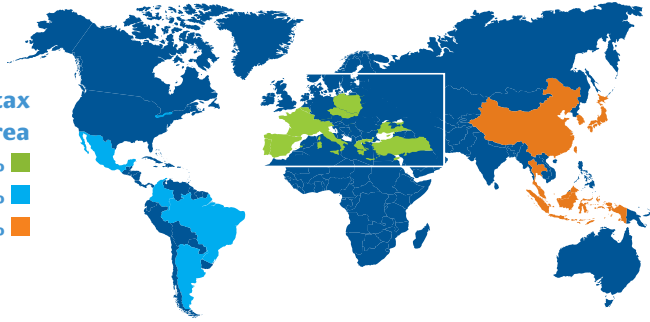
2,376 stores	87,328 employees	25% of Group sales
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Concept

To meet the expectations of a customer who returns about every five days: practical layout so that shopping can be done without losing time, quality of fresh produce, quality of customer relations and competitive prices. The stores have a floor area that is generally between 1,000 and 2,000 sq.m and offer about 10,000 items.

Breakdown of sales incl. tax
under banners by area

- Europe 87.6% ■
- Latin America 6.3% ■
- Asia 6.1% ■



Hard discount



4,934 stores
36,943 employees
8.3% of Group sales

Concept

With a sales floor area of 300 to 800 sq.m, these stores offer a selected range of food products, mostly retailer branded, at low prices.



Convenience and other businesses

The convenience store



District or village shops, offering a range of products covering all food requirements. In addition, they generally offer a range of services.

The cash & carry



Wholesale and retail self-service, mainly of food products and intended for businesses.

Catering outlets



Wholesale of products meeting the requirements of commercial and canteen caterers.

Electronic commerce



A cyber-market where shopping can be ordered on the Internet and delivered to the door. The Web-site offers a wide range of more than 6,000 products, including over 1,200 items of fresh produce.

2,699 convenience stores

203 cash & carry

9% of Group sales



Strength in diversity

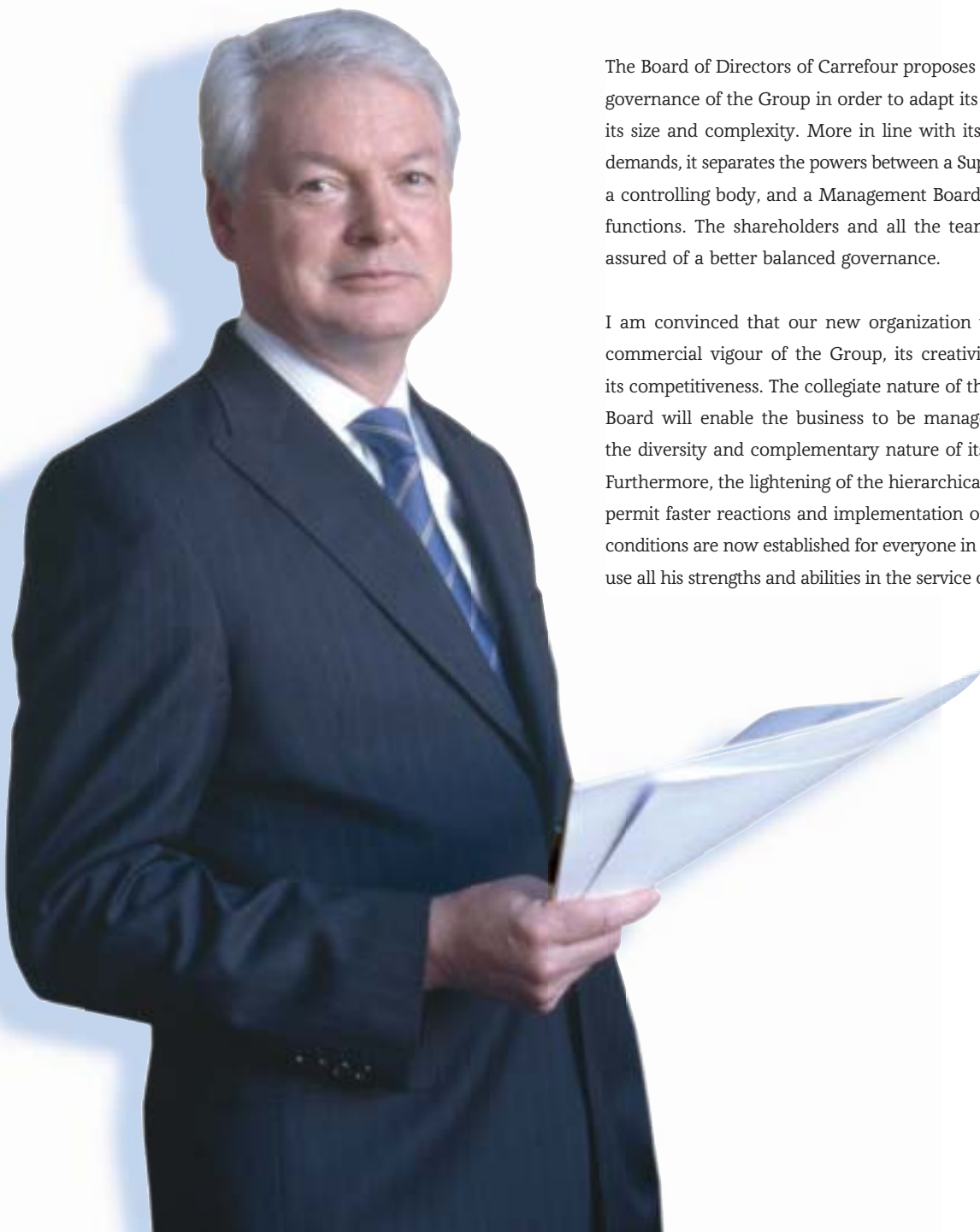
The leading European retailer and second worldwide, Carrefour is the most international of all the food retail groups. For more than 40 years, it has been a part of the everyday life of tens of millions of customers in Europe, Asia and Latin America.

Its links to consumers of very different origins and behaviours are strengthened by the very broad variety of products on offer. Indeed, this diversity lies at the core of its strategy: Carrefour combines hypermarkets, supermarkets, convenience stores and hard discounters to offer the customer the greatest freedom of choice with the guarantee of the best quality/price ratio, whatever the store format.

Strengthened by the commitment of its 430,000 employees and its franchisees, Carrefour pursues a policy of sustained growth on all three continents where it is present, in a context of sustainable development allowing everyone; customers, shareholders, employees, partners, the public sector; to share fully in its success.

**The strength of the Group is founded on seven values:
Freedom, Responsibility, Sharing, Respect, Integrity, Solidarity, Progress.**

Message from the Chairman of the Supervisory Board



The Board of Directors of Carrefour proposes a change in the governance of the Group in order to adapt its organization to its size and complexity. More in line with its structures and demands, it separates the powers between a Supervisory Board, a controlling body, and a Management Board with executive functions. The shareholders and all the teams will thus be assured of a better balanced governance.

I am convinced that our new organization will favour the commercial vigour of the Group, its creativity and thereby its competitiveness. The collegiate nature of the Management Board will enable the business to be managed in line with the diversity and complementary nature of its store formats. Furthermore, the lightening of the hierarchical structures will permit faster reactions and implementation of decisions. The conditions are now established for everyone in the company to use all his strengths and abilities in the service of the customer.

José Luis Duran can rely on all my support to achieve the objectives that he sets for the business. He is surrounded by a rejuvenated team with a mixed and mutually complementary membership that knows the Group and has demonstrated its know-how.

Our ambition remains the same: to be the point of reference in modern food retailing. We have many strengths to succeed in this. Our development strategy will be guided by our capacity to be amongst the leaders in each of our markets. The necessary autonomy of each banner to apply its own local business policy has been strengthened. Our mission is to give the greatest possible number access to consumer purchasing within the framework of fair trading and sustainable development.

In order to achieve a stock market valuation in line with its leading position, its resources and its potential, the Carrefour Group must confirm its re-acquisition of market share by gaining the preference of consumers. Anticipation, offering, daring: its innovative capacity that has made Carrefour one of the most widely recognised businesses in France and throughout the world. This “Carrefour spirit” must be shared by all: staff, employees, partners... I shall personally ensure that the management teams, strengthened by the support and confidence of the shareholders, are able to create long-term value for our Group.

Luc Vandevelde

Interview with the Chairman of the Management Board



How do you read the year 2004?

What was achieved at Carrefour in 2004 was both useful and necessary. I would pick out four main stages.

- in France, we adjusted the pricing position of our hypermarkets. This was a major project, which had a significant impact on our operating margins in France;
- internationally, the operating margin and return on capital employed improved. The EBIT outside France increased by about 15% and the return on capital employed was 11.1% against 8.3% in 2003;
- in parallel we started to rationalise our business portfolio. On the one hand, we have sold assets that were not sufficiently profitable or not strategic, on the other, we strengthened our positions in certain key markets by making tactical acquisitions and forming partnerships;
- finally, we continued to extend and enlarge our chain of stores and achieved our target of adding one million square metres of sales floor area.

All these measures were carried out without detriment to the solidity of the Group finances. All the financial ratios improved and the net indebtedness was reduced by more than a billion euro.

However, we cannot sit back, contented with the progress made, and must make even greater efforts.

How do you see Carrefour now?

When I look at our business today, I see a Group with tremendous assets – excellent teams, leading positions, self-financing to a high degree, to mention just a few.

We must give every possible aid to our teams on the ground, who are currently working to implement an aggressive commercial strategy with the objective of securing a leading position on prices and taking market share wherever we have decided to maintain or establish a presence.

The objective of all these efforts is to once again become a point of reference for profitable growth in the sector. A great deal of work remains to be done. Market conditions are still difficult, marked by continuing deflation. This growth will not be the result of a single, brilliant idea but of a combination of innovation, competitiveness and execution.

What are the priorities for 2005?

For 2005, I have fixed four main priorities:

- we must strengthen our price image in France by increasing our investments in pricing and improving our communications. I must emphasise that we shall do all that is necessary to achieve our targets. We shall be putting the emphasis on fresh produce, on our own brands and on non-food products;
- we must attract more customers to our French hypermarkets to win market share. 40% of our sales are in non-food products and these must be driven forward and strengthened. We must continue to choose the categories in which we are and can be strong.

Interview with the Chairman of the Management Board

- we must significantly improve the EBIT and the yield on capital invested outside France. I consider that every country and every store format outside France must show a growth in sales and EBIT in 2005;
- finally, we must prepare the ground for an accelerated growth in the period 2006/2008. The creation of a million new square metres of sales floor area is not sufficient and we must go faster and further by increasing the franchise and multi-format business.

What is the forecast for 2005?

2005 will be a year of reorganization for Carrefour. We must remain as flexible as possible to take the right decisions for the Group and its shareholders.

I have absolute confidence in the quality of our teams, the relevance of our commercial strategy and the solidity of our cost structure.

I am, however, more cautious regarding the competitive environment and trends in consumption. I can make no commitment today on target results.

On the other hand, I can give an undertaking on the reallocation of resources required to reinforce our price image in France and on all the other market places.

I can also accept a commitment to open at least one million square metres of new sales floors.

Finally, we shall reach a return on capital employed for the Group of over 20%.

How do you see Carrefour in the next three years?

In the course of the three coming years, my basic objective is to become a growth company, capable of generating a profitable and sustained growth in sales. In 2004, the growth in our sales, neglecting the effects of exchange rates, was about 4%, of which 3% were attributable to the increase in sales floor area and 1% to growth on a like for like basis. In the future, we must record a growth in sales as close as possible to double digits. To do this, the contribution from new openings should be on the order of 3% to 5%, from like for like sales of 1% to 3% and from tactical acquisitions of 1% to 2%.

How will we go about this?

I shall give you a few examples:

- we are the third hard discount group in the world and, in the Dia shops, we have one of the most profitable and dynamic retail formats. We must make the best use of this experience and apply it where it best fits in;
- we are one of the leading franchisers in the world with a range of attractive and versatile brands, offering franchisees the possibility of profiting from our growth. I think this a particularly opportune moment for developing this franchise activity;
- we have a portfolio of flexible store formats. All combinations are possible;
- the sales will also grow through tactical acquisitions in markets where we already have a presence and are confident that the return on capital employed will be positive.

I consider that, to be a growth company, we must be amongst the top three in market share in every country in which we choose to operate.

How does the new managerial structure change the way that Carrefour works?

The new managerial structure is the key to reaching the targets that we have fixed for ourselves and changes the operational structure in four respects:

- with a view to better corporate governance of the company, the organization is more collegiate and the Supervisory Board provides an essential point of stability in the structure;
- the organization of the Executive Committee has been simplified in a search for operational efficiency;
- all the country managers now have direct access to the top management;
- finally, in order to better respond to customer expectations, the store managers will have more room to manoeuvre and define the product range and the *management category* that is best suited to for their store.

José Luis Duran

Corporate governance

In 2005, on the recommendation of the Committee on Remuneration, Appointments and Corporate Governance, the Board of Directors decided to propose to the next Shareholders' Meeting the establishment of a Supervisory Board and a Management Board. This new structure authorises a better distribution of powers between a Supervisory Board as a controlling body and a Management Board in charge of the management of the Group. The Executive Committee remains the operational body for implementing the strategy. Subject to its approval by the shareholders in their Shareholders' Meeting, the new governance structure will come into effect from 20 April 2005, following the said Shareholders' Meeting.

The Supervisory Board

Its main tasks are:

- to appoint and dismiss the members of the Management Board and its Chairman;
- to approve any change in the structures of the Group and its capital.

The continuing role of the Supervisory Board is to monitor and supervise the execution of the business strategy. It can carry out controlling operations at any time, as it sees fit and obtain all documents that it considers useful for such controls.

Furthermore, it must ensure that the annual accounts presented to it by the Management Board are in order. Following control, the Supervisory Board shall make a report to be communicated to the shareholders in the Annual Shareholders' Meeting.

► *Composition of the Supervisory Board*

The Chair of the Supervisory Board is occupied by Luc Vandeveldel and it has 8 members.

► *Luc Vandeveldel*

Age 54.

Chairman of the Supervisory Board,

Luc Vandeveldel started his career in 1971, working for the Kraft Group in Brussels. After having occupied the positions of Financial Director of Kraft, Madrid, of Vice-President, Development and Planning of Kraft Europe at Lausanne, of Director of Finance and Administration of Kraft GMBH in Germany, he was appointed Vice-President, Finances and Administration of Kraft International in 1988 in the USA and then Vice-President, Administration and Development of Kraft General Foods International in 1989. He returned to Europe in 1990 as Chairman and Managing Director, France and then France and Italy, of Kraft Jacobs Suchard. In 1995, he joined Promodès as General Manager. In 1999, following its merger with Carrefour, he was appointed Vice-Chairman and Managing Director of Carrefour. In 2000, he joined the Marks & Spencer Group as Chairman. In January 2003, he founded Change Capital Partners in London and joined the Halley Family Group in April 2003. He was appointed Director of Carrefour in March 2004. He then left Marks & Spencer in May 2004. On 20 April 2005, he was appointed Chairman of the Supervisory Board.

Other appointments

Director of VODAFONE, Comet BV and Citra SA.

Partner in Change Capital Partners.

► *Comet BV* represented by **Robert Halley**

Age 69.

Representative of the **Halley Family Group**, reference shareholder of **Carrefour**,

Robert Halley was first appointed by Promodès in 1961. He was appointed General Manager of the Management Board in 1972 and Vice-Chairman and Managing Director in 1987.

► **Carlos March Delgado**

Age 59.

reference shareholder of **Carrefour Group**,

Carlos March is Chairman of Banca March S.A., Joint Chairman of Corporación Financiera Alba S.A., Vice-Chairman of the Fundación Juan March and of Juan March Studies and Research Institute. He is also member of the International Advisory Council of the University of Columbia (New York, USA).

He was Chairman of the Spanish Section of the Trilateral Commission and member of the Board of Directors of the Association for Monetary Union of Europe.

► **José Luis Leal-Maldonado**

Age 65.

Chairman of the Spanish Association of Banks,

José Luis Leal-Maldonado was appointed Director General of Economic Policy in 1977, a position that he occupied until February 1978, on which date he became Secretary of State for Economic Coordination and Programming. He was appointed Minister of the Economy in April 1979, a position that he held until September 1980. From 1981 to 1990, he worked as Economic Advisor to the Banco de Vizcaya and Assistant to the Chairman of the Banco Bilbao Vizcaya.

Other appointments

Director of Saint-Gobain, of Saint-Gobain Cristalería Española, of CEPSA, and of Renault Spain.

Chairman of "Diálogo", Spanish-French friendship association and of Accion Contra el Hambre, Vice-Chairman of the Fundación Abril Martorell and member of the Real Patronato del Museo del Prado and of the Fundación Duques de Soria.

► **René Brillet**

Age 64.

Former **General Manager Asia of Carrefour**,

René Brillet started his career as a radio officer in the Merchant Navy in 1968. In 1972 he joined Carrefour and occupied successively the positions of Chief Accountant in Italy and Brazil, then of Store Manager and Manager, Organization and Methods, again in Brazil. In 1981, he moved to Argentina as Executive Manager and then managed Spain from 1982 to 1985 and France from 1986 to 1995. In 1996, he was appointed General Manager, Europe and then General Manager, Asia in 1998, a position that he occupied until 28 February 2004.

► **Anne-Claire Taittinger**

Age 54.

Currently **Chairman of the Management Board of the Taittinger Group**, **General Manager of the Société du Louvre**, **Chairman of Baccarat**,

Anne-Claire Taittinger, graduate of the Institut d'Études Politiques, Paris, holds a Masters degree in urban sociology and a Diploma in Higher specialist Studies in town planning and from the Centre de perfectionnement aux affaires, started her career in 1976 in the Groupe Caisse des Dépôts et Consignations as Manager of Town Planning Operations at the Société centrale d'équipement du territoire. She joined the Groupe du Louvre in 1979 in the position of General Secretary and then became Chairman and Managing Director of the Compagnie Financière Deville. She was successively Chairman and Managing Director of the Compagnie Financière Leblanc, of ELM-LEBLANC, Vice-Chairman and Managing Director of the Industrial Division of DEVILLE, Chairman and Managing Director of Parfums Annick Goutal France USA and then of the Luxury Division of BACCARAT.

She became Chairman of the Management Board of the Société du Louvre in 1997. She has occupied her present positions since January 2003.

Other appointment

Director of Dexia.

► **René Abate**

Age 56.

Senior Vice-President of Boston Consulting Group,

René Abate is a graduate of the École Nationale des Ponts et Chaussées and of the Harvard Business School. He started his career as an engineer with the New York Port Authority in 1970 and then joined the BCG in 1974 where he was a consultant in the fields of strategy and organization to large companies in various sectors, especially in mass consumption goods and in food and specialist retailing. He was successively Cabinet Business Manager in France, Chairman of the Group for Europe and member of the World Executive Committee.

Other appointments

Member of the Board of Directors of the École nationale des Ponts et Chaussées.

Member of the Board of Directors and Vice-Chairman of the association, L'ENVOL, for European children.

► **Amaury de Seze**

Age 58.

Chairman of PAI partners,

Amaury de Seze started his career in 1968 with Bull General Electric. In 1978, he joined the Volvo group where he occupied successively the positions of General Manager, Chairman and Managing Director of Volvo France, Chairman of Volvo Corporate Europe, member of the Executive Committee of the Volvo Group and member of the Renault Volvo Strategic Committee.

He joined the Paribas group in 1993 as member of the Management Board of the Compagnie Financière de Paribas and of the Paribas Bank, in charge of participations and industrial affairs and then as Manager of the Participations Division of the BNP-Paribas Bank.

He has been Chairman of PAI partners since 1998.

Other appointments

Director of Eiffage, Groupe Bruxelles Lambert, Publicis, Gras Savoye, Groupe industriel Marcel-Dassault, Power Corporation of Canada, Pargesa Holding S.A.

The Committees of the Supervisory Board

Within the Supervisory Board, there are two specialised committees. The purpose of these committees is to go into greater depth on certain specific questions and to make proposals to the Supervisory Board.

► The Audit Committee

MISSIONS OF THE COMMITTEE

The roles of the Audit Committee cover:

► the annual and interim accounts for which:

- it examines the corporate and consolidated financial statements before they are presented to the Supervisory Board;
- it verifies that proper and consistent accounting methods are used to draw up the corporate and consolidated financial statements;
- it analyses the intermediate and preliminary results and the commentaries on them before they are made public;
- it verifies that the internal procedures for collecting and checking the information ensure that the above accounting methods can be correctly applied;
- it considers changes and adaptations of the accounting principles and rules used to draw up the financial statements.

► stock market regulations for which:

- it assures the quality of the procedures and information relating to stock market regulation (reference document).

► the internal and external audit of the company and its principle subsidiaries for which:

- it evaluates the proposed nomination or renewal of the company's Auditors and their remuneration;
- it evaluates, with those responsible for the internal audit, the Group's internal auditing systems.

The risks that it examines regularly with the Supervisory Board are of a financial, strategic or operational nature. The committee can make use of the information available from the Finance and Management Director of the Group. It can interview the Auditors in accordance with its own wishes.

MEMBERSHIP OF THE COMMITTEE

The committee has a maximum of four members, appointed by the Supervisory Board from amongst its members.

The committee meets at least three times a year. Two meetings are scheduled, before the presentation of the annual accounts and before the presentation of the interim accounts.

The committee is not quorate unless at least half its members are present. A member of the committee may not appoint a representative.

► *The Committee on Remuneration, Appointments and Corporate Governance*

MISSIONS OF THE COMMITTEE

The committee intervenes in the following areas:

- proposals to the Supervisory Board for the nomination of its members;
- proposals for the remuneration of the company representatives and distribution of directors' fees;
- evaluation of the overall package;
- information on the nomination and remuneration of members of the Executive Committee and the top managers of the Group;
- evaluation of the quality of the work of the Supervisory Board.

MEMBERSHIP OF THE COMMITTEE

The committee has a maximum of four members, appointed by the Supervisory Board from amongst its members.

The committee meets at least once a year. It can meet at the request of the Chairman of the Supervisory Board or of two members of the Committee. The committee is not quorate unless at least half its members are present. A member of the committee may not appoint a representative.



The Management Board

The Management Board, an executive body appointed by the Supervisory Board, is responsible for the General Management of the company. It draws up the financial statements and calls the Shareholders' Meeting.



(from left to right)

The Management Board has five members who act collegially. The members of the Management Board are appointed by the Supervisory Board. This organization enables the decision processes to be better adapted to the diversity and size of the business.

› José Luis Duran Chairman of the Management Board

Age 40.

After studying economics, José Luis Duran started his career in 1987 with Arthur Andersen. He joined Pryca (subsidiary of Carrefour) in 1991 where he held the roles of Management Auditor (1991-1994), Management Auditor - Southern Europe (1994-1996) and then Management Auditor - Americas Region until 1997. After holding the role of Chief Financial Officer at Pryca he became Chief Financial Officer for Carrefour Spain in 1999. In April 2001 he was appointed CFO and Managing Director of Organization and Systems for Carrefour and joined the group's Executive Committee. On 3 February 2005, José Luis Duran became Chief Executive Officer. On 20 April 2005, he has been appointed Chairman of the Management Board.

› Jacques Beauchet Managing Director of Human Resources, Communications and General Secretary

Age 53.

After completing his studies at the European School of Management in Paris (ESCP), Jacques Beauchet began his career in 1977 in the Management Auditing Department of Shell, where he remained for almost nine years. In 1986, he joined Codac as Management Auditing Director until 1989, when he became General Secretary. At the end of 1990, he was appointed acting Finance Director for Promodès. In 1993, he became Advisor to the Chairman, a post which he held concurrently with that of Communications Director from 1995. In 1999, he was named Human Resources Director – Group. Subsequently, on 3 February 2005, Jacques Beauchet became Managing Director of Human Resources, Communications and General Secretary.

› Javier Campo Managing Director of Dia International

Age 49.

After studying engineering at the Universidad Politécnica in Madrid, Javier Campo's career has included, notably, a period as Managing Director of TYCESA before he joined the Carrefour group in 1985 as Merchandise Director for Dia. In 1986 he was appointed Managing Director of Dia International.

▶ *José Maria Folache*

Managing Director – Europe excluding France

Age 44.

After obtaining a law degree and an MBA from the IESE business school in Barcelona, José Maria Folache joined Continent in 1986 as Deputy HTCCG Purchasing Director in the Merchandise Department - Spain, going on to become, in 1989, Director of Miscellaneous Household Goods responsible for Purchasing and Marketing. In 1991 he was Director of a hypermarket for one year, and then returned to the Merchandise Department - Spain as Sales Director. In 1993 he was appointed Regional Director for the Southern Region.

He became Director of non-food central purchasing in the Merchandise Department Group in 1994.

In 1998 he was appointed Managing Director of Promodès Hypermarkets in Italy. In 2000 he held the role of Deputy Director General of Carrefour Spain and then Managing Director – Spain. On 3 February 2005 José Maria Folache became Managing Director – Europe excluding France.

▶ *Guy Yraeta*

Managing Director of Hypermarkets – France

Age 52.

After completing his engineering studies at the Institut Supérieur d'Agriculture in the Rhône-Alpes region, Guy Yraeta joined Carrefour as Textile Section supervisor in 1976, becoming Non-Food Department manager five years later. In 1985 he was appointed Checkout Manager and then Grocery Manager in 1987. In 1988, he was appointed Store Manager and two years later, he took up the post of Grocery Director

– France. In 1994, he became Regional Director in the Northeast and Central area. Starting in 1995, he held the post of Executive Director – Italy for four years. He was appointed Executive Director for Poland in 1999, a post that he held until becoming Director for Other European Countries in 2003. In 2004, Guy Yraeta joined Hypermarkets – France as Executive Director and on 3 February 2005, he became Managing Director of Hypermarkets – France.

Executive Committee

The Executive Committee remains the body charged with the management and operational implementation of the strategy defined by the Management Board. Its role and hierarchical position are unchanged. Its membership has been altered to better follow the principles of the organization of the Group and improve its effectiveness:

- the principle of a single hierarchical level between General Management and Country Manager has been selected;
- the two main Business Units of the Group, Hypermarkets and Supermarkets, France, are included directly in the Executive Committee.

▶ *José Luis Duran,*
Chairman of the Management Board

▶ *Jacques Beauchet,*
Managing Director of Human Resources, Communications and General Secretary, member of the Management Board

▶ *Javier Campo,*
Managing Director of Dia International, member of the Management Board

▶ *José Maria Folache,*
Managing Director – Europe excluding France, member of the Management Board

▶ *Guy Yraeta,*
Managing Director of Hypermarkets – France, member of the Management Board

▶ *Éric Reiss,*
CFO & Managing Director of Information Systems

▶ *Thierry Garnier,*
Managing Director of Supermarkets, France

▶ *Philippe Jarry,*
Managing Director, Asia

▶ *Éric Uzan,*
Managing Director, Americas Region

The Carrefour Group is committed



to its customers

by meeting their expectations and those of consumers in general in respect of price, choice, service, quality, quantity, product mix, innovations and proximity.

The success of the "No. 1" products, available throughout the world, shows how well they meet customer requirements. In addition to its price offensive, Carrefour offers its customers products with guaranteed quality and a highly diverse product mix to appeal to all levels of purchasing power.



to its employees

by recruiting locally, developing their training to favour internal promotion and by making the Group values a living part of the management ethos.

Deployed in new countries in 2004, the "Listening to Staff survey" tool enables us to measure the social climate, to identify any dysfunctional areas and to define action plans. The training offer has been extended with specific programmes for each country, giving local staff access to positions of responsibility.



to its shareholders

by providing them with dedicated tools to facilitate dialogue.

We have many tools for shareholder communication: the Annual Report, the shareholders' guide, our letter to shareholders, communiqués, a dedicated Web-site, and a telephone news report available at all hours, free of charge, by calling 0805 902 902.



to its suppliers

by developing long-term and balanced relationships with them, based on the sharing of common objectives for product improvements, finding outlets and results.

Carrefour builds solid partnerships with small and medium sized businesses, arable and stock farmers and fishermen, enabling it to offer customers quality products at competitive prices. It has three priorities in its relationships with small and medium sized businesses: making the best use of local knowledge, innovation and assistance with selling internationally. In 2004, we renewed and updated the social charter signed by the suppliers, in which they undertake to respect international employment law.



to its associated, franchised and affiliated partners

by giving them the benefit of our recognised banners and brands, of our commercial know-how, of our purchasing power, of our performing logistics system and of our constant progress.

The Carrefour Group favours the transfer of know-how through training. It contributes to the setting up of businesses and the regeneration of local economies. Special mechanisms have also been put in place to open access to the franchise to the staffs of franchises.



to public, local and national authorities

by taking its responsibilities as an economic player and a committed member of the local community.

Carrefour is a signatory of the United Nations Global Compact. In addition, the Group contributes to local development by engaging in a continuous dialogue with public, local and national authorities.



to non-governmental organisations

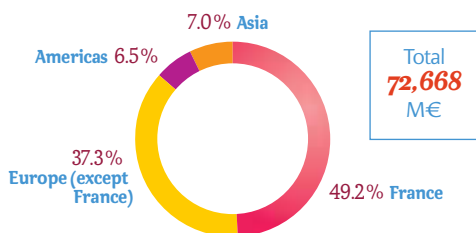
by joining with them in actions in favour of sustainable development and promoting fair and ethical trade practices in all those countries where the Group has a presence.

In addition to taking account of the demands of sustainable development in its activities, Carrefour maintains regular relationships with many NGOs. With the International Federation for Human Rights, the Group promotes the respect of human rights in its production chains, from producer to store. It works with the WWF to raise customer awareness of sustainable development and responsible consumption issues.

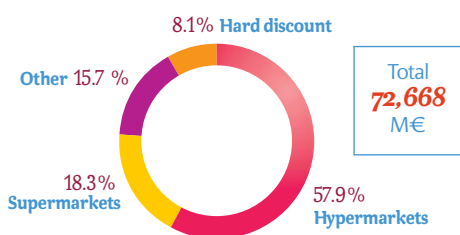
Financial overview

In a difficult and deflationary economic environment, Carrefour concentrated on four main priorities, namely: competitive repositioning of the hypermarkets in France, improvement of the profitability of the international businesses, implementation of a plan to sell off businesses that are non-strategic or not sufficiently profitable, reduction of net indebtedness and improvement of the financial ratios. At closure of accounts, the Group had made progress on these 4 priorities. The increased amount of investment made to improve competitiveness, especially in France, had a major impact on profit and consequently calls into question the objectives initially fixed in March 2004. The Group achieved net sales of 72,668 million euros, an increase at constant exchange rates of 4.0% in 2004, of which 3.3% are in connection with new sales floor areas.

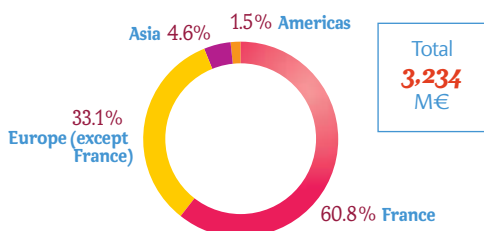
Breakdown of consolidated net sales by geographical area



Breakdown of consolidated net sales by store format



Breakdown of EBIT by geographical area



72,668
M€

Consolidated net sales

The growth in net sales in 2004 reached 4.0% at constant exchange rates, largely driven by international business. Indeed, the growth in sales outside France at constant exchange rates reached 8.3%.

As in 2003, the exchange rates had a significant effect on sales, especially in Asia. At current exchange rates, Carrefour net sales rose by 3.1% in 2004.

In France, Group sales at constant exchange rates, grew by 0.1% and was affected, in particular, by deflation.

The sales after tax under the Group's banners reached 90.7 billion euros. Under its banners, Carrefour opened more than a million square metres in 2004, corresponding to the opening of 934 points of sale.

3,234
M€

Group EBIT

While the sales margin fell by 30 base points as a result of the investment in competitiveness, the efforts made to reduce general costs enabled the Group to increase its EBIT by 0.9% in 2004. Reflecting the price investment made in France, the operating margin in the home country fell by 6.4%.

This fall was compensated by the improvement in the profitability of the businesses outside France. At constant exchange rates, the operating margin increased by 24.9% in Latin America, by 9.5% in Asia and by 9.4% in Europe excluding France. Amortisations and provisions were higher than in the previous year, so that the Carrefour's EBIT fell by 0.5%.

Indebtedness

The cash flow and good management of the operating working capital enabled the Group to reduce the net debt by 1.1 billion euros. It fell from 7.9 billion euros to 6.8 billion euros, a fall of 13.9%.

The coverage ratio of financial costs rose by 10.5% compared with 2003.

The EBITDA covered 11.6 times the financial costs in 2004.

Net income per share from recurring operations

Taking account of the drop in actual tax rate and the fall in financial costs, Group share of net income from recurring operations after goodwill, has risen by 2.6%.

Thus, the net income from recurring operations, Group share after goodwill per share, has increased by 2.8% to 2.29 € and the net income from recurring operations, Group share before goodwill per share has risen by 2.5% to 2.73 €.

Return on capital employed

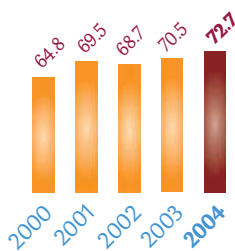
The efforts made during this year have enabled us to move from a return on capital employed of 17.7% in 2003 to 19% in 2004, with a clear improvement in the return on capital employed outside France.

11.6x
= EBITDA/
financial income

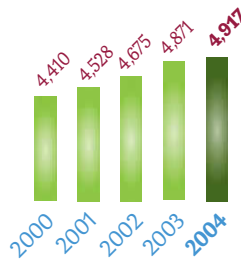
2.29 €
after amortization
of goodwill

19%

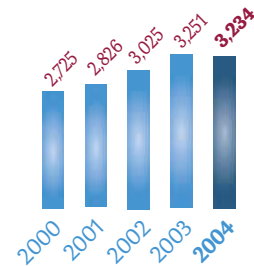
► Consolidated net sales
(in billion €)



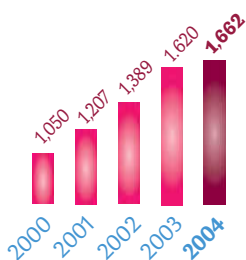
► EBITDA
(in M€)



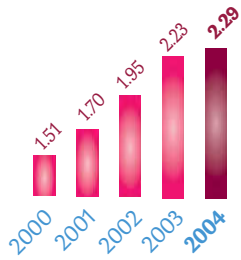
► EBIT
(in M€)



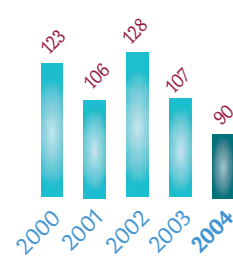
► Net income from recurring operations, Group share after goodwill
(in M€)



► Net income from recurring operations, Group share after goodwill per share
(in €)



► Debt ratio
(in % of equity)



Stock market overview

► Capital

On 31 December 2004, the equity capital of Carrefour amounted to 1,762,798,875 euros. It consists of 705,119,550 shares with a par value of 2.5 euros against 716,142,383 shares one year earlier.

Distribution of the capital

The distribution amongst shareholders on 31 December was as follows:

Shareholders	Number of shares	In %	Number of ordinary voting rights	In %	Number of extraordinary voting rights	In %
HALLEY family Group	88,164,281	12.50	169,068,273	19.63	169,068,273	19.63
MARCH Group	23,744,424	3.37	47,140,464	5.47	47,140,464	5.47
Daniel BERNARD	1,230,724	0.17	2,192,146	0.25	2,192,146	0.25
Shareholders' pact	113,139,429	16.05	218,400,883	25.36	218,400,883	25.36
Employees	16,886,007	2.39	32,835,762	3.81	32,835,762	3.81
Company holding	8,532,318	1.21				
Self-control						
Public	566,561,796	80.35	610,092,079	70.83	610,092,079	70.83
	705,119,550	100.00	861,328,724	100.00	861,328,724	100.00

The new shareholders' pact, bringing together the main family shareholders, i.e. the Halley and March Groups and Daniel Bernard, came into effect on 30 Aug. 2004.

This pact represents a natural continuation of the one that had linked the historical family shareholders since 1999 and defines the way in which the main shareholders act in concert on the important decisions affecting the development of the company. It necessarily takes account of normal changes in the shareholding. The shareholders' pact, which currently brings together nearly 16% of the capital and 25% of the voting rights, was signed for a duration of 3 years. The members of the pact have entrusted the follow-up of the pact to the Panorama company, a holding of the Halley family group, represented by Mr Luc Vandeveld and having its registered office at 174, boulevard Haussmann, Paris.

► Carrefour stock

Carrefour is listed on the SRD Eurolist (Deferred Payment Service, code ISIN FR 0000120172).

It is included in the CAC 40, Dj Euro Stoxx 50 et Dj Stoxx 50 indices.

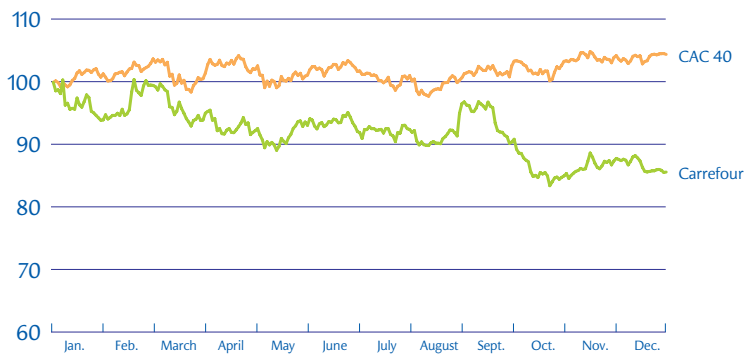
On 31 December 2004, the share was in 8th position in the CAC 40 index in terms of stock market capitalisation, with a weight of 3.33%.

► Stock market data

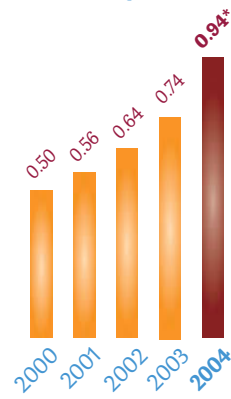
	2000	2001	2002	2003	2004	
Quoted price:	highest	91.8	69.4	58.15	46.34	44.11
	lowest	62.5	46.3	38.07	29.35	33.70
	on 31 December	66.9	58.4	42.43	43.52	35.04
Number of shares on 31 December	711,143,440	711,155,854	716,141,771	716,142,383	705,119,550	
Stock market capitalisation on 31 December (in billion euro)	47.6	41.5	30.4	31.166	24.707	
Average daily volumes	1,704,163	1,934,055	2,567,064	2,513,291	3,028,232	
Net income per share from recurring operations	1.51	1.70	1.95	2.23	2.29	
Net dividend	0.50	0.56	0.64	0.74	0.94*	
Yield	0.74%	0.95%	1.50%	1.70%	2.7%	

* subject to approval of the shareholders in their Shareholders' Meeting, 20 April 2005.

Share price movements in 2004 compared with CAC 40 index (basis 100)



Net dividend per share (in €)



* subject to approval of the shareholders in their Shareholders' Meeting, 20 April 2005. The dividends are prescribed after 5 years to the benefit of the State.

SHAREHOLDER INFORMATION

The shareholders have access to transparent, accurate and regularly updated information through:

▶ A free telephone number for shareholders,

available 7 days a week, 24 hours a day. The shareholder can dial 0805 902 902 for information on:

- Group news, important events,
- the share price, its movement and that of the CAC 40,
- the diary of meetings and financial publications – a voice mail is available for leaving contact information for delivery of the letters to shareholders, the shareholder guide or the annual report,
- the name only share and its advantages – under this heading, the shareholder is put through to an advisor of the Crédit Agricole Indosuez Corporate Trust, appointed by Carrefour to manage the name shares,
- the Group strategy and outlook by contacting the Shareholders' Service.

▶ A "Shareholders" e-mail alert

on signing up in the "Shareholders" section of the Web-site: <http://www.carrefour.com>.

▶ The Letter to Shareholders

Intended for all holders of name and bearer shares who request it, the Letter to Shareholders appears twice a year, following the annual and intermediate results.

▶ The Shareholder Guide

▶ **The meetings**, in the Shareholders' Meeting, or during the Actionaria Salon in Paris.



Calendar of financial information

Annual results 2004	10 March 2005	Sales for the second Quarter	12 July 2005
Sales for the first Quarter	12 April 2005	Half-year results 2005	1 st September 2005
Shareholders' Meeting (on 2 nd call)	20 April 2005	Sales for the third Quarter	12 October 2005
Payment of dividend	22 April 2005		

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