# 2014 FULL-YEAR RESULTS: GROWTH MOMENTUM CONFIRMED
## Acceleration of organic sales growth
## Further growth in Recurring Operating Income, up by +10.6%
## Net income from continuing operations up by +24.6%
## Increase in proposed dividend to €0.68 per share

### New growth in Group earnings at constant exchange rates

- Sales ex. VAT of €74.7bn, up +3.9%[1] on an organic basis
- Growth in Recurring Operating Income: +10.6%[2], to €2,387m
- Net income from continuing operations, Group share: +24.6%, to €1,182m

### Europe: Growth of +7.0% in Recurring Operating Income

#### France: Further growth in profitability

- Organic sales growth: +1.2% ; growth in all formats, highlighting the dynamism of our multi-format model
- Increase in Recurring Operating Income : +6.1%

#### Other European countries: Rise in profitability for the third consecutive half

- Significant improvement in sales trends in 2014
- Growth in Recurring Operating Income : +9.6%, attesting to the continuing recovery, notably in Spain

### Emerging Markets: Growth in Recurring Operating Income of +14.9%

- Another remarkable year for Brazil and Argentina, which posted combined growth in Recurring Operating Income of +23.2%
- China : Evolution of our model in a frugal consumption environment

### Increased investments, acceleration of our multi-format model and strategic partnership in Brazil

- Continuation of our program to bring up to standards, modernize and develop our store network
- Acceleration of our multi-format model: Acquisition of DIA France and of 70 stores in Northern Italy; first convenience store openings in Brazil and China
- Creation of Carmila to improve the shopping experience and enhance the value of shopping malls adjacent to Carrefour hypermarkets in France, Spain and Italy
- Strengthened local presence: Peninsula acquires 10% of our Brazilian operations
- Purchasing cooperation agreement with Cora to strengthen our competitiveness for the benefit of our clients

### Dividend growth

- Increase in proposed dividend: €0.68 per share, payable in cash or shares

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[1] Ex. petrol ex.calendar.
[2] At constant exchange rates.

# 2014 key figures[1]

| (€M) | 2013 | **2014** | *Variation at constant exchange rates* | *Variation at current exchange rates* |
|---|---|---|---|---|
| **Sales ex VAT** | **74,888** | **74,706** | ***+2.9%*** | ***-0.2%*** |
| Sales ex VAT ex petrol | 66,911 | 67,237 | *+3.9%* | *+0.5%* |
| Recurring Operating Income before D&A (EBITDA) | 3,669 | 3,768 | *+5.9%* | *+2.7%* |
| *EBITDA margin* | *4.9%* | *5.0%* | | |
| **Recurring Operating Income (ROI)** | **2,238** | **2,387** | ***+10.6%*** | ***+6.7%*** |
| *Recurring Operating Margin* | *3.0%* | *3.2%* | | |
| **ROI including income from associates and joint ventures** | **2,267** | **2,423** | ***+10.8%*** | ***+6.9%*** |
| **Net income from continuing operations, Group share** | **949** | **1,182** | ***+24.1%*** | ***+24.6%*** |
| **Adjusted net income, Group share** | **929** | **1,040** | | ***+11.9%*** |
| | | | | |
| **Net debt at close** | **4,117** | **4,954** | | ***+€0.8bn*** |
| **Net debt/EBITDA** | **1.1x** | **1.3x** | | |

# 2014 sales and Recurring Operating Income by zone

| (€M) | Sales excluding VAT | | | | Recurring Operating Income | | | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | **2014** | ***Organic growth***[2] | *Variation at current exchange rates* | 2013 | **2014** | ***Variation at constant exchange rates*** | *Variation at current exchange rates* |
| France | **35,438** | **35,336** | ***+1.2%*** | *-0.3%* | **1,198** | **1,271** | ***+6.1%*** | *+6.1%* |
| Other Europe | **19,220** | **19,191** | ***-0.3%*** | *-0.2%* | **388** | **425** | ***+9.6%*** | *+9.6%* |
| **Europe** | **54,658** | **54,527** | ***+0.6%*** | ***-0.2%*** | **1,586** | **1,696** | ***+7.0%*** | ***+7.0%*** |
| Latin America | **13,786** | **13,891** | ***+18.1%*** | *+0.8%* | **627** | **685** | ***+23.2%*** | *+9.4%* |
| Asia | **6,443** | **6,288** | ***-1.8%*** | *-2.4%* | **131** | **97** | ***-24.8%*** | *-25.5%* |
| **Emerging markets** | **20,229** | **20,179** | ***+11.5%*** | ***-0.2%*** | **757** | **782** | ***+14.9%*** | ***+3.4%*** |
| Global functions | | | | | **(106)** | **(92)** | ***+12.7%*** | *+12.7%* |
| **TOTAL** | **74,888** | **74,706** | ***+3.9%*** | *-0.2%* | **2,238** | **2,387** | ***+10.6%*** | *+6.7%* |

(1) The 2014 social and consolidated accounts were approved by the Carrefour Board of Directors, which met on March 4, 2015. The accounts were audited by the Group's auditors.

(2) Ex. petrol.

# Further growth in Recurring Operating Income (+10.6% at constant exchange rates) and in net income from continuing operations, Group share (+24.6%)

## Income statement

In 2014, the Group's sales growth accelerated. **Sales ex. VAT** rose by +3.9% on an organic basis. At current exchange rates, the variation was -0.2%. Europe and Emerging Markets posted sales growth of respectively +0.6% and +11.5%.

**Recurring Operating Income (ROI)**, at €2,387m, was up +10.6% at constant exchange rates (+6.7% at current exchange rates), rising both in Europe (+7.0%) and in Emerging Markets (+14.9%).

**In France**, ROI reached €1,271m, up +6.1%, representing a 20bps improvement in operating margin, to 3.6% of sales. This increase is partly attributable to an improvement in commercial margin linked to a drop in shrinkage and to logistics gains. Profitability is solid in all formats.

In **Other European Countries**, ROI increased by +9.6% at constant exchange rates, to €425m. Operating margin stood at 2.2%, a 20bps improvement. In the second half, operating margin increased by 30bps, marking the third consecutive half in which profitability improved. Commercial margin was higher. Spain's profitability continued to recover. In Italy, sales trends improved in the second half thanks to the continued implementation of our action plans. In the rest of Europe, profitability held up well, with a continued improvement in Belgium.

**Latin America** recorded another strong performance, with ROI at €685m, up +23.2% at constant exchange rates. Operating margin stood at 4.9%, up by +40bps. This reflects excellent like-for-like sales in Brazil and Argentina and a solid commercial margin.

In **Asia**, ROI stood at €97m. Commercial margin held up well. Carrefour's model is evolving in an environment that remains marked by frugal consumption and a drop in sales of s*hopping cards*. Activity in Taiwan is robust.

**Net non-recurring income** stood at €149m, mainly reflecting the capital gain linked to the contribution of assets to property company Carmila. **Net income from continuing operations, Group share**, stood at €1,182m and reflected:

- A drop of €159m in **financial expenses**, reflecting lower financing costs and the non-recurring nature of the €119m charge linked to the bond buyback in the first half of 2013
- An **effective tax rate** of 35.3% (vs. 37.4% in 2013). The underlying tax rate is in line with that of 2013.

Net income, Group share stood at €1,249m.

**Adjusted net income, Group share, reached €1,040m, a rise of +11.9%.**

### Cash flow and debt

**Cash flow from operations** was €2,504m, compared to €2,039m in 2013.

**Working capital** was an inflow of €18m, improving from 2013.

Carrefour continued its **investments** in order to bring up to standards, modernize and develop its store network, with capex of €2.4bn.

As a result, **free cash-flow** in 2014 stood at €306m compared to €26m in 2013.

**Acquisitions and disposals** led to a net total cash-out of €1.1bn, reflecting the acquisition DIA France and the creation of Carmila.

The net cash outflow related to **2013 dividend** payments cashed out in 2014 stood at €149m, as 65% of our shareholders chose to receive their dividend in shares. **Financial expenses** decreased €29m to €399m.

**Net financial debt** at December 31, 2014 was €4,954m.

## 2014 highlights

- In April, **creation of Carmila**, a company dedicated to enhancing the value of the shopping centers adjacent to Carrefour hypermarkets in France, Spain and Italy, and in which Carrefour holds a 42% stake.

- **Acquisition of DIA France**, comprising more than 800 stores totaling nearly 550,000m² and €2.3bn of sales under banners in 2013. This transaction was completed on December 1, 2014 and will make a significant contribution to the growth of Carrefour's multi-format network in France.
- **Acquisition of 53 supermarkets in Northern Italy**, with a combined sales area of 58,000m² and net sales of around €300m in 2013. The stores started being integrated in the fourth quarter of 2014. We also acquired 17 Il Centro convenience stores. These transactions strengthen Carrefour's multi-format strategy.
- **Strengthening of local ties in Brazil**, by welcoming Península into the capital of our Brazilian subsidiary with a 10% stake. This transaction allows Carrefour to benefit from the widely-recognized local retail experience of its new shareholder in order to continue developing its multi-format model.

- **Purchasing cooperation agreement between Carrefour and Cora/Supermarchés Match**, establishing a long-term partnership with no equity ties. This agreement will enhance the competitiveness of the banners involved for the benefit of consumers. This partnership took effect on January 1, 2015.

## Proposed dividend of €0.68 per share

The Board of Directors, at its meeting on March 4, 2015, decided to propose to shareholders at the next General Assembly on June 11, 2014 a 2014 dividend of €0.68 per share payable in cash or Carrefour shares.

This proposed dividend amounts to a payout ratio of 46% of net income, Group share, adjusted for exceptional items, in line with the policy set out in March 2012.

## 2015 priorities

Carrefour is staying the course in an environment that remains uncertain. In the third year of its plan, the group will focus in 2015 on the following operational priorities:

- **Continue implementing action plans** aiming at continuous improvement of our offer and price image to enhance our customers' shopping experience in all countries

- **Accelerate multi-format expansion**
  - Continue targeted expansion in our key markets
  - Gradual integration of DIA France's stores
  - Continued opening of convenience stores in Brazil and China

- **Develop our multi-channel offer, supported by our physical store network**
  - Revamp and convergence of our websites in France, gradual broadening of our offer
  - Continued roll-out of click & collect
  - Development of e-commerce activities in several countries

- **Continue structural projects** including :
  - Revamp of the supply-chain in France
  - IT rationalization
  - Evolution of our model in China

- **Continue store remodelings**
  - Continue the program to bring stores up to standards
  - Modernize our store network

- **Enhance the attractiveness of our sites** by capitalizing on property company Carmila in France, Spain and Italy

## 2015 outlook

- Total investments, including DIA France, of between €2.5bn and €2.6bn
- Increased free cash flow
- Continued strict financial discipline: maintain BBB+ rating

## Agenda

- General Shareholders' Assembly: June 11, 2015

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# APPENDIX

## Consolidated Income Statement

| *(€M)* | 2013 | **2014** | Variation |
|---|---|---|---|
| **Sales, net of taxes** | **74,888** | **74,706** | **-0.2%** |
| **Sales, net of taxes and loyalty** | **74,299** | **74,097** | **-0.3%** |
| Other revenues | 2,375 | 2,221 | -6.5% |
| **Total revenues** | **76,675** | **76,318** | **-0.5%** |
| Cost of sales | (59,828) | (59,270) | -0.9% |
| Commercial income | 16,847 | 17,049 | +1.2% |
| SG&A | (13,178) | (13,281) | +0.8% |
| **Recurring Operating Income before D&A (EBITDA)** | **3,669** | **3,768** | **+2.7%** |
| Depreciation & amortization | (1,432) | (1,381) | -3.5% |
| **Recurring Operating Income (ROI)** | **2,238** | **2,387** | **+6.7%** |
| **Recurring Operating Income including income from associates and joint ventures** | **2,267** | **2,423** | **+6.9%** |
| Non-current income and expenses | 144 | 149 | +3.2% |
| Operating income | 2,412 | 2,572 | +6.7% |
| Financial expenses | (722) | (563) | -22.1% |
| Profit before tax | 1,690 | 2,010 | +18.9% |
| Income tax | (631) | (709) | +12.4% |
| **Net income from continuing operations** | **1,058** | **1,300** | **+22.9%** |
| Net income from discontinued operations | 306 | 67 | NA |
| **Net income** | **1,364** | **1,367** | **+0.2%** |
| **Of which Net income – Group share** | **1,263** | **1,249** | |
| Of which net income from continuing operations, Group share | 949 | 1,182 | |
| Of which net income from discontinued operations, Group share | 314 | 67 | |
| **Of which Net income, Non-Controlling Interests (NCI)** | **101** | **118** | |
| Of which Net income from continuing operations, NCI | 109 | 118 | |
| Of which Net income from discontinued operations, NCI | (8) | 0 | |

## Main ratios

| | 2013 | **2014** |
|---|---|---|
| Commercial margin | **22.5%** | **22.8%** |
| Recurring Operating Income/Net sales | **3.0%** | **3.2%** |
| Operating income/Net sales | **3.2%** | **3.4%** |

# Consolidated Balance Sheet

| (€M) | December 31, 2013 | **December 31, 2014** |
|---|---|---|
| **ASSETS** | | |
| Intangible assets | 9,044 | 9,543 |
| Tangible assets | 11,109 | 12,272 |
| Financial investments | 1,642 | 2,810 |
| Deferred tax assets | 881 | 759 |
| Investment properties | 313 | 296 |
| Consumer credit from financial-services companies – long-term | 2,381 | 2,560 |
| **Non-current assets** | **25,369** | **28,240** |
| Inventories | 5,738 | 6,213 |
| Trade receivables | 2,213 | 2,260 |
| Consumer credit from financial-services companies - short-term | 3,221 | 3,420 |
| Tax receivables | 715 | 1 136 |
| Other receivables | 841 | 853 |
| Current financial assets | 359 | 504 |
| Cash and cash equivalents | 4,757 | 3,113 |
| **Current assets** | **17,844** | **17,500** |
| **Assets held for sale** | **301** | **49** |
| **TOTAL** | **43,514** | **45,789** |
| **LIABILITIES** | | |
| Shareholders' equity, Group share | 7,925 | 9,191 |
| Minority interests in consolidated companies | 754 | 1 037 |
| **Shareholders' equity** | **8,679** | **10,228** |
| Deferred tax liabilities | 521 | 523 |
| Provisions for contingencies | 3,618 | 3,581 |
| Borrowing – Long-term | 7,550 | 6,815 |
| Bank loans refinancing – Long-term | 1,765 | 1,589 |
| **Non current liabilities** | **13,454** | **12,508** |
| Borrowings – Short-term | 1,683 | 1,757 |
| Trade payables | 12,854 | 13,384 |
| Bank loans refinancing – Short-term | 3,145 | 3,718 |
| Tax payables & others | 913 | 1,172 |
| Other debts | 2,763 | 3,022 |
| **Current liabilities** | **21,358** | **23,052** |
| **Liabilities related to assets held for sale** | **24** | **1** |
| **TOTAL** | **43,514** | **45,789** |

# Consolidated Cash Flow Statement

| *(M€)* | 2013 | **2014** |
|---|---|---|
| **NET DEBT OPENING** | **(4,320)** | **(4,117)** |
| Gross cash flow (ex. discontinued activities) | 2,039 | 2 504 |
| Change in working capital | (284) | 18 |
| Impact of discontinued activities | (27) | 86 |
| **Cash flow from operations (ex. financial services)** | **1,728** | **2,608** |
| Capital expenditures | (2,159) | (2,411) |
| Change in net payables to fixed asset suppliers (inc. receivables) | 371 | (17) |
| Asset disposals (business related) | 117 | 124 |
| Impact of discontinued activities | (31) | 2 |
| **Free Cash Flow** | **26** | **306** |
| Financial investments | (57) | (1,336) |
| Proceeds from disposals of subsidiaries and from other tangible & intangible assets | 542 | 236 |
| Others | 2 | (5) |
| Impact of discontinued activities | 493 | 11 |
| **Cash Flow after investments** | **1,005** | **(789)** |
| Dividends/Capital increase | (206) | (214) |
| Acquisition and disposal of investments without change of control | (11) | 311 |
| Treasury shares | 0 | (18) |
| Cost of net financial debt | (428) | (399) |
| Others | (159) | 287 |
| Impact of discontinued activities | 54 | (16) |
| Consumer credit impact | (52) | 1 |
| **NET DEBT CLOSING** | **(4,117)** | **(4,954)** |

# Changes in Shareholder Equity

| *(€M)* | **Total shareholders' equity** | **Shareholders' equity, Group share** | **Minority interests** |
|---|---|---|---|
| **At December 31, 2013** | **8,679** | **7,925** | **754** |
| Total comprehensive income for 2014 | 1,367 | 1,249 | 118 |
| 2013 dividend | -219 | -149 | -70 |
| Impact of scope change and others | 402 | 166 | 236 |
| **At December 31, 2014** | **10,228** | **9,191** | **1,037** |

# Calculation of adjusted net income, Group share

| *(€M)* | 2013 pro forma | **2014** | Variation |
|---|---|---|---|
| **Net income from continuing operations, Group share** | **949** | **1,182** | **+24.6%** |
| Restatement for non-recurring income and expenses (before tax) | (144) | (149) | |
| Restatement for exceptional items in net financial expenses | 175 | 3 | |
| Tax impact[1] | (42) | (10) | |
| Restatement on share of income from minorities and companies consolidated by the equity method | (8) | 14 | |
| **Adjusted net income, Group share** | **929** | **1, 040** | **+11.9%** |

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

## 2014 dividend payment procedure

The ex-dividend date has been set at June 17, 2015. The period during which shareholders may choose the option of the payment of dividend in cash or shares will begin June 17, 2015 and end July 7, 2015, included. Payment of the cash dividend and settlement of the stock dividend will occur on July 17, 2015.

# Definitions

## Organic sales growth

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

## Commercial income

Commercial income 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 comprises purchase costs, changes in inventory, the cost of products sold by the financial services companies, discounting revenue and exchange gains and losses on goods purchases.

## Recurring Operating Income Before Depreciation and Amortization (EBITDA)

Recurring Operating Income Before Depreciation and Amortization (EBITDA) is defined as the difference between the commercial income and sales, general and administrative expenses. It excludes non-recurring items as defined below.

## Recurring Operating Income (ROI)

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

## Operating Income (EBIT)

Operating Income (EBIT) is defined as the difference between commercial income 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 pre-existing 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