FULL-YEAR 2017 RESULTS
Recurring Operating Income of €2.0bn
Free cash flow (excluding exceptional items) of €950m

- **Slowdown in Group** like-for-like sales, at +1.6% in 2017 vs. +3.0% in 2016.
- **Recurring Operating Income (ROI) of €2.006bn,** as expected, down -14.7% at current exchange rates (representing an operating margin of 2.5%), reflecting notably:
  - A strong competitive pressure, particularly in France,
  - An increase in distribution costs in the Group's main markets,
  - An increase in depreciation after a period of significant investments,
  - A more difficult situation in Argentina.

  ROI also includes pockets of losses that continue to weigh on profitability, notably the former DIA store network.
- **Net income, Group share of €(531)m,** principally impacted by non-recurring charges totalling €(1.3)bn.
- **Free cash flow excluding exceptional items of €950m**, vs €1,039m in 2016, with investments of €2,145m (excluding Cargo Property), down €347m.

Alexandre Bompard, Chairman and Chief Executive Officer of Carrefour, declared:
"The 2017 results that we are presenting today demonstrate the necessity of implementing without delay Carrefour's transformation plan. The Group is fully focused on the Carrefour 2022 plan, with ambitious action plans currently being implemented in all of the group's geographies. With this plan, whose ambition is to make Carrefour the leader of the food transition and build an omnichannel universe of reference, Carrefour is back on the offensive and is investing to resume growth."

• Key full-year 2017 figures

(in €m)	2016	**2017**	*Variation at constant exchange rates*	*Currency effect*	*Variation at current exchange rates*
Gross sales	**85,700**	**88,240**	***+2.7%***	***+0.3%***	***+3.0%***
Net sales	76,645	78,897	*+2.6%*	*+0.3%*	*+2.9%*
Like-for-like growth ex petrol ex calendar			*+1.6%*		
Recurring operating income before D&A (EBITDA)	3,886	3,636	*-8.1%*	*+1.7%*	*-6.4%*
EBITDA margin	*5.0%*	*4.6%*			*-46 bp*
Recurring operating income (ROI)	**2,351**	**2,006**	***-17.2%***		***-14.7%***
ROI margin	*3.1%*	*2.5%*			*-52 bp*
Net income, Group share	**746**	**(531)**			
Adjusted net income, Group share	*1,031*	*773*			*-25.0%*
Free cash flow from continuing operations (ex. exceptional items)	**1,039**	**950**			*€(90)m*
Net debt at close	**4,531**	**3,743**			*€(788)m*
Net debt /Ebitda	1.2x	1.0x			*-20 bp*

Income statement

Carrefour posted 2017 total net sales of €78,897m, up +2.6% at constant exchange rates and up +1.6% on a like-for-like basis.

Gross margin stood at €18,214m, or 23.1% of sales, down 38 bp, principally linked to activity in France and Europe.

Distribution costs increased by €575m in 2017, notably due to particularly marked cost inflation in Latin America.

Group Recurring Operating Income (ROI) stood at €2,006m, down -14.7% at current exchange rates. Operating margin, at 2.5% for the full-year, was down by 52 bp.

- **In France, ROI stood at €692m**, representing an operating margin of 1.9%, down 94 bp. Carrefour France suffered from strong competitive pressure. Moreover, operating losses of ex-DIA stores continued to weigh strongly on the country's profitability (c. -€150m).

- **In other European countries (excluding France), ROI stood at €677m**, with margin down slightly, by 34 bp to 3.2%, reflecting contrasting performance: Northern Europe's operating margin held up well, while Southern Europe's was down, also impacted by a tough competitive environment, as well as inflation in distribution costs in Spain.

- **In Latin America, 2017 ROI stood at €715m, up by €4m.** Operating margin was 4.5%, down 44 bp, principally due to operating losses in Argentina as a result of the macro-economic environment. Brazil delivered a solid operating performance, despite strong food deflation, driven by the confirmed success of the Atacadao model which improved its profitability.

- **In Asia, the second half confirmed the improvement in profitability** that began at the start of the year. ROI in 2017 stood at €4m, compared with an operating loss of €58m in 2016. The Group reaped the fruits of the action plans implemented in China, in particular in terms of cost reduction, in a context that remains highly competitive, marked by rapidly-changing consumption habits. In Taiwan, sales growth remained strong and operating margin continued to improve.

Depreciation, including logistics, increased by nearly €95m, reflecting the high level of investments in past years.

Group Ebitda[1] stood at €3,636m, down 6.4% at current exchange rates, with Ebitda margin slipping to 4.6%.

In 2017, **non-recurring income stood at €(1,310)m**. It includes a charge corresponding to depreciation of part of the goodwill in Italy and depreciation of assets linked to the former DIA store network.

Net income from continuing operations, Group share, stood at €(531)m, including the following items:

- A €42m improvement in net income from companies accounted for by the equity method;
- Net financial expenses down by €70m, notably reflecting the reduction in the Group's debt and lower interest rates;
- An effective tax rate that was impacted by exceptional items in 2017. Excluding exceptional items, the normalized rate stands at 39%, slightly above the 2016 rate. Tax expense was higher in 2017 due to net deferred tax depreciations, notably in Argentina and in the ex-DIA scope.

Adjusted net income, Group share, stood at €773m.

[1] *EBITDA: Recurring operating income before depreciation and amortization (including supply chain depreciation)*

Cash flow and debt

In 2017, the Group's cash generation remained solid and resulted from the following elements:

- **Gross cash flow** of €2,653m, compared with €2,964m in 2016;
- **Working Capital Requirements** represented an inflow of €189m, driven notably by stricter management of inventory levels;
- **Capex** to maintain assets and develop the network stood at €2.1bn excluding Cargo Property, compared with €2.5bn in 2016. This drop reflects the evolution in the Group's investment strategy and measures implemented in the second half to control capex;
- Investments linked to Cargo Property for €232m (offset by capital increases subscribed to by the company's shareholders).

Free cash flow for 2017 stood at €503m vs €603m in 2016. Restated for exceptional items and investments linked to Cargo Property, **free cash flow from continuing operations** stood at €950m, vs €1,039m in 2016.

The Group's financial structure at December 31, 2017 remains sound. **Net financial debt decreased** to €3,743m at close (vs €4,531m at December 31, 2016). Carrefour's rating at December 31, 2017 is unchanged, at BBB+.

The proposed dividend for 2017 is €0.46 per share vs €0.70 per share for 2016, down 34%. This amount represents a payout ratio of 45% of adjusted net income, Group share, in line with the Group's payout policy. This dividend will be proposed in cash or shares, at the option of the shareholder, and will be subject to shareholder approval at the General Assembly of June 15, 2018.

Outlook

The Group is fully mobilized to execute the « Carrefour 2022 » plan presented on January 23. With this plan, the Group has launched a profound transformation, with 2022 targets that will be reached through actions in all geographies.
In order to invest in growth and rapidly improve its price competitiveness, short-term measures have been launched, notably to reach the target of €2bn in cost cuts by 2020 on a full-year basis.

2018 Outlook

Regarding 2018, the Group's results will remain closely linked to the evolution of foreign exchange rates, in particular that of the Brazilian Real. The spot rate on February 27, 2018 stood at 3.98, whereas the average rate for 2017 was 3.61.

In addition, given the investment levels of the past years, the Group should continue to see in 2018 an increase in depreciation despite greater discipline on investments and a Capex budget of €2bn starting in 2018.

2018 constitutes the first year of the plan and is a pivotal year in the Group's transformation. More specifically, the plan's implementation will be materialized by advances in 2018 in each of the plan's pillars, notably through:

- **Deploy a simplified and open organization**
  - Faster decision-making process
  - Implementation of the previously-announced departure plans at headquarters

- **Achieve productivity and competitiveness gains**
  - Target of shedding 273 ex-DIA stores from our scope
  - A first wave of cost savings within the framework of the plan to achieve savings of €2bn by 2020 on a full-year basis and investments in commercial competitiveness
  - Capex of €2bn

- **Create an omnichannel universe of reference**
  - Acceleration of the development of the Cash and Carry format, notably with:
    - *The opening of 20 new Atacadão stores in Brazil*
    - *The conversion of 16 hypermarkets to the Maxi format in Argentina*
  - Launch of the single e-commerce platform, Carrefour.fr
  - Extended food e-commerce offer in France with 15 new cities offering home delivery (D+1) and 10 new cities offering one-hour delivery
  - Opening of 170 new Drives in France
  - Implement partnerships aiming in particular at accelerating the group's digitalization, along the lines of the partnership with Showroomprivé

- **Overhaul the offer to promote food quality**
  - Launch of actions to revamp and develop our offer in fresh and organic products and our own brands:
    - *Launch of an Agro-ecology plan in several fresh product categories and of the "organic development contract" and the doubling of the number of employees trained in fresh products with the WWF aiming at supporting the upstream segment of the agri-business chain*
    - *Broadening of our organic product ranges in stores*
    - *Deployment of the "blockchain" technology in all Carrefour quality lines to improve the traceability of our offer*

Conference call

A conference call will be held today - Wednesday, February 28th – at 6.15pm (Paris time). Please dial the following number (no access code required):

- United Kingdom: +44 203 009 2475
- France: +33 1 72 72 74 47

Agenda

- 2018 first quarter sales: April 11, 2018
- Shareholders' Assembly: June 15, 2018

Contacts

Investor Relations
Mathilde Rodié, Anne-Sophie Lanaute and Louis Igonet Tel: +33 (0)1 41 04 28 83

Shareholder Relations Tel : 0 805 902 902 (toll-free in France)

Group Communication Tel: +33 (0)1 41 04 26 17

APPENDIX

Net sales and Recurring Operating Income by region

(in €m)	Net sales 2016	Net sales **2017**	Net sales *Variation at constant exchange rates*	Net sales *Variation at current exchange rates*	Recurring operating income 2016	Recurring operating income **2017**	Recurring operating income *Variation at constant exchange rates*	Recurring operating income *Variation at current exchange rates*
France	**35,877**	**35,835**	***-0.1%***	***-0.1%***	**1,031**	**692**	***-32.9%***	***-32.9%***
Europe (excluding France)	**20,085**	**21,112**	*+5.1%*	*+5.1%*	**712**	**677**	*-4.8%*	*-4.9%*
Latin America	**14,507**	**16,042**	*+8.3%*	*+10.6%*	**711**	**715**	*-7.0%*	*+0.6%*
Asia	**6,176**	**5,907**	*-3.2%*	*-4.4%*	**(58)**	**4**	*n.a.*	*n.a.*
International	**40 ,768**	**43,061**	***+5.0%***	***+5.6%***	**1,365**	**1,396**	***-2.0%***	***+2.3%***
Global functions					**(45)**	**(83)**	*n.a.*	*n.a.*
TOTAL	**76,645**	**78,897**	***+2.6%***	***+2.9%***	**2,351**	**2,006**	***-17.2%***	***-14.7%***

Consolidated income statement

(in €m)	2016	**2017**	*Variation*
Net sales	**76,645**	**78,897**	**+2.9%**
Net sales, net of loyalty program costs	**76,054**	**78,253**	**+2.9%**
Other revenue	2,720	2,722	+0.1%
Total revenue	**78,774**	**80,975**	**+2.8%**
Cost of goods sold	(60,789)	(62,760)	+3.2%
Gross margin	**17,985**	**18,214**	**+1.3%**
As a % of net sales	*23.5%*	*23.1%*	*-38bp*
SG&A	(14,147)	(14,641)	+3.5%
Recurring operating income before D&A (EBITDA)[1]	**3,886**	**3,636**	**-6.4%**
EBITDA margin	*5.1%*	*4.6%*	*-46bp*
Depreciation and amortization	(1,487)	(1,567)	+5.4%
Recurring operating income (ROI)	**2,351**	**2,006**	**-14.7%**
ROI margin	*3.1%*	*2.5%*	*-52bp*
Recurring operating income including income from associates and joint ventures	**2,315**	**2,010**	**-13.2%**
Non-recurring income and expenses	(372)	(1,310)	
Operating income	**1,943**	**700**	
Financial expense	(515)	(445)	
Income before taxes	**1,428**	**255**	
Income tax expense	(494)	(618)	
Net income from continuing operations	**934**	**(363)**	
Net income from discontinued operations	(40)	1	
Net income	**894**	**(362)**	
Of which Net income, Group share	746	(531)	
Of which Net income, Non-controlling interests	148	169	
Adjusted net income, Group share	**1,031**	**773**	

[1] *Recurring operating income before depreciation and amortization (including logistics amortization)*

Consolidated balance sheet

(in €m)	2016	**2017**
ASSETS		
Intangible assets	9,906	9,341
Tangible assets	13,406	13,097
Financial investments	2,871	2,722
Deferred tax assets	829	636
Investment properties	314	410
Consumer credit from financial-service companies – long-term	2,371	2,455
Other non-current assets	79	337
Non-current assets	**29,697**	**28,996**
Inventories	7,039	6,690
Trade receivables	2,682	2,750
Consumer credit from financial-service companies – short-term	3,902	3,866
Tax receivables	1,044	890
Other assets	907	851
Current financial assets	239	161
Cash and cash equivalents	3,305	3,593
Current assets	**19,117**	**18,800**
Assets held for sale	**31**	**16**
TOTAL	**48,845**	**47,813**
LIABILITIES		
Shareholders’ equity, Group share	10,426	10,059
Minority interests in consolidated companies	1,582	2,099
Shareholders’ equity	**12,008**	**12,159**
Borrowings – long-term	6,200	6,428
Provisions for contingencies	3,064	3,003
Deferred tax liabilities	543	489
Bank loans refinancing – long-term	1,935	2,661
Non-current liabilities	**11,742**	**12,581**
Borrowings – short-term	1,875	1,069
Trade payables	15,396	15,082
Bank loans refinancing – short-term	3,395	2,817
Tax payables and others	1,260	1,282
Other debts	3,153	2,813
Current liabilities	**25,079**	**23,063**
Liquidities related to assets held for sale	**16**	**11**
TOTAL	**48,845**	**47,813**

Consolidated cash flow statement

(en M€)	2016	**2017**
NET DEBT OPENING	**(4,546)**	**(4,531)**
Gross cash flow	2,964	2,653
Change in working capital	351	189
Impact of discontinued activities	(11)	0
Cash flow from operations (ex. financial services)	**3,305**	**2,843**
Capital expenditures (ex Cargo)	(2,492)	(2,145)
Capital expenditures (Cargo)	(249)	(232)
Change in net payables to fixed asset suppliers	(78)	(88)
Asset disposals	118	127
Free cash flow	**603**	**503**
Free cash flow excluding Cargo and exceptional items	**1,039**	**950**
Financial investments	(190)	(259)
Proceeds from disposals of subsidiaries	45	14
Others	(25)	(46)
Impact of discontinued activities	16	3
Cash flow after investments	**449**	**215**
Capital increase	255	969
Dividends	(207)	(292)
Acquisition/disposal of investments without change of control	(40)	479
Treasury shares	30	(40)
Cost of net financial debt	(377)	(317)
Others	(95)	(227)
NET DEBT AT CLOSE	**(4,531)**	**(3,743)**

Change in shareholders' equity

(in €m)	Total shareholders' equity	Shareholders' equity, Group share	Minority interests
At December 31, 2016	**12,008**	**10,426**	**1,582**
Total comprehensive 2017 income	(844)	(889)	45
Dividends from 2016	(254)	(151)	(103)
Impact of scope and others	1,249	673	575
At December 31, 2017	**12,159**	**10,059**	**2,099**

Net income, Group share, adjusted for exceptional items

(in €m)	2016	**2017**
Net income from continuing operations, Group share	**786**	**(531)**
Restatement for non-recurring income and expenses (before tax)	372	1,310
Restatement for exceptional items in net financial expenses	30	21
Tax impact[1]	(179)	(8)
Restatement on share of income from minorities and companies consolidated by the equity method	22	(17)
Adjusted net income, Group share	**1,031**	**773**

Dividend payment procedure

The ex-dividend payment date has been set at June 21, 2018. The period during which shareholders may opt for the dividend payment in cash or shares will begin on June 21, 2018 and end on July 4, 2018 included. Payment of the cash dividend and settlement of the stock dividend will occur on July 13, 2018.

[1] Tax impact of restated items (from non-recurring income and expenses and financial expenses) and non-recurring tax items

Definitions

Like for like sales growth
Sales generated by stores opened for at least twelve months, excluding temporary store closures, at constant exchange rates.

Organic sales growth

Like for like sales growth plus net openings over the past twelve months, including temporary store closures, at constant exchange rates.

Sales under banners

Total sales under banners including sales by franchisees and international partnerships.

Gross margin

Gross margin is the difference between the sum of net sales, other income, reduced by loyalty program costs and the cost of goods sold. Cost of sales comprise purchase costs, changes in inventory, the cost of products sold by the financial services companies, discounting revenue and exchange rate gains and losses on goods purchased.

Recurring Operating Income (ROI)

Recurring Operating Income is defined as the difference between gross margin and sales, general and administrative expenses, depreciation and amortization.

Recurring Operating Income Before Depreciation and Amortization (EBITDA)

Recurring Operating Income Before Depreciation and Amortization (EBITDA) excludes depreciation from supply chain activities which is booked in cost of goods sold and excludes non-recurring items as defined below.

Operating income (EBIT)

Operating Income (EBIT) is defined as the difference between gross margin and sales, general and administrative expenses, depreciation, amortization and non-recurring items

Non-recurring income and expenses are certain material items that are unusual in terms of their nature and frequency, such as impairment, restructuring costs and expenses related to the revaluation of preexisting risks on the basis of information that the Group became aware of during the accounting period.

Free cash flow

Free cash flow is defined as the difference between funds generated by operations (before net interest costs), the variation of working capital requirements and capital expenditures.

Disclaimer