

# RALLYE

## 2010 first half results

**Group's current operating income up 13.1%,  
mainly explained by a 12.0% increase in Casino's current operating income  
(+5.7% before reclassification of the CVAE under income tax)**

**Reduction in net debt and strengthened liquidity situation**

The Board of Directors of Rallye, chaired by Jean-Charles NAOURI, met on July 29, 2010 in order to review the accounts for the first half ended June 30, 2010.

### 2010 first half results

Consolidated figures – financial statements with limited audit review

(in €m)	H1 2009 <sup>(1)</sup>	H1 2010	Change
<b>Net sales from continuing operations</b>	<b>13,030</b>	<b>13,910</b>	<b>+6.8%</b>
<b>EBITDA</b> <sup>(2) (3)</sup>	<b>794</b>	<b>865</b>	<b>+8.9%</b>
<b>Current operating income</b> <sup>(3)</sup>	<b>464</b>	<b>525</b>	<b>+13.1%</b>
Income tax	(78)	(108)	
Net income from continuing operations	77	82	+6.5%
<b>Net income from continuing operations, Group's share</b>	<b>(38)</b>	<b>(56)</b>	
Net income from discontinued operations	3	(8)	
Net income	80	74	(7.5%)
<b>Net income, Group's share</b>	<b>(37)</b>	<b>(60)</b>	

(1) Data for 2009 has been restated to reflect the end-2009 sale of Super de Boer's assets

(2) EBITDA = current operating income + current depreciation and amortization expenses

(3) The Group has reviewed the accounting treatment of taxes in France following changes introduced in the French law of 30 December 2009 abolishing the French business tax ("taxe professionnelle") as of 2010:

- Starting with the 2010 financial year, the "Cotisation sur la Valeur Ajoutée", known as CVAE tax, are presented under "Income tax" in accordance with the Group's position and IAS 12
- This reclassification had a positive €32.5 million impact on EBITDA and current operating income, and no impact on net income.

## 1. GROUP ACTIVITY

Rallye consolidated net sales reached €13.9bn, up 6.8% compared with the first half of 2009. Current operating income improved by 13.1%, at €525m. This includes notably the reclassification of the CVAE under « income tax », which had a positive impact of €32.5m. Net income, Group's share, came at €(60)m, compared with €(37)m at June 30, 2009.

Rallye's net financial debt was reduced by €89m compared with the first half of 2009 and stands at €2,589m at June 30, 2010.

Rallye's investment portfolio at June 30, 2010 was valued at €497m, compared with €517m at December 31, 2009. This evolution reflects the disposal of approximately 10 lines within the financial investment portfolio during the first half of 2010, in the European LBO sector, for a total amount of €27m, as well as a €6m increase in the asset portfolio value.

## 2. SUBSIDIARIES ACTIVITY IN THE FIRST HALF 2010

**Casino: faster growth in the 2<sup>nd</sup> quarter (+8.5% and +2.9% on an organic basis excluding petrol), current operating income up 12.0% (+5.7% before reclassification of the CVAE under income tax) and underlying net income<sup>1</sup>, Group's share, up 10.5% - Strong expansion of the international operations, now representing 37% of sales and 36% of current operating income**

During the first half of 2010, Casino consolidated sales amounted to €13.6bn, with a strong +7.1% growth (+8.5% in the 2<sup>nd</sup> quarter). The currency effect added 4.5%, while changes in the scope of consolidation had a negative 1.1% impact.

Organic sales growth came to +3.7% in the first half (+2.8% excluding petrol), reflecting a noticeable rise from 2009 (down 0.1% excluding petrol), both in France and in the international markets.

**In France**, organic sales were up 1.0% in the first half (down 0.3% excluding petrol), showing improvement in the 2<sup>nd</sup> quarter, mostly due to the upturn in same-store sales at Leader Price, which resulted from sales revitalization initiatives. Franprix-Leader Price sales were stable in the first half (following a +3.2% increase during the 2<sup>nd</sup> quarter) while Monoprix recorded a very satisfactory sales performance (+3.8%) over the period. Géant Casino organic sales excluding petrol declined by 4.6% during the first half. The banner continued to deploy its action plans designed to drive stronger sales dynamic in food and non-food. Casino Supermarket sales rose by 0.9% excluding petrol, while Superettes sales edged back by 1.4%. The other businesses enjoyed sustained growth in sales, lifted by Cdiscount's strong performance.

**International operations** sales rose by a very strong +20.1% and +9.8% on an organic basis in the first half, reflecting faster growth in the 2<sup>nd</sup> quarter. This organic growth (+12.2% in South America and +6.4% in Asia) is explained by robust same-store sales in South America, satisfactory same-store sales for Big C in Thailand and continued strong growth in Vietnam.

Current operating income was up +12.0%, and +5.7% before the reclassification of the CVAE under income tax, lifted by vigorous growth in the international operations. In France, current operating income declined by 5.5% on an organic basis, due in particular to the sales revitalization plans at Géant Casino and Leader Price. In the international operations, current operating income rose by +34.5% (+18.6% on an organic basis), while operating margin increased by 30bp on an organic basis. This reflects a noticeable improvement in profitability both in South America and in Asia.

Underlying net income<sup>1</sup>, Group's share, increased by 10.5% in the first half, to €208m.

Net financial debt stood at €5,368m at 30 June 2010, down €635m compared with 30 June 2009, and all debt ratios improved as well compared to one year ago. Two bond exchange offers carried out during the period, in an aggregate amount of around €1.3bn, have helped to noticeably improve Casino's debt profile and to increase the average bond debt maturity.

**Groupe GO Sport: a difficult 1<sup>st</sup> half, in particular for GO Sport France, with sales declining by 8.2%, yet mitigated by encouraging signs at Courir and promising results from the "test" stores**

Groupe GO Sport consolidated sales reached €310.7m at June 30, 2010, down 9.6% on a same-store basis and at constant exchange rates, compared with the first half of 2009.

**In France**, Groupe GO Sport was penalized by the summer sales shift to the second half of 2010, which had an impact of 4 and 5 pts of growth on a same-store basis respectively at GO Sport France and Courir. GO Sport banner sales declined by 11.1% on a same-store basis in the first half, mainly driven by a decrease in traffic. The banner was notably impacted by the renovation works conducted in 29 of its main stores. Courir sales were down 5.8% on a same-store basis in first-half 2010, but almost stable when restated from the negative impact of the summer sales shift to the second half, confirming the trend improvement recorded since end-2009.

**In Poland**, sales evolution on a same-store basis and at constant exchange rates (down 5.2% in first-half 2010 compared with first-half 2009) was impacted by a disrupted economic environment.

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<sup>1</sup> Underlying net income, Group's share, corresponds to net income from continuing operations adjusted for the impact of other operating income and expenses, non-recurring financial items and non-recurring income tax expenses and benefits

Gross margin as a percentage of sales rose by 2.1 pts compared with June 30, 2009, at 40.4%, lifted by logistic gains, cleaning up of inventories and the increased contribution of private label products to sales. Gross margin in absolute terms decreased by €4.3m due to sales decline, in line with the decrease in EBITDA and current operating income, which stand respectively at €(1.1)m and €(11.1)m.

Net income was €(15.2)m in the first half of 2010, compared with €(5.0)m at June 30, 2009, an amount which included a €2.9m allowance perceived in the frame of a settlement with a lessor.

Net financial debt stood at €68.7m, down by €11.4m compared with June 30, 2009.

### 3. CONCLUSION

#### ➤ A portfolio of assets with strong fundamentals for Rallye:

- **Casino** confirmed during the first half the good positioning of its format mix in France as well as the dynamism of its international operations, whose contribution to current operating income increased significantly. In France, Casino intends to strengthen market share by improving the banners' price competitiveness and speeding up the expansion of the convenience and discount networks. Outside France, the quality of Casino's assets in high-potential countries is expected to drive strong and profitable growth in 2010 and beyond. Casino reaffirms its objective of reducing the net debt/EBITDA ratio to less than 2.2x by the end of 2010, notably by pursuing its €1 billion asset disposal programme.
- **Groupe GO Sport**, encouraged by the very promising results of its new GO Sport and Courir concepts in the « test » stores, intends to pursue the implementation of its action plans, focused on offer differentiation, notably through the deployment of the new concept, a strengthened customer relationship and a tight control over costs and investments, both at GO Sport and at Courir.
- **An investment portfolio** with diversified and high-quality financial and real estate assets, currently being disposed of.

- #### ➤ Rallye benefits from a strengthened liquidity situation
- , with more than €2bn of available resources, of which €1.4bn of undrawn and available credit lines and close to €800m of cash and cash equivalents. Debt maturity has been extended during the first half thanks to a dynamic bond debt and bank loan management, with a new €500m bond issue, the buyback of €123m bonds maturing 2011 and bank loan reimbursements for €323m.



**Rallye confirms its commitment to further improve its financial structure and to significantly reduce its net financial debt by the end of 2012**

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 7, 2010. Shareholders will be given the right to opt for the total interim dividend to be paid in shares.

#### **Investor calendar:**

Wednesday October 13, 2010: third-quarter 2010 sales announcement

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

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**Appendix: 2009/2010 Rallye consolidated net sales**  
(In € millions)

	<b>2009 *</b>	<b>2010</b>	<b>Variation</b>
<b>First quarter:</b>			
Casino	6,256	6,609	+5.6%
Groupe GO Sport	172	164	(4.4%)
Other **	2	4	-
<b>Total first quarter</b>	<b>6,430</b>	<b>6,777</b>	<b>+5.4%</b>
<b>Second quarter:</b>			
Casino	6,432	6,980	+8.5%
Groupe GO Sport	167	147	(12.1%)
Other **	3	6	-
<b>Total second quarter</b>	<b>6,601</b>	<b>7,133</b>	<b>+8.1%</b>
<b>First half:</b>			
Casino	12,688	13,589	+7.1%
Groupe GO Sport	339	311	(8.2%)
Other **	5	10	-
<b>Total first half</b>	<b>13,030</b>	<b>13,910</b>	<b>+6.8%</b>

\* Data for 2009 has been restated to reflect the end-2009 sale of Super de Boer's assets

\*\* Relative to holding activity and investment portfolio