With more than 100 new consolidated sales outlets in Europe, a large number of store expansions, profitability vectors, spectacular price cuts, customer loyalty programs, image campaigns, adaptation of concepts to local features, the Group intensified its offensive campaign in the supermarket sector. These medium-sized stores benefit from the Group’s purchasing power and the multiplication of synergies among the formats.

Champion introduces the reusable shopping bag

Supermarkets

France
Spain
Italy
Belgium
Greece
Poland
Turkey
Brazil
Argentina

92,000
employees
Supermarkets

ADAPTATION TO THE MARKET
Serving local customers, with sales per store of over €9 million on the average, the supermarkets of the Carrefour Group base their success on the loyalty of their customers. To satisfy customer needs, each store acts freely in its area of influence, regularly measures customer satisfaction through check-out surveys, analyzes consumer attitudes to adapt or modify promotional campaigns. All stores base their appeal on the quality and the price of the products in their “market zone” where their customers buy their food.

The Group couples the tremendous flexibility of the local approach with its full economic power and the efficiency of its supply chains. It is this power that appeals to partners and attract franchisees, selected on the basis of their management talents and business relationship.

STRONG RESISTANCE TO ECONOMIC CONDITIONS
Fiscal year 2003 brought satisfactory results, that varied by region. In all countries, facing increased competition from the hard discount segment, the Group’s supermarkets relied on international aggregation of low-priced items in coordination with the Carrefour hypermarkets and on the development of international retail brands.

While working to increase the return from the stores, the Group strengthened its presence with new stores and purchase of existing stores. In France, new growth, which was temporarily blocked by regulations after the merger, is now possible, and the stores are initiating the expansions that represent the most profitable investment.

2004: INNOVATIONS AND ADVANCES
The Group’s first international products were on the shelves in January 2004. In the first phase, 350 products will carry the same label translated into several languages and displaying the Champion, GB or GS brand, depending on the country. This advance is a vital asset for our image and competitiveness.

The supermarkets will continue to intensify their brand recognition and image campaigns. Growth will be achieved with new store openings, the acquisition of sales areas and local chains, particularly in Italy. The Group will also rely on franchises, including in countries where it has not entered this segment until now, and on a policy of partnership to improve the earnings to investment ratio.

In Argentina, Brazil and Poland, the remarkable “clustering” work already achieved will continue. As a symbol of the growth of the supermarket sector within the Group, Champion will open the first store in Beijing in the first half of 2004.

> Effect of purchasing aggregation: the Group’s supermarkets, like its hypermarkets, were able to offer a DVD player for less than €50.

> Customer loyalty: the IRIS card in France and the SPESAMICA card in Italy represent nearly 80% of sales. The GB card is the most widely distributed: nearly 70% of Belgian households have a “Happyday” card.
Europe: satisfactory results and intensified growth

In Europe, where the Group opened about one hundred supermarkets, its stores recorded satisfactory revenue gains, particularly in Spain, where they benefited from a solid economic context, while economic conditions in the last quarter became more difficult in other countries.

**FRANCE:**

**THE SUPERMARKETS CONTINUE THE PRICE-CUTTING POLICY**

The Iris loyalty card, “Ticket +” operations giving customers purchase coupons at the checkout, immediate discounts: the customer loyalty program was strengthened in France, highlighting prices.

The Champion brand was backed by the institutional “A customer is sacred” campaign and successfully launched the 100% reimbursement offer, the largest to date in France, with 90 products 100% reimbursed over the period of the promotional offer.

The banner continued to grow by expanding and opening some stores and by purchasing sales space. In 2004, the banner will intensify its plans to expand the non-food segment.

**SPAIN:**

**200 CHAMPION STORES**

The Group pursues an image strategy based on price, made possible by the development of synergies with the hypermarkets in the logistics chain. It opened 30 stores in 2003, and plans to open 25 more in 2004. In two years, the total number of stores will have expanded by nearly 25%.

**ITALY CONFIRMS ITS POSITION AS THE SUPERMARKET COUNTRY**

In this country that favors supermarkets and convenience stores, the GS stores are in a strong position to challenge for leadership. Significant efforts were made to improve the image of the brand by investing in TV ads, capitalizing on the recognized quality of its fresh products, improving the price image and the quality of service. Brand recognition has improved from 5th to 3rd place. To increase customer loyalty, GS converted the points awarded to customers into discounts on purchases. The reduction offered on 500 GS brand products reached 30% (-15% on the average).

In 2004, the GS stores will continue to cut prices, introducing 230 low-priced “No. 1” items, and expanding the range of retail brand products. They will work to improve the price image of their fruits and vegetables section. This policy will be backed by ongoing efforts to control costs, with the goal of reducing inventory by three days and an increase in margin aggregation for eleven categories. The Group plans to open nine supermarkets and intends to continue its policy to purchase franchise stores.

**Europe: satisfactory results and intensified growth**

The Group also signed a major partnership agreement with Norway with NorgesGruppen. In this wealthy and promising country, 137 stores will carry the Champion banner by 2005, contributing new sales volumes to the Group. The new Champion stores will include the low-priced products and retail brand products in their product lines. The agreement also includes a supply contract for the Norwegian stores of the NorgesGruppen Group.

---

**FRANCE**

1,005 supermarkets
13 new stores in 2003

**SPAIN**

200 supermarkets
30 new stores in 2003

**ITALY**

379 supermarkets
71 new stores in 2003
BELGIUM: AN AGGRESSIVE PRICING POLICY
The launch of "No. 1" products, the price reduction on retail brand and national brand products, and customer loyalty campaigns improved the price image of the Belgian supermarkets. GB consolidated its franchise stores with the acquisition of 5 supermarkets in 2003.

GREECE: THE CHAMPION BRAND IN OLYMPIC SHAPE
The Group opened four new Champion supermarkets and remodeled another three. The pricing work resulted in the introduction of the "No. 1" products in November. The banner celebrated its anniversary with the "Championissimo" operation in September and October with displays, games, TV and radio spots. Sixteen stores are scheduled to open in 2004.

POLAND: A WINNING TRIPTYCH
The Group acquired two supermarkets and opened eleven, opened its first service stations, launched the "No. 1" products and the Champion brand products. Its stores developed a "self-service" offer adapted to demand and expanded their non-food product selection. The communications campaign based on the triptych "Price, Choice, Friendship" is becoming more forceful and more focused over certain periods and certain products.

TURKEY: A BROAD PRODUCT SELECTION
In 2003, the Group opened two new supermarkets in Turkey. The Champion stores generate a number of synergies with the hypermarkets and Dia. They are attentive to their local roots: the "No. 1" offer was launched with Turkish products, and all the stores present traditional products made locally.

BRAZIL: SUPERMARKETS THAT MEET CUSTOMER EXPECTATIONS
In 2003, the Group’s supermarkets posted increases in the number of customers. Gross sales (including tax) at comparable areas increased by 7.6%. This result was achieved by expanding the "No. 1" product lines and the important “clustering” program. The Group launched a highly innovative high-end concept in location, décor, atmosphere and production selection, with two new stores in Sao Paulo and the remodeling of existing stores. The result was growth in sales revenues greater than growth for direct competitors and a substantial increase in the gross profit. At the same time, the commercial concept was revised for the other stores by reducing the product selection and introducing timely regional supplies to improve loyalty in a customer base with less buying power. The result for the pilot stores in Brasilia were proof of the relevance of this segmentation with a sharp increase in sales in one year.

ARGENTINA: FLEXIBLE ADAPTATION
In Argentina, the Norte supermarkets were faced with the population’s loss of purchasing power. To deal with this situation, the Group initiated major efforts to make both quantitative and qualitative changes: pressure on prices, improved costs, more flexible approach in the formats offered, to adapt them to the characteristics and the purchasing power of the residents of the marketing areas. The top priority was to improve the management of these stores and increase their margins.