

2007: Stability of Group results

The Auchan Group had to operate in an economic context which varied from one country and market in which it is present to another in 2007. Although the context continues to be unfavourable in Western Europe due to the slowdown of the economy, the countries of Central and Eastern Europe and China enjoyed strong economic growth, enabling the Group to achieve satisfactory performance in these regions.

The year was marked by organic growth more sustained than in 2006, in particular in the international markets boosted by the conclusion of two major partnership agreements in the Ukraine and Russia, with the Furshet and Enka groups respectively, thus consolidating the positions of the Group in Eastern Europe. In Morocco, the Group sold its interests in the Marjane and Acima companies to ONA.

The Group continued to target commercial innovation through the development of new distribution methods such as Internet sales. The Group also continued to invest in new markets including telephony and health care.

▪ **€36.7 billion sales (+ 5.8%)**

Sales without VAT rose 5.8% to € 36.7 billion in 2007. Like-for-like growth at constant exchange rates was 2.8%.

The international share continued to increase steadily, representing 48% in 2007 compared with 39% three years back. Western Europe still accounts for 82% of total sales.

Sales including VAT for the chains were up 6.7% at € 44.2 billion.

Hypermarket sales rose 6.7% to € 29 billion, representing 79% of total Group business. These increases were boosted by the dynamic state of the Central and Eastern European and Chinese markets. In Western Europe, the year was marked by an atmosphere of tension in regard to prices resulting from intensified competition, and the impact of the increase in the cost of raw materials on food product prices.

Sales without VAT for the Hypermarket sector in France amounted to € 14.9 billion, up 2.5% and representing 52% of total sales for the Hypermarket division.

Thirty-nine hypermarkets were opened during the year, of which 16 in Europe (7 in Western Europe and 9 in Central and Eastern Europe), and 23 in China (where the Group now has over 100 stores with RT Mart¹).

Supermarket performance was varied: satisfactory in Spain and Poland despite intensified pressure from the competition, and in Russia where the activity has started well, but more difficult in France and Italy where the economic and competitive context continued to be unfavourable.

Performance for the year reflects these difficulties: slightly down on a like-for-like basis, **consolidated sales without VAT were stable at € 6.7 billion**, representing 18% of Group sales. Despite the sale of the 22 Moroccan supermarkets, the number of stores increased with the addition of 13 points of sale in Europe in 2007. The progressive deployment of the Simply Market concept was continued, this chain now having 191 stores in Italy, France and Spain.

¹ Partnership with Ruentex: 67.2% of Auchan hypermarkets and 32.8% of RT Mart hypermarkets carried directly or indirectly by the Auchan Group.

Immochan experienced a year of strong growth in a still dynamic, commercial property management market. Revenue was up 19.4%² at €393 million³. This performance was due to the satisfactory progress achieved by the existing malls, the development of new forms of retail parks and organic growth: 15 shopping centres were opened and 6 extended during the year, representing 262,000 sq. m. of sales area. At end 2007, Immochan managed 267 shopping centres with a total sales area of 1.45 million sq. m., of which 1.14 million sq. m. wholly owned.

Banque Accord confirmed its satisfactory performance in a context marked by the financial market crisis and intensified competition in certain countries and markets.

Its net banking revenue was up 17.9%, with operating income up 5.1% at €60 million.

The Group banking subsidiary successfully launched a credit card activity in countries opened in 2006, namely China and Romania, and strengthened its position in the international marketplace. Banque Accord also supported the development of specialist distribution chains. Banque Accord has become one of the leading French issuers of contactless cards, and has set up an initial partnership outside the distribution sector with Mutuelle d'Assurances du Corps de Santé Français (MACSF Financement).

▪ **Stability of results**

Reflecting the difficulties encountered in the mature markets, the EBITDA was down 2.5% at €2,070 million, representing 5.6% of sales without VAT.

Operating income was up 1.6% at €1,304 million.

Net income from continued activities (before capital gains from the sale of activities in Morocco) was up + 1.1% at €762 million. In France, EBITDA for Hypermarkets and Supermarkets were down 8.8% despite the record level investment of € 380 million (+ 48%), essentially due to strong pressure on prices.

Net income attributable to equity holders of the parent was € 962 million, including € 215 million income from activities sold in Morocco. Net income was stable (+ 0.8%) excluding income from the activities sold.

▪ **Contained debt**

The level of Group debt continues to be contained, amounting to € 2,066 million and representing 1.0 year EBITDA and 30% of equity, compared with 0.9 year and 32% in 2006.

Unchanged Standard & Poor's ratings (A long term and A1 short term) for the Group confirm its sound financial positions.

▪ **Prospects**

The Group will pursue a policy of sustained organic growth in 2008. Opening of over 50 hypermarkets and 35 supermarkets is programmed. In particular, Central and Eastern Europe will witness the start-up of hypermarket, property management and banking activities in the Ukraine, and a change of banner for the Ramstore stores in Russia. Progressive deployment of the Simply Market concept will continue in Western Europe. The Group will also continue to invest in new markets and distribution methods.

"In a difficult economic context, our results for 2007 were varied and below our expectations. However, we were able to invest to prepare the future. We shall further strengthen our organic growth in 2008. This will be the priority source for our development, as it will be more economic, more profitable and more in line with our values.

Our business must continue to adapt, boldly, to meet technological changes and the new demands of the consumer" was how Christophe Dubrulle, Chairman of the Board, summed up the situation.

² + 14.6% excluding the building-selling activity.

³ Including intra-group revenue

▪ **Key figures** (to IAS/IFRS international accounting standards)⁴

<i>€ million</i>	2007	2006	Change
Revenue	36,715	34,688	+ 5.8%
EBITDA ⁵	2,070	2,123	- 2.5%
Recurring operating income	1,304	1,283	+ 1.6%
Net income from continuing operations	762	754	+ 1.1%
Net income attributable to equity holders of the parent ⁶	962	747	+ 28.8%

<i>€ million</i>	2007	2006	Change
Investments ⁷	1,758	1,214	544
Net debt	2,066	1,964	102
Total equity	6,898	6,118	780
Net debt/Equity	30%	32%	

The Auchan Group 2007 report on activity is available on www.groupe-auchan.com

Press contact: François Cathalifaud – Tel. 01 58 65 08 10 – mail: fcathalifaud@auchan.fr

⁴ Groupe Auchan SA has been preparing its financial statements under IAS/IFRS international accounting standards in application of EC rule No. 1606/2002 dated 19/07/2002 since 2005.

⁵ Recurring operating income excluding other operating income and expense and excluding amortisation and provisions (apart from accruals and reversals for inventory impairment losses).

⁶ Excluding income from discontinued operation, net income attributable to equity holders of the parent was up + 0.8%.

⁷ Excluding business combinations (acquisition of intangible assets, property, plant and equipment and investment property).