



## Accelerating sales growth in Q3: +2.1% (like-for-like) New advances in the Carrefour 2022 transformation plan

- **Acceleration in sales growth to +2.1% like-for-like in the third quarter (vs +0.7% in H1), notably in France (+1.6%) and in Brazil (+5.1%), reflecting:**
  - Better momentum in France, driven by an improved commercial performance in all formats and better market trends
  - Strongly accelerating growth in Brazil, supported by an improved commercial performance and a return to slight food inflation; total growth was also driven by the rapid expansion of Atacadão
  - Food e-commerce sales growing above 30%
- **New advances in the roll-out of the « Carrefour 2022 » plan:**
  - **Roll-out of the omnichannel offer:** Opening of new Drives and pedestrian Drives; extension of home delivery offer; continued roll-out of single entry-point merchant websites
  - **Acceleration of the revamp of the in-store commercial proposition:** Continued commercial investments; acceleration of the plan to reduce selling area in hypermarkets; launch of Darty shop-in-shop tests in France
  - **Sustained pace of expansion in growth formats:** More than 300 store openings in convenience and 14 Atacadão openings in Brazil over the past nine months
  - **Implementation of the purchasing alliances with Système U and Tesco**
  - **Progress in the transformation of organizations:** Exit of the ex-DIA stores from the Group's scope at end-July; transfer of 5 hypermarkets to lease management contracts in France in September; closing of the voluntary departure plan covering 2,400 positions at headquarters in France
  - **Further productivity and cost-reduction initiatives:** Significant progress in selectivity and productivity of investments, allowing the Group to carry out its investment program while containing capex, estimated at between €1.7 billion and €1.8 billion in 2018
  - **Concrete actions to promote the food transition for all:** Success of the *Act for Food* international campaign; acquisition of the SoBio chain, specialized in organic products

The continuing revamp of the omnichannel commercial proposition and financial discipline, in line with the Carrefour 2022 transformation plan, strengthen the Group's growth potential and Free Cash Flow generation.

	Sales inc. VAT (€m) Q3	LFL	Total variation	
			At current exchange rates	At constant exchange rates
<b>Group</b>	<b>21,087</b>	<b>+2.1%</b>	<b>-2.8%</b>	<b>+2.7%</b>
France	10,096	+1.6%	+2.1%	+2.1%
Europe	5,802	-1.5%	-1.6%	-1.3%
Latin America	3,612	+9.7%	-15.8%	+11.7%
Asia	1,577	-2.8%	-3.4%	-2.6%

## Carrefour 2022 transformation plan: New advances that confirm good execution momentum

During the third quarter, the Group made further significant advances in the "Carrefour 2022" plan, confirming the rapid implementation of its ambitious and far-reaching transformation plan. Many projects are conducted in parallel, notably:

### Continued rapid deployment of the omnichannel offer: More than 30% growth in food e-commerce sales

The group is continuing its digital strategy and deploying its omni-channel offering. Food e-commerce sales grew by more than 30% in the third quarter.

The deployment of single entry-point websites in each country continues. After Brazil, Poland and Romania in the first half and Italy in Q3, all countries will have a single merchant website by the end of the year.

The development of online order preparation tools continues. They aim to optimize the rate of service, speed and cost of order preparation. In France, order preparation platforms (PPC) opened in 2017 and in H1 2018 are gaining momentum and showing encouraging results. The Group is also deploying hybrid solutions, combining in-store picking with a dedicated compact preparation platform in the store reserves.

Pick-up and delivery services are growing: 55 new Drives in France in Q3 (785 at the end of September, of which 16 pedestrian Drives); growing coverage of standard and express home delivery services; launch of a new Drive and deployment of Click & Collect in Brazil.

In China, e-commerce sales are growing strongly, thanks to the success of the "O2O" offering, which has been extended to new partners.

### Revamp of the in-store commercial proposition

Commercial investments aiming at strengthening the Group's price competitiveness continued in the third quarter.

The overhaul and downsizing of assortments is also progressing with:

- The development of the number of private-label and Carrefour Quality Line SKUs
- Massification of non-food ranges among Group countries and simplification of assortments to concentrate on high-rotation products
- Expanding the range of organic products in several countries, combined with the roll-out of dedicated in-store areas; in France, the new organic concept is already rolled out in 85% of the hypermarket store network

Shop-in-shops of home appliances will be tested with Darty in France and Gome in China in the fourth quarter.

The adaptation of the selling area and typology of stores to the catchment area is accelerating, with reductions in hypermarket sales area and conversions of hypermarkets into Cash & Carry stores:

- In **France**: About 10,000 sqm in hypermarkets have already been reallocated, notably to outlets or hybrid order preparation platforms for online orders. Another 40,000 sqm are the object of advanced studies. This reduction in selling area chiefly concerns the non-food area
- In **Belgium**: Five hypermarkets will be converted into supermarkets in November
- In **Italy**: Reduction of 45% of the sales area of one hypermarket and closure of another unit in Q3
- In **Argentina**: Conversion of 12 hypermarkets into Maxi stores at end-October
- In **Brazil**: A first hypermarket has been converted to the Atacadão banner during the quarter

### Continued expansion in growth formats

Openings continued in growth formats with conclusive results:

- Cash & Carry: Four Atacadão openings in the quarter and confirmation of the target of 20 new stores in 2018; confirmation of target of 16 new Maxi stores in Argentina, of which 12 conversions at end-October
- Convenience: More than 300 new stores have been opened since the start of the year, of which 126 in the quarter

### Implementation of purchasing alliances with Système U and Tesco

At the end of the review period by the competition authorities, Carrefour and Système U began the operational implementation of the "Envergure" purchasing organization in September, while the partnership with Tesco for international purchasing was implemented in early October. The gains related to these two agreements are expected from 2019 onwards.

### Continued organizational transformation

Organizational transformation initiatives continued in the third quarter, notably with the exit from the Group's scope of all ex-Dia stores at the end of July, the move to lease management contracts of five hypermarkets in France in September and the closing in September of the voluntary departure plan at headquarters in France, covering 2,400 positions.

In Argentina, the social plan was completed, with the closure during the summer of one hypermarket and six supermarkets and the departure of 750 employees within the framework of the voluntary departure plan.

In Belgium, the effective departure of 1,000 employees on a voluntary basis will take place between November 2018 and June 2019.

### Continuing cost reduction initiatives and rapid progress in investment optimization

Initiatives to reduce costs and optimize inventories continued in the third quarter.

The project to reinforce selectivity and productivity of investments has exceeded initial objectives. This allows Carrefour to carry out its investment program while containing capex, estimated at between €1.7bn and €1.8bn in 2018.

### Actions in line with Carrefour's ambition: Be the leader in the food transition for all

A Food Orientation Committee was created in September to advise the group in its ambition to be the leader in the food transition for all. Composed of experts committed to all issues of the food transition, its mission is to support Carrefour in transforming its model, to participate in concrete projects related to the food transition and to make proactive proposals. It will meet on October 19th for a first working session.

Launched in September, the international Act for Food campaign has met with great success. Rolled out in every country, it presents Carrefour's commitments and concrete actions in favor of food quality.

The Group completed the acquisition of the SoBio chain, which is the starting point for the deployment of a network of stores dedicated to organic products. At the same time, Greenweez completed the acquisition of Planeta Huerto to extend to Spain and Portugal the group's presence in online distribution of organic products.

In France, 140 partnership contracts were signed with farmers to support their conversion to organic farming.

Moreover, the deployment of Blockchain technology continues with its introduction to 12 Carrefour Quality Lines by the end of the year, in France and internationally (Belgium, Italy and China). On October 8, the group also announced that it was one of the founding members of the IBM Food Trust platform. This platform is expected to accelerate the deployment of Blockchain technology to new product lines and build partnerships with international brands.

### First disposals of non-strategic real estate assets

As part of its objective of selling €500m of non-strategic real estate assets, the group has already concluded several transactions for a total of nearly €60m.

The target of disposing of €100m of non-strategic real estate assets in 2018 is confirmed. The actual disposals could take place at the beginning of 2019, taking into account procedural deadlines.

## THIRD-QUARTER 2018 SALES INC. VAT: Acceleration vs the first half

Carrefour's sales in the third quarter of 2018 amounted to €21,087m, up + 2.7% at constant exchange rates. After taking into account an unfavorable currency effect of -5.5%, mainly due to the depreciation of the Brazilian Real and the Argentine Peso, sales were down -2.8% at current exchange rates.

On a like-for-like basis, sales rose + 2.1% in the quarter, an acceleration compared to the first half like-for-like growth of + 0.7%. Total growth at constant exchange rates (+2.7%) also includes a calendar effect (-1.0%), the contribution of petrol sales (+1.3%), as well as the effect of openings (+1.2%) and closures (-0.7%).

**France** posted +1.6% growth in LFL sales, a sharp improvement over H1 (H1: -0.1% LFL). All formats contributed to this trend: hypermarkets (stable LFL), supermarkets (+2.6%) and other formats (+4.7%). Over the third quarter, the group reduced its LFL performance gap with the market and also benefited from better market trends. Food in particular contributed to this trend, while non-food markets remained negative.

**Europe** (-1.5% LFL) posted a similar trend to the first half:

- In **Spain** (-2.7% LFL), the Group was penalized by an environment that remained very competitive in the third quarter amid difficult non-food markets
- **Italy** (-4.4% LFL) showed a slight downturn compared to the first half (H1: -3.6% LFL), in slowing markets that were in decline in the third quarter. A new country CEO was appointed in early October. His mission is to accelerate the transformation of Carrefour Italy
- **Belgium** (+0.5% LFL) significantly improved its performance compared to the first half (H1: -2.0% LFL), which had been impacted by operational disruptions
- Growth also continued in **Romania** (+4.0% LFL). In **Poland** (+2.7% LFL), good commercial dynamics limited the impact of the Sunday ban

**Latin America** (+9.7% LFL) significantly improved its momentum compared to the first half (H1: +6.4% LFL), both in Brazil and in Argentina.

In **Brazil**, Carrefour posted strong growth of +5.1% on a like-for-like basis. Momentum improved significantly compared to the first half (H1: +1.9% LFL). After the first-half food deflation, the market saw a return to slight inflation starting in June.

- Driven by an increase in volumes, Atacadão posted strong sales momentum (+6.2% LFL), confirming once again the model's attractiveness. The contribution of expansion accelerated (+6.0% in Q3) thanks to 14 new openings since the start of the year (including one hypermarket conversion)
- Carrefour Retail also accelerated to +2.5 % LFL growth vs +0.5% in H1, supported by e-commerce
- Solid momentum continued in financial services, notably driven by the growth of the Atacadão card (1.4 million cardholders at end-September)

In **Argentina** (+28.6% LFL), amid a complex macroeconomic context, the continuation of Carrefour's commercial initiatives, particularly in favor of purchasing power, is reflected in an acceleration of growth, driven by a significant increase in volumes.

Momentum is also improving in **Asia** (-2.8% LFL). In **China** (-4.8% LFL vs -6.4% in H1), Carrefour's performance is driven by the rapid development of online activity, which benefits from the development of new partnerships. In **Taiwan**, momentum remains steady at + 1.4% LFL.

## A SOLID FINANCIAL STRUCTURE

Carrefour benefits from a solid balance sheet that was strengthened since the start of 2018. It is rated BBB+ with a negative outlook by Standard & Poor's and Baa1 with a stable outlook by Moody's.

In the first half, the Group successfully carried out two bond issues for an amount exceeding €900m, confirming the quality of the Carrefour Group's signature.

In addition, the Group has undrawn credit facilities from its banking partners for €3.9bn maturing in 2022 and 2023.

## FINANCIAL OUTLOOK

In the third quarter of 2018, the group posted accelerating sales momentum, reflecting a gradual improvement in its business model. At the same time, new milestones were achieved in the implementation of the Carrefour 2022 plan, confirming the solid transformation dynamic at work within the group.

These elements reinforce management's confidence in the relevance of the Carrefour 2022 plan, which supports the Group's ambition: To be the leader in the food transition for all.

In the coming quarters, Carrefour will continue to implement the transformation plan at a sustained pace, including new advances in its omnichannel offer (notably Drives, pedestrian Drives and finalizing the implementation of single e-commerce websites), the acceleration of the revamp of the in-store commercial proposition and reinforced operational efficiency (costs, investments and inventories).

The group confirms all its targets, notably:

- A cost-reduction plan of €2bn on an annual basis by 2020
- The disposal of non-strategic real estate assets for €500m by 2020
- €5bn of food e-commerce sales in 2022
- €5bn in sales of organic products in 2022

Thanks to progress achieved in terms of selectivity and productivity of its investments, the group is able to carry out its investment program while containing Capex, estimated at between €1.7bn and €1.8bn in 2018

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## APPENDIX

## Application of the IAS 29 norm, related to the hyperinflation situation in Argentina

The impacts of the IAS 29 accounting norm relative to "Financial Reporting in Hyperinflationary Economies" are being quantified and analyzed, pending the clarification of the parameters that will be retained locally. As such, Q3 sales are not restated.

## THIRD-QUARTER 2018 SALES INC. VAT

	Sales inc. VAT (€m)	Variation ex petrol ex calendar		Total variation inc. petrol	
		LFL	Organic	at constant exchange rates	at current exchange rates
<b>France</b>	<b>10,096</b>	<b>1.6%</b>	<b>0.7%</b>	<b>2.1%</b>	<b>2.1%</b>
Hypermarkets	5,183	0.0%	-0.6%	0.3%	0.3%
Supermarkets	3,291	2.6%	1.0%	3.2%	3.2%
Convenience/other formats	1,622	4.7%	4.5%	6.1%	6.1%
<b>Other countries</b>	<b>10,992</b>	<b>2.4%</b>	<b>3.5%</b>	<b>3.2%</b>	<b>-7.0%</b>
<b>Other European countries</b>	<b>5,802</b>	<b>-1.5%</b>	<b>-1.3%</b>	<b>-1.3%</b>	<b>-1.6%</b>
Spain	2,472	-2.7%	-2.3%	-1.7%	-1.7%
Italy	1,258	-4.4%	-5.4%	-5.7%	-5.7%
Belgium	1,045	0.5%	-0.2%	-1.3%	-1.3%
Poland	494	2.7%	4.3%	3.2%	2.1%
Romania	534	4.0%	6.8%	7.6%	6.1%
<b>Latin Amerca</b>	<b>3,612</b>	<b>9.7%</b>	<b>12.7%</b>	<b>11.7%</b>	<b>-15.8%</b>
Brazil	3,040	5.1%	9.2%	8.1%	-12.5%
Argentina	572	28.6%	26.7%	26.8%	-29.7%
<b>Asia</b>	<b>1,577</b>	<b>-2.8%</b>	<b>-3.5%</b>	<b>-2.6%</b>	<b>-3.4%</b>
China	1,032	-4.8%	-7.0%	-6.6%	-7.6%
Taiwan	545	1.4%	4.0%	6.0%	5.7%
<b>Group total</b>	<b>21,087</b>	<b>2.1%</b>	<b>2.3%</b>	<b>2.7%</b>	<b>-2.8%</b>

Variations ex calendar and ex petrol are presented in relation to the restated 2017 sales, i.e. excluding sales of ex-Dia stores that exited the Group's scope in the third quarter.

**NINE-MONTH 2018 SALES INC. VAT**

	Sales inc. VAT (€m)	Variation ex petrol ex calendar		Total variation inc. petrol	
		LFL	Organic	at constant exchange rates	at current exchange rates
<b>France</b>	<b>29,303</b>	<b>0.5%</b>	<b>-0.5%</b>	<b>1.3%</b>	<b>1.3%</b>
Hypermarkets	15,028	-1.1%	-1.6%	0.0%	0.0%
Supermarkets	9,682	1.4%	-0.3%	1.7%	1.7%
Convenience/other formats	4,593	3.3%	3.1%	5.1%	5.1%
<b>Other countries</b>	<b>33,223</b>	<b>1.6%</b>	<b>2.9%</b>	<b>3.2%</b>	<b>-6.5%</b>
<b>Other European countries</b>	<b>17,028</b>	<b>-1.5%</b>	<b>-0.9%</b>	<b>0.0%</b>	<b>-0.2%</b>
Spain	6,982	-2.1%	-1.5%	0.8%	0.8%
Italy	3,896	-3.8%	-4.1%	-3.9%	-3.9%
Belgium	3,125	-1.1%	-1.6%	-1.9%	-1.9%
Poland	1,499	1.4%	3.4%	3.0%	3.3%
Romania	1,527	4.8%	7.7%	8.3%	6.0%
<b>Latin America</b>	<b>11,455</b>	<b>7.5%</b>	<b>10.5%</b>	<b>10.1%</b>	<b>-14.2%</b>
Brazil	9,458	3.0%	6.9%	6.6%	-12.3%
Argentina	1,997	26.1%	25.4%	25.4%	-22.2%
<b>Asia</b>	<b>4,740</b>	<b>-3.5%</b>	<b>-4.2%</b>	<b>-4.0%</b>	<b>-7.4%</b>
China	3,227	-5.9%	-7.5%	-7.6%	-10.3%
Taiwan	1,513	1.9%	3.8%	4.5%	-0.4%
<b>Group total</b>	<b>62,526</b>	<b>1.1%</b>	<b>1.5%</b>	<b>2.4%</b>	<b>-3.0%</b>

Variations ex calendar and ex petrol are presented in relation to the restated 2017 sales, i.e. excluding sales of ex-Dia stores that exited the Group's scope in the third quarter.

## EXPANSION UNDER BANNERS – THIRD QUARTER 2018

Thousands of sq. m	Dec 31, 2017	June 30, 2018	Openings/ Store enlargements	Acquisitions	Closures/ Store reductions	Total Q3 2018 change	Sept. 30, 2018
France	5,764	5,553	10	-	-6	4	5,557
Europe (ex France)	5,599	5,581	21	-	-32	-11	5,571
Latin America	2,408	2,450	28	-	-7	21	2,471
Asia	2,736	2,660	2	-	-1	1	2,661
Others <sup>1</sup>	1,111	1,132	12	-	-	12	1,143
<b>Group</b>	<b>17,618</b>	<b>17,376</b>	<b>74</b>	<b>-</b>	<b>-46</b>	<b>27</b>	<b>17,403</b>

## STORE NETWORK UNDER BANNERS – THIRD QUARTER 2018

N° of stores	Dec. 31, 2017	June 30, 2018	Openings	Acquisitions	Closures/ Disposals	Transfers	Total Q3 2018 change	Sept. 30, 2018
<b>Hypermarkets</b>	<b>1,376</b>	<b>1,377</b>	<b>-</b>	<b>-</b>	<b>-2</b>	<b>-2</b>	<b>-4</b>	<b>1,373</b>
France	247	248	-	-	-	-2	-2	246
Europe (ex France)	460	455	-	-	-1	-	-1	454
Latin America	193	191	-	-	-1	-	-1	190
Asia	365	371	-	-	-	-	-	371
Others <sup>1</sup>	111	112	-	-	-	-	-	112
<b>Supermarkets</b>	<b>3,243</b>	<b>3,255</b>	<b>28</b>	<b>-</b>	<b>-24</b>	<b>2</b>	<b>6</b>	<b>3,261</b>
France	1,060	1,059	2	-	-1	2	3	1,062
Europe (ex France)	1,756	1,749	11	-	-17	-	-6	1,743
Latin America	147	147	1	-	-6	-	-5	142
Asia	58	64	4	-	-	-	4	68
Others <sup>1</sup>	222	236	10	-	-	-	10	246
<b>Convenience stores</b>	<b>7,327</b>	<b>6,951</b>	<b>126</b>	<b>-</b>	<b>-101</b>	<b>-</b>	<b>25</b>	<b>6,976</b>
France	4,267	3,939	36	-	-38	-	-2	3,937
Europe (ex France)	2,446	2,408	85	-	-60	-	25	2,433
Latin America	521	520	3	-	-	-	3	523
Asia	41	31	-	-	-3	-	-3	28
Others <sup>1</sup>	52	53	2	-	-	-	2	55
<b>Cash &amp; carry</b>	<b>354</b>	<b>364</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>369</b>
France	144	144	-	-	-	-	-	144
Europe (ex France)	42	44	1	-	-	-	1	45
Latin America	153	163	4	-	-	-	4	167
Asia	2	-	-	-	-	-	-	-
Others <sup>1</sup>	13	13	-	-	-	-	-	13
<b>Group</b>	<b>12,300</b>	<b>11,947</b>	<b>159</b>	<b>-</b>	<b>-127</b>	<b>-</b>	<b>32</b>	<b>11,979</b>
France	5,718	5,390	38	-	-39	-	-1	5,389
Europe (ex France)	4,704	4,656	97	-	-78	-	19	4,675
Latin America	1,014	1,021	8	-	-7	-	1	1,022
Asia	466	466	4	-	-3	-	1	467
Others <sup>1</sup>	398	414	12	-	-	-	12	426

## DEFINITIONS

<sup>1</sup> Africa, Middle East and Dominican Republic.



## **LFL sales growth:**

Sales generated by stores opened for at least twelve months, excluding temporary store closures, at constant exchange rates, excluding petrol and calendar effects.

## **Organic sales growth**

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