

RALLYE

2011 first half results

Rise in Casino's market share for France by 0.2 point since the beginning of 2011, strong growth of sales (+18.8%) and steady increase in current operating income (+5.6%) in H1 2011

Sales of Groupe GO Sport were up 6.1% on a same-store basis, benefiting from sales growth for both GO Sport and Courir

Rise of Rallye's stake in Casino, from 48.48% to 51.30%, and lengthening of the maturity of available credit lines

The Board of Directors of Rallye, chaired by Jean-Charles NAOURI, met on July 28, 2011 in order to review the accounts for the first half ended June 30, 2011. H1 2011 accounts were reviewed by Statutory Auditors.

H1 2011 RESULTS

Consolidated data

(in €m)	H1 2010	H1 2011	Change
Net sales from continuing operations	13 910	16 480	+18.5%
EBITDA ⁽¹⁾	865	932	+7.7%
Current operating income	525	563	+7.2%
Cost of net financial debt	(257)	(326)	
Other financial income and expenses	(15)	(2)	
Net income from continuing operations	82	40	
Net income from continuing operations, Group's share	(56)	(56)	
Net income from discontinued operations	(8)	(1)	
Net income	74	39	
Net income, Group's share	(60)	(57)	+5.2%

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

1. GROUP ACTIVITY

Rallye consolidated net sales amounted to €16.5 bn, up 18.5% compared to H1 2010. Current operating income (ROC) reached €563m, up 7.2%. Net income, Group's share came at €(57)m, up 5.2% compared to the end of H1 2010.

Rallye's holding perimeter net financial debt increased to €2,794m at the end of June 2011, from €2,589m at June 30th 2010. This rise can be explained by Rallye's purchase of 2.9m additional Casino shares, raising Rallye's stake in Casino from 48.5% to 51.3%.

Rallye's investment portfolio is valued at €455m at June 30, 2011, versus €435m at year end 2010. This can be explained by the disposal of assets for €20m, a €29m increase in portfolio value and net investments of €11m during H1 2011.

2. SUBSIDIARIES ACTIVITY

Casino : Strong growth of sales in Q2 2011 (+18.8% and 7.8% on an organic⁽¹⁾basis excluding petrol), increase in both EBITDA (+7.1%) and current operating income (+5.6%) in H1 2011, spurred by the very strong growth of international operations current operating income

Casino sales amounted to €16.1bn, up 18.8% compared to June 30th 2010. On an organic basis, sales rose by 7.1% (6.3% excluding petrol), attesting to an acceleration in sales growth compared to 2010 (3.9% growth for full year 2010) both in France and internationally.

In France, sales were up 5.9% in H1 2011 (3.7% on an organic basis), with an acceleration in Q2 2011 due to the excellent performance of Monoprix and Casino Supermarkets stores, the upward trend in food sales at Géant Casino and the acceleration in sales growth of Cdiscount. Monoprix sales were up 4.0% for the first half of the year, displaying a steady growth. Total Casino Supermarkets sales rose by 5.0% versus a stable same-store evolution at -0.6% (excluding petrol). Géant Casino sales were up 3.5% (-0.8% on a same-store basis excluding petrol). Franprix-Leader Price displayed a sales increase of 12.1% for H1 2011 (2.8% on a same-store basis excluding petrol). Other activities grew by a strong 8.4% on an organic basis, benefiting from Cdiscount's excellent sales performance in the second quarter (+16.2% on an organic basis).

International operations sales rose fast by 41.0% during the first half of 2011 due to an increased growth rate of organic sales (15.2% in Q2 2011) and to external growth operations (consolidation of Casas Bahia in GPA and integration of Carrefour Thailand operations).

Current operating income was up by 5.6%, spurred by the rapid growth of international operations. Current operating income for France was down by -21.9% in H1 2011. The decline was mainly due to the price cuts implemented last year and to the increase in purchasing costs in early 2011. Sales prices were gradually adjusted starting in the second quarter of 2011. This mainly concerned the Franprix-Leader Price, Géant and Monoprix banners whose price positioning improved compared to the prior-year period. Current operating income from international operations rose by 54.6% (14.9% on an organic basis), driven by vigorous growth both in South America and in Asia. It also benefited from the positive contribution of Casas Bahia and from the successful integration of Carrefour stores in Thailand.

At June 30, 2011, Casino's net financial debt stood at €6,783m, including the effects of acquisitions in Thailand and of the rise of Casino's stake in GPA. A new bond issue for €850m in May 2011, including a bond exchange for €300m, allowed for an extended maturity (4.6 years against 3.4 before the operation) and for an optimized financing cost of bond debt.

Groupe GO Sport: Growth in sales for both GO Sport and Courir despite a difficult month of January for the whole market

Groupe GO Sport consolidated sales reached €327.6m at June 30, 2011, up 6.1% on a same-store basis and at constant exchange rates, compared with the first half of 2010.

In France, GO Sport banner sales were up 3.8% on a same-store basis, spurred primarily by the deployment of the new merchandising in 10 additional stores, raising the total number of remodeled stores to 42. With net sales up 15.7% on a same-store basis, Courir confirmed the relaunch of its commercial dynamic, driven by an optimized product mix, a differentiating offer, and an attractive merchandising. Courir deployed its new store concept in 10 additional stores during H1 2011.

In Poland, sales were up by 2.8% on a same-store basis and with constant exchange rates in H1 2011. After a difficult start of year, sales benefited from a two-digit growth during the second quarter of 2011. This upward trend can also be explained by the remodeling of 5 additional stores, with a total number of renovated stores now at 14.

Gross margin increased by €6.1m as a result of the increase in sales. Current operating income is slightly down by €0.6m compared to June 30, 2010, this being mainly due to the strengthening of headquarters and in-store teams in order to accompany the repositioning of both GO Sport and Courir banners. Consolidated net income stands at €(14.4)m for H1 2011, up by €0.8m compared to June 30, 2010.

Net financial debt stands at €107.1m, up from €68.7m at the end of H1 2010.

⁽¹⁾ With comparable perimeter, constant exchange rates and excluding the impact of asset disposals to OPCI property funds

3. CONCLUSION


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

- **Casino** : During H1 2011, Casino proved the efficiency of its business model based on a favourable business mix in France and on a growth profile strengthened by increased exposure to emerging markets with leading banners perceived as “local” by consumers. Casino is confident in its capacity to deliver annual sales growth above 10% in each of the next three years and confirms its objectives for 2011:
 - ✓ Strengthen market share in France by pursuing expansion in the convenience and discount segments
 - ✓ Drive up margins at Franprix-Leader Price
 - ✓ Continue to deliver strong profitable organic growth in international markets
 - ✓ Objective of asset disposals increased to more than €1bn (against €700m initially planned) with €680m already committed

Additionally, Casino set the objective of maintaining its Net debt/EBITDA ratio at a level below 2.2x at year end 2011.

- **Groupe GO Sport** intends to pursue its action plans for both GO Sport and Courir, based on greater offer differentiation, a reinforced relationship with its clients and controlled costs and investments.
- **An investment portfolio** with both diversified and high-quality financial and real estate assets, whose size will be significantly reduced by year-end 2012.

- **Rallye benefits from a solid liquidity situation**, with close to €570m of cash and cash equivalents and €1.7bn of confirmed, undrawn and available credit lines. Credit lines maturity was extended, following the refinancing of the revolving credit facility maturing in 2012, the amount of which was increased to €735m and the maturity date extended to 2016.



Rallye confirms its commitment to further improve its financial structure and to significantly reduce its net financial debt

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 6, 2011. Shareholders will be given the right to opt for the total interim dividend to be paid in shares.

Investor calendar:

October 12, 2011 (after trading): 2011 third quarter sales

For more information, please consult the company's website: www.rallye.fr

Contact

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Appendix: H1 2010/2011 Rallye consolidated net sales

(In € millions)

	2010	2011	Change
First quarter:			
Casino	6,609	7,850	+18.8%
Groupe GO Sport	164	158	-3.9%
Other *	4	4	-
Total first quarter	6,777	8,012	+18.2%
Second quarter:			
Casino	6,980	8,294	+18.8%
Groupe GO Sport	147	170	+15.9%
Other *	6	5	-
Total second quarter	7,133	8,469	+18.7%
First half:			
Casino	13,589	16,144	+18.8%
Groupe GO Sport	311	328	+5.4%
Other *	10	9	-
Total first half	13,910	16,480	+18.5%

* Relative to holding activity and investment portfolio