

RALLYE

2010 annual results

Strong growth in sales (up 8.7%) and in current operating income of Casino (+7.5%),
reflecting the surge in current operating income of international operations

Relaunch of the commercial dynamic of Groupe GO Sport during second half-year

Strengthened liquidity situation of Rallye and extended debt maturity

The Board of Directors of Rallye, chaired by Jean-Charles NAOURI, met on March 10, 2011 in order to approve the accounts for the year ended December 31, 2010.

The Statutory Auditors have completed their audit and are in the process of issuing their report.

2010 RESULTS

Consolidated figures

(in €m)	2009	2010	Var.
Net sales from continuing operations	27,478	29,780	+8.4%
EBITDA ^{(1) (2)}	1,889	1,965	+4.0%
Current operating income ⁽²⁾	1,227	1,286	+4.8%
Cost of net financial debt	(507)	(552)	+8.9%
Other financial income and expenses	17	(15)	
Income tax	(203)	(210)	
Net income from continuing operations	448	498	+11.2%
Net income from continuing operations, Group's share	79	12	
Net income from discontinued operations	226	(10)	
Net income	674	488	-27.6%
Net income, Group's share	101	7	

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

(2) Starting with the 2010 financial year, the "Cotisation sur la Valeur Ajoutée", known as CVAE taxes, are presented under "Income tax", in accordance with the Group's position and IAS 12; this reclassification had a favorable €62.2m impact on EBITDA and current operating income and no impact on net income.

1. GROUP ACTIVITY

Rallye consolidated net sales reached €29.8bn, up 8.4% compared with 2009. Current operating income improved by 4.8%, at €1,286m. Net income from continuing operations, Group's share, came at €12m, compared with €79m at December 31, 2009. This decrease mainly reflects higher financial expenses, due to several refinancing operations carried out since Autumn 2009 and to the high liquidity position which leads to a significant cost of carry. It can also be explained by the absence of significant capital gains, unlike fiscal year 2009 which benefited from the disposal of Mercialis shares.

Besides Rallye's holding perimeter net financial debt was brought back to €2,591m at December 31, 2010 compared with €2,606m at year-end 2009. Consolidated net financial debt was reduced to €6,565m at year-end 2010, from €6,842m in 2009.

Rallye's investment portfolio at year-end 2010 was valued at €435m, compared with €517m at December 31, 2009. The evolution reflects notably asset disposals for €79m over the course of 2010, of which approximately 20 lines within the financial investment portfolio for €69m and the divestment of the shopping centre Carré de Soie in Lyon for about €10m.

2. SUBSIDIARIES ACTIVITY

Casino: high sales growth (+8.7%) driven by the stronger sales momentum in France and double-digit organic¹ sales growth in International markets; current operating income up 7.5% and increased financial flexibility

In 2010, Casino's consolidated net sales amounted to €29.1bn, up by a strong 8.7%.

Organic sales growth accelerated to 4.7%, lifted by the stronger sales momentum in France and double-digit organic sales growth in International markets.

In France, sales trends gradually improved over the year, reflecting in particular the strong recovery in Leader Price same-store sales from the third quarter and the improvement in Géant's food performance, driven by the sales initiatives deployed to strengthen the banners' price competitiveness. The faster growth enjoyed by the convenience formats, notably Franprix through a sustained expansion, and Cdiscount also led to the relaunch of the commercial dynamic. Organic growth came to 1.8% in 2010 (+0.6% excluding petrol sales). Casino thus met its target of increasing its market share, which rose by 0.2 point at the end of the year.

Sales in **International** markets grew by a very strong 22.3%, led by double-digit organic growth (10.8%) and a favorable currency effect. In South America, sales rose by an organic 13.0%, driven by double-digit same-store growth. In Asia, organic sales growth reached a sustained 7.4%, reflecting faster same-store growth at Big C in Thailand and continuing strong momentum in Vietnam.

Group current operating income was 7.5% higher, thanks to a 30.2% surge in the current operating income of International operations. This can be explained by a higher current operating margin on an organic basis, both in South America and in Asia. In France, current operating income contracted 4.1% (10.5% on an organic basis), due to the impact of significant sales investments at Géant and Leader Price.

The contribution of International operations to sales and current operating income thus rose sharply to 38% and 41% respectively (compared with 34% in 2009).

Casino met the operational and financial excellence targets it had set for the period 2009-2010 with respect to reduction in costs and inventories as well as proceeds from asset disposals (€1.4bn versus a target of €1bn). Net financial debt was reduced to €3,845m compared with €4,072m one year earlier, while the net debt over EBITDA ratio improved to 1.97x at end-2010, well below the target of 2.2x.

Groupe GO Sport: relaunch of the commercial dynamic of the group during second half-year, stability of EBITDA and current operating income at near equilibrium in 2010

Groupe GO Sport consolidated net sales reached €683.1m at December 31, 2010, representing a slight fall of 1.5% compared with 2009.

In France, net sales of the GO Sport banner were down 3.1% on a same-store basis, after a first half-year penalized by the renovation works to set up the new merchandising in the 32 main stores of the network. These measures bore their fruits in the second half, as can be seen from the strong trend of improvement in the 3rd and 4th quarters, with sales up by 1.1% and 8.3% respectively on a same-store basis. Courir confirmed the success of its repositioning and the relaunch of its commercial dynamic, with net sales up by 3.6% on a same-store basis. This growth saw strong acceleration in the 3rd and 4th quarter (+7.9% and +17.8% respectively), attesting to the successful differentiation strategy of the banner. **In Poland**, net sales on a same-store basis and at constant exchange rate were down 1.8%, after an encouraging performance in the 4th quarter, which testifies to the relevance of the new store concept, now rolled-out in one-third of the store network.

Gross margin as a percentage of sales shows a rise of 1.6 point compared with 2009, at 41.5%, lifted by inventory clean-up and logistical improvements associated with a new warehouse. Current operating income is at near equilibrium, the rise in gross margin making it possible to almost offset the increase in personnel expenses.

¹ Based on a comparable scope of consolidation and constant exchange rates, excluding the impact of asset disposals to OPCI property funds and before reclassification of the CVAE under income tax.

3. CONCLUSION

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

- **Casino** has undergone an in-depth transformation in recent years and, as a result, its growth profile has been enhanced:
 - ✓ Increasing contribution from International operations (45% of consolidated sales in 2011e following the consolidation of Casas Bahia and the former Carrefour operations in Thailand);
 - ✓ Leadership positions in International high potential markets;
 - ✓ A diversified business mix in France weighted towards convenience and discount formats and a No.1 ranking in B-to-C non-food e-commerce.

Casino will step up the pace of transformation. It is confident in its ability to deliver sales growth above 10% in each of the next three years.

The following objectives have been set for 2011:

- ✓ Strengthen market share in France, by continuing to expand in the convenience and discount segments;
 - ✓ Drive up margin at Franprix-Leader Price;
 - ✓ Continue to deliver strong profitable organic growth in International markets;
 - ✓ Keep up the asset rotation strategy, with €700m worth of asset disposals in 2011.
- **Groupe GO Sport**, boosted by the relaunch of its commercial dynamic in the second half of the year, intends to pursue the implementation of its strategic plans, focused on greater offer differentiation and the roll-out of the new GO Sport and Courir store concepts.
 - **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 close to €800m of cash and cash equivalents and €1.7bn of confirmed, undrawn and available credit lines. The latter figure takes into account the refinancing in February 2011 of the revolving credit facility maturing in 2012, the amount of which has been increased to €735m and the redemption date extended to 2016. Debt maturity has also been extended in 2010 thanks to a dynamic bond debt and bank loan management, with a €500m bond issue, the buyback of €123m bonds maturing 2011 and bank loan reimbursements for €375m.

Rallye confirms its commitment to further improve its financial structure and to reduce its net financial debt, notably through a significant reduction in the size of its investment portfolio by the end of 2012

A dividend for financial year 2010 of €1.83 per share, stable compared with 2009, will be proposed at the Annual Shareholders' Meeting of May 4, 2011. As an interim dividend of €0.80 per share was paid on October 7, 2010, the balance thus amounts to €1.03 per share. Shareholders will be given the option for the balance to be paid in shares.

Investor calendar:

Tuesday April 12, 2011 (after the close of trading): 2011 first-quarter sales
Wednesday May 4, 2011: Annual General Meeting
Friday July 29, 2011: 2011 second-quarter sales and first-half results

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

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