



LOOKING AHEAD

The change of course initiated in 2005 is only a first step. 2006 and the years to come are already shaping up as the beginning of a new era of accelerated growth, which will find expression in new store openings, enlargements, new formats, product innovations and, of course, sales growth. Some major new projects are already underway, such as the development of the non-food product range and the expansion of the services we offer. All our teams are already hard at work.

60 Targeting growth

TARGETING GROWTH

Profitable growth remains the absolute priority of the Carrefour group in 2006 and for the years to come. This clearly defined strategy is structured around two key focal points: the customer and growth. The way we deal with these two key issues will determine the Group's future development.



2005: an encouraging turning point

The new strategy is already producing results. Preliminary results in 2005 offer evidence of the start of an upturn. For the first time since 2000, the Group recaptured grocery market share in France. This increase is the sign of a new dynamic. Internationally, sales increased by 7.5% at constant exchange rates. Carrefour has strengthened its positions everywhere throughout the world. An additional 1.5 million square metres of sales floor area were added, including 425,000 through acquisitions. But even though these results portend a better future, much remains to be done.

Cautious optimism

The Carrefour group must face the challenges of both a difficult and changing economic environment, and of stiff competition, with each market participant fiercely defending its market share. Customers are changing as well. It is crucial to keep pace with their changing expectations and needs. Customers are better informed and more vigilant, and have adopted new purchasing behaviours. The least expensive food products or those with a high level of added value have each won favour. The demand for non-food products is increasing and customers are ready to support such products particularly when they are innovative in nature. Technological progress is shortening product life cycles, and product ranges must be constantly updated. In-store services must also be expanded.

Continuing the effort to win customers

To ensure customer satisfaction and meet the full range of customer needs, we will continue to emphasize six key points:

- The ongoing implementation of a consistent and determined pricing strategy;
- An extensive and well positioned range of products and services to set the Group apart from the competition and regain market share. The proposed new "High Turnover Consumer Goods" concept and the creation of so-called "Schools" to redefine the Textile, General Merchandise and Electrical/Audiovisual are good illustrations of this determination;
- The drawing power of the Group's own brands by further improving their quality and enhancing their added value;
- The development of services to assist customers and facilitate their shopping throughout the stores;
- The Partnership with our suppliers by focusing on the essential: the development of a better balanced selection of brand name products and optimization of the supply chain;
- Increased knowledge of our customers by finding a harmonious balance between micro-marketing and mass marketing. A more nuanced form of customer relations will be implemented, which will have an impact on all activities (through the sharing of information, local definition of the best product mix, and targeted marketing and pricing).



Leading the field through continued development

Organic growth and acquisitions will continue in the years to come, and the optimization of the portfolio will continue by seizing all opportunities. Even though pragmatism and expediency will guide this reallocation of resources, we will not change course. Investment activities will also continue to be sustained. The nature of the resulting portfolio of stores will be decisive for the future.

Outlook

Over the 2006-08 period, the Group will maintain this strategy of strong and profitable growth. In 2005, investment activities increased sharply (by 38% compared with the average over the last five years).

These investments will continue to be devoted to sustained development, via increasing numbers of store openings and targeted acquisitions. As evidence of this strategy, 100 hypermarkets are scheduled to open in 2006, while the average for previous years was 45 openings per year. The emergence of new ideas will also play an important role in coming years. The Group's ability to transform its stores and invent new formats to respond to specific local situations will be crucial.

A number of new concepts designed to ensure our future success are already under development, including "Tintalito" in Colombia, "Bodega Cluster" in Argentina, "GS Spesa Idea supermarkets" in Italy, and the "Super Très Urbain" concept in France.

100

hypermarket openings planned per year between 2006 and 2008

1,000

new retail outlets per year

10 billion euros of investments

dedicated to organic growth over the 2006-2008 period

