

# RALLYE

## 2008 first half results

**Current operating income down 2.3% to €520m**  
 - Lower contribution of Rallye's investment portfolio, to €13m  
 - Good results of Casino, current operating income up 9.8%

The Board of Directors of Rallye, chaired by Jean-Charles NAOURI, met on August 28, 2008 in order to review the accounts for the first half ended June 30, 2008.

### 2008 first half results

Consolidated figures

(in €m)	H1 2007	H1 2008	Change
<b>Net sales from continuing operations</b>	<b>11,906</b>	<b>14,169</b>	<b>+19.0%</b>
<b>EBITDA <sup>(1)</sup></b>	<b>830</b>	<b>855</b>	<b>+3.0%</b>
<b>Current operating income</b>	<b>532</b>	<b>520</b>	<b>(2.3)%</b>
Net income from continuing operations	257	119	(53.7)%
<b>Net income from continuing operations, Group's share</b>	<b>94</b>	<b>(51)</b>	
Net income from discontinued operations <sup>(2)</sup>	164	(3)	
Net income	421	116	
<b>Net income, Group's share</b>	<b>172</b>	<b>(53)</b>	

(1) EBITDA = current operating income + current depreciation and amortisation expense

(2) In accordance with IFRS 5, the results of the Polish and US businesses, divested in H1 2007, have been accounted for in "Net income from discontinued operations"

## 1. GROUP ACTIVITY

Rallye consolidated net sales reached €14.2bn, up 19.0% compared to the first half of 2007.

Current operating income was €520m, down 2.3%, mainly due to the lower contribution of the investment portfolio to Rallye's results (€13m versus €65m in the first half of 2007).

Net income from continuing operations, Group's share was €(51)m versus €94m in the first half of 2007. It was negatively impacted by the lower contribution of the investment portfolio to current operating income and by the decrease in financial result, notably due to the stock market portfolio result, which includes changes in assets fair value (€(58)m versus €33m in the first half of 2007).

Rallye's investment portfolio at June 30, 2008 is valued at €728m, representing a €114m increase (+19%) compared to December 31, 2007, of which value appreciation for €24m and net investments of €90m, mainly due to capital calls.

## 2. SUBSIDIARIES ACTIVITY

### CASINO: GOOD FIRST-HALF 2008 RESULTS:

- ✓ SHARP INCREASE IN NET SALES, UP 19.6% - FASTER ORGANIC<sup>1</sup> GROWTH, UP 6.9%
- ✓ SUSTAINED GROWTH IN EBITDA, UP 11.2%, AND CURRENT OPERATING INCOME, UP 9.8%
- ✓ ORGANIC<sup>1</sup> CURRENT OPERATING MARGIN STABLE IN FRANCE AND HIGHER IN INTERNATIONAL OPERATIONS
- ✓ SIGNIFICANT INCREASE IN NET INCOME, GROUP'S SHARE, UP 10.7%

During the first half of 2008, Casino consolidated net sales was €13.8bn, up 19.6%, and current operating income reached €540m, up 9.8%.

<sup>1</sup> Based on constant scope of consolidation and exchange rates, and excluding the impact of asset disposals to OPCl property mutual funds.

In France, sales rose a sustained 4.8%, led by Casino's positioning in the most promising formats (discount and convenience), the effectiveness of the banners' marketing strategies and the success of the sales revitalisation program at Franprix and Leader Price. Current operating income increased by 1.9% and current operating margin was stable on an organic basis<sup>2</sup>.

International operations reported very strong growth in sales, led by double-digit organic<sup>2</sup> growth in South America (15.5%) and Asia (13.1%), and by the full consolidation of Exito (Colombia) and Super de Boer (Netherlands). Current operating income rose a steep 36.1%, reflecting improvements in the organic<sup>2</sup> current operating margin (+38 basis points).

Net income from continuing operations, Group's share was €230m versus €208m in the first half of 2007.

Casino has solid fundamentals on which to drive steady and profitable growth: a favourable format mix and effective differentiation drivers in France, a platform of international assets focused on high potential markets (Brazil, Colombia, Thailand), a more aligned and balanced profitability profile and an active asset turnover strategy.

#### **GROUPE GO SPORT: DECREASE IN NET SALES AND CURRENT OPERATING INCOME IN A DIFFICULT MARKET**

Groupe GO Sport consolidated net sales were €348.3m, down 2.2% compared to the first half of 2007. In France, GO Sport banner saw a 6.4% decrease in sales mainly due to lower traffic emphasized by a sluggish conjuncture. Courir (excluding Moviesport) confirmed its leadership position in the sneaker market with an 11.8% sales growth on a comparable basis. International sales growth was driven by the sharp increase recorded in Poland (20.9%).

Current operating income, down €6.6m compared to the first half of 2007, was €(14.5)m, following the decline in net sales and rising rental costs.

Net income from continuing operations was €(5.7)m, including a €3.2m pre-tax capital gain from the disposal of one store premises and a €6.0m eviction fee related to the Lyon République store (pre-tax, post closure costs).

### **3. OUTLOOK**

- **Casino** confirms its 2008 targets:
  - ✓ Faster organic growth in sales
  - ✓ Further growth in current operating income
  
- The actions undertaken by **Groupe GO Sport** in 2007, based on a repositioning of the offer, an optimisation in purchasing and logistics, as well as on tighter cost control, came up against a sluggish conjuncture. **Groupe GO Sport** remains confident in the adequacy of the strategic orientations engaged and intends to pursue the action plan deployment.
  
- A significant disposal program has been initiated, following the strategic decision to reduce the size of the **investment portfolio**:
  - ✓ Around €150m disposals, in line with the assets fair value at June 30, 2008, realised or being finalised since the end of June, generating a contribution to Rallye current operating income of €30m in the second half of 2008
  - ✓ Identification of an additional amount of assets of around €100m, to be sold within the next few months

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The Board of Directors of Rallye decided the payment of an interim dividend of €0.80 per share, unchanged compared to last year, to be paid on October 3, 2008.

For more information, please consult the company's Internet site: [www.rallye.fr](http://www.rallye.fr)

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<sup>2</sup> Based on constant scope of consolidation and exchange rates, and excluding the impact of asset disposals to OPCl property mutual funds.