2018 FULL-YEAR RESULTS
Powerful transformation dynamic launched in 2018
Upwards revision of several targets of the Carrefour 2022 plan

- **Satisfactory 2018 results, in line with the plan:**
  - Group sales up 1.4% on a like-for-like basis, accelerating in the second half (+2.0% in H2 vs +0.7% in H1)
  - Recurring operating income (ROI) of €1,905m, corresponding to €1,938m pre-IAS 29 up €93m (+4.6%) at constant exchange rates compared to 2017 reported ROI[1]
  - Adjusted net income of €802m, up vs €773m reported in 2017
  - Improvement in free cash flow excluding exceptional items, at €1,088m (vs €950m reported in 2017)

- **Powerful transformation dynamic launched in 2018:**
  - Concrete actions to become the leader in the food transition for all
  - Construction of a growth model: Rapid revamp of the in-store commercial proposition supported by partnerships, speedy roll-out of the omnichannel offer and expansion in growth formats
  - Culture of operational efficiency and financial discipline: In-depth transformation of organizations, purchasing alliances, process industrialization and cost optimization dynamic, enhanced selectivity and productivity of investments

- **Deepening of the initiatives underway in 2019, upwards revision of several targets of Carrefour 2022 plan:**
  - New ambition in the construction of a growth model: Simplification of assortments (reduction of -15% in 2020 vs -10%), global reduction in sales area of 400 000 sq. m and acceleration in expansion of convenience formats (3,000 openings vs 2,000) by 2022
  - Strengthening of the culture of operational efficiency and financial discipline: Cost-savings objective raised to €2.8bn (vs €2.0bn) on a full-year basis in 2020

Alexandre Bompard, Chairman and Chief Executive Officer, declared: *"We have launched an unprecedented transformation in 2018. Our encouraging results now allow us to revise upwards a number of 2022 targets. We continue to revitalize our commercial policy, with a strong push in favor of purchasing power and food quality. We are adapting our formats, especially hypermarkets, and accelerating the deployment of our growth formats and a benchmark omnichannel offer. And we continue to improve our operational efficiency. For Carrefour, 2019 will be a year in which we will deepen the initiatives of the 2022 plan, to better serve our customers."*

FULL-YEAR 2018 KEY FIGURES

(in €m)	2017 *reported*	2018 *post-IAS 29*	*Variation*
Sales inc. VAT	**88,240**	**84,916**	***+1.4% LFL***
Recurring operating income (ROI)	**2,006**	**1,905**	**Pre-IAS 29: €1,938m** ***up +4.6%, +€93m (constant FX)***
Recurring operating margin	*2.5%*	*2.5%*	*Stable*
Adjusted net income, Group share	**773**	**802**	*+€29m*
Free cash flow restated for exceptional items	**950**	**1,088**	*+€138m*
Net debt at closing	**3,743**	**3,785**	*+€42m / -€165m (constant FX)*

[1] For a comparison to the reported 2017 ROI at current exchange rates, refer to the table on page 11 of this release. For a comparison to the 2017 IFRS 5 ROI, refer to the table on page 10 of this press release.

CARREFOUR 2022 TRANSFORMATION PLAN: DEEPENING IN 2019 OF THE DYNAMIC LAUNCHED IN 2018, UPWARDS REVISION OF SEVERAL TARGETS

Leader of the food transition for all

With the success of its international Act for Food campaign, Carrefour has established itself in 2018 as the leader in the food transition for all stakeholders (customers, suppliers, farmers, associations, public authorities, etc).

In 2019, the Group will pursue the very concrete initiatives implemented in 2018, in order to offer healthy and environmentally-friendly food:

- In an ever more responsible approach, the Group signed more than 200 contracts to help farmers convert to organic farming in 2018. The "Envergure" purchasing alliance (Carrefour and Système U) concluded, in February 2019, four agreements to revalue the price of milk paid to producers
- After the success of the "Bio Expérience" organic food commercial concept in Chambourcy (about 8,000 organic SKUs over 600 sq. m), Carrefour plans to **deploy it in at least 30 additional hypermarkets in 2019**
- In 2018, Carrefour generated strong growth in organic product sales, which reached €1.8bn. Consumer buy-in is evident. **The Group confirms its sales target for organic products of €5bn in 2022**

Fast-paced construction of a growth model, with a more competitive offer, an improved in-store experience and a rapid roll out of the omnichannel offering and growth formats

Carrefour is accelerating the in-depth revamp of its in-store commercial proposition and is rethinking the product and service range to better meet consumer expectations:

- After reducing its **assortments** by c.6% in 2018, Carrefour now plans to **reduce them by 15% in 2020 globally** (vs 10% initially)
- This revamp is accompanied by in-depth work on the Carrefour brand and the development of new ranges, in order to put greater emphasis on the quality and price of private label products
- The Group confirms its target of achieving **one-third of its sales via Carrefour-branded products by 2022**

In 2018, commercial investments aimed at enhancing competitiveness were launched in all countries, particularly in France and in Brazil, and are continuing:

- Since the start of 2019, with the entry into force of the first provisions of the Food Law in France, the loyalty program is ever more at the heart of Carrefour's commercial strategy
- The "Large Brand rewards" (200 products with discounts up to €1.5) and "Loyalty rewards" (10% discounts on 10,000 Carrefour-branded products) were launched in February 2019

Carrefour continues to modernize its store network and its offer, adapting to the specificities of each catchment area. The Group will continue its drive to reduce underperforming commercial sales area, principally non-food, and is stepping up its ambition with a **global objective of sales area reduction of 400,000 sq. m by 2022.**

In France, after the development in 2018 of dedicated organic product areas, outlets, e-commerce order preparation platforms and the first tests of shop-in-shops of consumer electronics, the in-depth transformation of hypermarkets continues in 2019. This transformation aims at responding to the situation and role of each hypermarket in its catchment area and emphasizing the Group's food know-how:

- After the success of organic product spaces in 2018, new commercial concepts will be tested, notably in beauty
- The creation of a service area at the entrance of stores will improve the quality of customer reception and service. It will bring together financial services, commercial services (rental, ticketing, etc.), traffic-generating services (parcels, etc.) and customer relations
- Around 10 additional hypermarkets will switch to lease management contracts in 2019

An omnichannel offer supported by partnerships is now deployed throughout the Group. Carrefour notably launched in 2018 single websites in each country, order preparation platforms and new Drives including pedestrian Drives (51 in France at the end of February 2019):

- In 2018, food e-commerce sales grew by more than 30% to nearly €1.2bn
- The Group continues the roll-out of its omnichannel offer and confirms its target of **e-commerce food sales of €5bn in 2022**

As part of its digital strategy, Carrefour will take a new step in March 2019 with the opening of the Digital Hub. It will host teams from the Carrefour-Google Lab, experts in Artificial Intelligence and Machine Learning, and more than 300 Carrefour employees specialized in digital and e-commerce.

Carrefour continues the rapid expansion of its growth formats, with the opening of new Cash & Carry and convenience stores:

- The Group plans to **open another 20 Atacadão stores in Brazil in 2019**
- In 2018, more than 470 convenience stores were opened out of the 2,000 initially planned by 2022. This strong momentum allows Carrefour to **raise this target to 3,000 convenience stores openings globally by 2022**

Strengthening of the culture of operational efficiency and financial discipline introduced since the launch of the strategic plan

During the first year of the plan, Carrefour initiated the transformation of its organizations to make them simpler and more agile:

- In 2018, Carrefour carried out voluntary departure plans in France (2,400 people at headquarters), Argentina (1,000) and Belgium (1,000)
- The exit of 273 ex-Dia stores from the Group's scope was completed in 2018
- In Italy, the transformation plan announced in February 2019 should lead to a headcount reduction of a maximum of 590 full-time employees, i.e. around 4% of the workforce

Carrefour launched a cost-reduction program in all countries and achieved savings of €1,050m in 2018. This solid dynamic allows Carrefour to raise its **cost-reduction ambition to €2.8 billion on a full-year basis by 2020** (vs €2.0 billion initially planned).

To reach this target, the Group will continue to implement a more industrialized and efficient approach across all its operational processes:

- Standard sourcing protocols for goods not for resale, inspired by industrial players, have been deployed in all Group countries. They will start bearing fruit in 2019
- The first joint negotiations between countries in Europe, particularly for the supply of equipment and on certain lines of operating expenses, have been finalized

In parallel, Carrefour's purchasing alliances, notably with Système U and Tesco, will start bearing fruit beginning in 2019.

In 2018, Carrefour improved the management of its inventory and investments:

- Inventory decreased by €255m at constant exchange rates in 2018, thanks to a reduction in assortments and more efficient management of non-food
- Capex selectivity and productivity objectives exceeded expectations, enabling the implementation of the Group's investment program with contained capex of €1.6bn in 2018

Finally, as part of its objective of **selling €500m of non-strategic real estate assets**, the Group has already concluded several transactions valued at more than €160m in 2018.

INCOME STATEMENT

Group **sales inc. VAT** (pre-IAS 29) amounted to €85,164m, an increase of +2.5% at constant exchange rates. After taking into account an unfavorable exchange rate effect of -5.3%, mainly due to the depreciation of the Brazilian real and the Argentine peso, the total variation in sales at current exchange rates is -2.8 %. On a like-for-like (LFL) basis, sales increased by +1.4%, with an improvement in the second half (+2.0%) vs the first half (+0.7%). Post-application of the IAS 29 norm, the Group's sales inc. VAT stood at €84,916m.

Gross margin represented 22.5% of net sales, down vs 2017 (23.1%), as a result of the evolution of the integrated/franchise mix, and commercial investments in competitive markets.

Distribution costs decreased sharply in 2018 and represented 18.0% of net sales vs 18.6% reported in 2017, reflecting the effectiveness of the cost reduction program.

The Group's **recurring operating income** (ROI) amounted to €1,905m. Prior to application of the IAS 29 norm, the Group's ROI was €1,938m, up €93m (+4.6%) at constant exchange rates compared to the 2017 reported ROI (currencies had a negative impact of -€161m, notably due to the depreciation of the Brazilian real).

- In **France**, the recurring operating income stood at €466m, representing an operating margin of 1.3%, down from the 1.9% reported in 2017. This decrease reflects:
    - LFL sales growth that remained weak
    - A competitive market environment
    - Upfront investments in competitiveness, ahead of cost cuts (whose effects took longer to materialize than internationally)
    - Specific investments to develop online order preparation platforms and launch the Act For Food campaign
    - The impact of the Yellow Vests movement in the fourth quarter

- Recurring operating income in **Europe** (excluding France) reached €664m, representing a stable operating margin of 3.2%. Carrefour is evolving in a tough environment, notably driven by discounters and independent players. Cost-cutting dynamics enabled commercial investments and to offset competitive pressures

- In **Latin America**, recurring operating income rose to €767m. Prior to application of the IAS 29 norm, ROI was €800m, with an improved operating margin of 5.7% vs 4.5% in 2017. In Argentina, the implementation of a transformation and commercial turnaround plan allowed recurring operating income to reach break-even (excluding IAS 29). In Brazil, operating margin increased strongly over the year. Atacadão confirmed its good commercial momentum and continued its sustained pace of expansion. Carrefour Retail launched numerous commercial initiatives and financial services posted solid profit increase

- In **Asia**, 2018 marks a significant improvement in recurring operating income, at €45m, representing an operating margin of 0.8%, up from 0.1% in 2017, largely driven by a clear improvement in ROI in China. In parallel to initiatives to transform the commercial model of hypermarkets (*"Le Marché"* concept) and the very strong acceleration in the digital segment O2O, a powerful program including cost-reduction and closures of loss-making stores was implemented

Group **EBITDA** stood at €3,469m, representing a 4.6% margin, stable vs 2017 reported margin.

In 2018, **non-recurring income and expenses** stood at €(1,161)m, notably reflecting costs related to the reorganization plans in the different countries.

Net income, Group share, stood at €(561)m. It includes the following items:

- **Net financial expenses** of €(262)m, an improvement of €182m as a result of refinancing operations carried out under more favorable conditions
- Income tax expense of €(539)m, an improvement of €79m. This tax expense reflects a **normalized tax rate** of 31.4% (compared to 31.7% in 2017), excluding non-recurring income and taxes not assessed on pre-tax income
- **Net income from discontinued operations** amounted to €(301)m and mainly included net income from the 273 ex-DIA stores, whose exit from the Group's scope was completed in 2018

Adjusted net income, Group share, stood at €802m, up vs €773m reported in 2017.

CASH FLOW AND DEBT

In 2018, **free cash flow adjusted** for exceptional items amounted to €1,088m, an increase of 14% (vs €950m reported in 2017).

2018 reported free cash flow stood at €636m vs €503m in 2017.

- **Change in working capital** was slightly negative (-€54m), with the strong **inventory** decrease (-€255m at constant exchange rates, -€555m at current exchange rates) offset by a purchasing volumes decrease and negative calendar effects on **trade payables**
- **Capex** was well-controlled, at €1,611m in 2018, reflecting more selectivity and productivity in the implementation of the Group's investments. They were mainly concentrated on new commercial concepts (such as organic food spaces), e-commerce (single websites, order preparation platforms, etc.) and expansion of growth formats (opening in 2018 of more than 470 convenience stores, 20 new Atacadão stores, etc.)

Net financial debt remained globally stable at €3,785m at December 31, 2018, compared to €3,743m at December 31, 2017, despite an unfavorable currency effect of €206m.

IMPROVED LIQUIDITY AND SOLID BALANCE SHEET

In 2018, Carrefour issued bonds in the amount of approximately €1.8bn. These operations enabled the Group to maintain an average maturity of 3.6 years and thus significantly improve its **liquidity** over the medium term.

The success of these operations, which were largely oversubscribed, attests to the great confidence of fixed-income investors in Carrefour's signature.

In addition, Carrefour has undrawn credit facilities with its banking partners in the amount of €3.9bn maturing in 2022 and 2023.

The Carrefour Group thus benefits from a **solid balance sheet**. This is an important asset in the context of rapid changes in food retail.

At December 31, 2018 the Group was rated BBB+ negative outlook by Standard & Poor's and Baa1 stable outlook by Moody's.

DIVIDEND

The proposed dividend for the 2018 financial year amounts to €0.46 per share, stable compared to the 2017 financial year. This dividend will be proposed in cash or in shares, at the shareholder's choice, and will be submitted to the approval of the Annual General Meeting on June 14, 2019.

FINANCIAL OUTLOOK

The powerful transformation momentum initiated in 2018 and the results already achieved, in a complex macroeconomic context, reinforce management's confidence in the relevance of the Carrefour 2022 plan, supporting the Group's ambition: To be the leader in the food transition for all.

The Group will continue its transformation in 2019 by strengthening the 2018 initiatives.

The financial targets for the Carrefour 2022 strategic plan are as follows:

- Cost reduction plan raised to €2.8bn on an annual basis by 2020 (vs €2.0bn initially)
- €5bn of food e-commerce sales in 2022
- €5bn in sales of organic products in 2022
- The disposal of non-strategic real estate assets for €500m by 2020

At its meeting on February 27, 2019, the Board of Directors of Carrefour, under the chairmanship of Mr. Alexandre Bompard, approved the consolidated financial statements for 2018. The audit of the Group's consolidated financial statements was performed and the certification report is being issued.

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APPENDIX

Application of IAS 29 - Accounting treatment of hyperinflation for Argentina as from July 1st, 2018, effective January 1st, 2018

In Argentina, the cumulative inflation rate over the last three years is greater than 100%, according to a combination of indices used to measure the country's inflation (inflation of wholesale prices and consumer prices having exceeded the 100% threshold), and no significant decrease in inflation is expected in 2019 in a context in which, moreover, the Argentine peso has depreciated.

As a result, the criteria of the IAS 29 norm are fulfilled and according to a consensus shared by the AMF and ESMA, Argentina is considered a hyperinflationary economy within the meaning of IFRS as of July 1, 2018. Thus, the terms of IAS 29 relating to financial reporting in hyperinflationary economies become applicable from January 1st, 2018 as if Argentina had always been in hyperinflation and the comparative amounts presented in 2017 are not restated.

(in €m)	**2018 pre-IAS 29**	IAS 29 impact	**2018 post-IAS 29**
Gross sales incl. tax	**85,164**	**(248)**	**84,916**
Net sales	**76,199**	**(198)**	**76,000**
Net sales, net of loyalty program costs	**75,459**	**(198)**	**75,261**
Other revenue	2,658	(2)	2,656
Total revenue	**78,117**	**(200)**	**77,917**
Cost of goods sold	(60,985)	136	(60,850)
Gross margin	**17,131**	**(64)**	**17,067**
As a % of net sales	*22.5%*		*22.5%*
SG&A	(13,719)	51	(13,668)
As a % of net sales	*(18.0%)*		*(18.0%)*
Recurring operating income before D&A (EBITDA)	**3,481**	**(13)**	**3,469**
EBITDA margin	*4.6%*		*4.6%*
Depreciation and amortization	(1,474)	(20)	(1,494)
Recurring operating income (ROI)	**1,938**	**(33)**	**1 ,905**
Recurring operating margin	*2.5%*		*2.5%*
Recurring operating income including income from associates and joint ventures	**1,952**	**(33)**	**1,919**
Non-recurring income and expenses	(1,159)	(2)	(1,161)
Operating income	**793**	**(35)**	**758**
Financial expense	(318)	56	(262)
Income before taxes	**475**	**21**	**496**
Income tax expense	(537)	(2)	(539)
Net income from continuing operations	**(62)**	**19**	**(43)**
Net income from discontinued operations	(301)		(301)
Net income	**(363)**	**19**	**(344)**
Of which Net income, Group share	**(582)**	**21**	**(561)**
Of which net income from continuing operations, Group share	(280)	21	(259)
Of which Net income, Non-controlling interests	**219**	**(2)**	**216**
Net income, Group share, adjusted for exceptional items	**779**	**23**	**802**

Full-year 2018 net sales and Recurring Operating Income by region

2018 pre-IAS 29 vs 2017 restated for IFRS 5

(in €m)	Net sales				Recurring operating income			
	2017 restated for IFRS 5	**2018** pre-IAS 29	*Variation at constant exchange rates*	*Variation at current exchange rates*	2017 restated for IFRS 5	**2018** pre-IAS 29	*Variation at constant exchange rates*	*Variation at current exchange rates*
France	**35,253**	**35,615**	***1.0%***	***1.0%***	**822**	**466**	***(43.3%)***	***(43.3%)***
Europe (ex France)	21,112	21,076	*0.0%*	*(0.2%)*	677	664	*(1.7%)*	*(1.9%)*
Latin America	16,042	14,007	*11.0%*	*(12.7%)*	715	800	*33.8%*	*11.9%*
Asia	5,907	5,501	*(4.1%)*	*(6.9%)*	4	45	*n.m.*	*n.m.*
International	**43,061**	**40,584**	***3.5%***	***(5.8%)***	**1,397**	**1,510**	***19.6%***	***8.1%***
Global functions					(83)	(38)	*(55.2%)*	*(54.4%)*
TOTAL	**78,315**	**76,199**	***2.4%***	***(2.7%)***	**2,135**	**1,938**	***(1.7%)***	***(9.2%)***

2018 pre-IAS 29 vs 2017 reported

(in €m)	Net sales				Recurring operating income			
	2017 reported	**2018** pre-IAS 29	*Variation at constant exchange rates*	*Variation at current exchange rates*	2017 reported	**2018** pre-IAS 29	*Variation at constant exchange rates*	*Variation at current exchange rates*
France	**35,835**	**35,615**	***(0.6%)***	***(0.6%)***	**692**	**466**	***(32.6%)***	***(32.6%)***
Europe (ex France)	21,112	21,076	*0.0%*	*(0.2%)*	677	664	*(1.7%)*	*(1.9%)*
Latin America	16,042	14,007	*11.0%*	*(12.7%)*	715	800	*33.8%*	*11.9%*
Asia	5,907	5,501	*(4.1%)*	*(6.9%)*	4	45	*n.m.*	*n.m.*
International	**43,061**	**40,584**	***3.5%***	***(5.8%)***	**1,397**	**1,510**	***19.6%***	***8.1%***
Global functions					(83)	(38)	*(55.2%)*	*(54.4%)*
TOTAL	**78,897**	**76,199**	***1.7%***	***(3.4%)***	**2,006**	**1,938**	***4.6%***	***(3.4%)***

2018 post-IAS 29 vs 2017 restated for IFRS 5[1]

(in €m)	Net sales: 2017 restated for IFRS 5	Net sales: **2018** post-IAS 29	Net sales: *Variation at constant exchange rates*	Net sales: *Variation at current exchange rates*	Recurring operating income: 2017 restated for IFRS 5	Recurring operating income: **2018** post-IAS 29	Recurring operating income: *Variation at constant exchange rates*	Recurring operating income: *Variation at current exchange rates*
France	**35,253**	**35,615**	***1.0%***	***1.0%***	**822**	**466**	***(43.3%)***	***(43.3%)***
Europe (ex France)	21,112	21,076	*0.0%*	*(0.2%)*	677	664	*(1.7%)*	*(1.9%)*
Latin America	16,042	13,809	*15.7%*	*(13.9%)*	715	767	*23.6%*	*7.2%*
Asia	5,907	5,501	*(4.1%)*	*(6.9%)*	4	45	*n.m.*	*n.m.*
International	**43,061**	**40,385**	***5.3%***	***(6.2%)***	**1,397**	**1,476**	***14.3%***	***5.7%***
Global functions					(83)	(38)	*(55.2%)*	*(54.4%)*
TOTAL	**78,315**	**76,000**	***3.4%***	***(3.0%)***	**2,135**	**1,905**	***(5.1%)***	***(10.8%)***

2018 post-IAS 29 vs 2017 reported

(in €m)	Net sales: 2017 reported	Net sales: **2018** post-IAS 29	Net sales: *Variation at constant exchange rates*	Net sales: *Variation at current exchange rates*	Recurring operating income: 2017 reported	Recurring operating income: **2018** post-IAS 29	Recurring operating income: *Variation at constant exchange rates*	Recurring operating income: *Variation at current exchange rates*
France	**35,835**	**35,615**	***(0.6%)***	***(0.6%)***	**692**	**466**	***(32.6%)***	***(32.6%)***
Europe (ex France)	21,112	21,076	*0.0%*	*(0.2%)*	677	664	*(1.7%)*	*(1.9%)*
Latin America	16,042	13,809	*15.7%*	*(13.9%)*	715	767	*23.6%*	*7.2%*
Asia	5,907	5,501	*(4.1%)*	*(6.9%)*	4	45	*n.m.*	*n.m.*
International	**43,061**	**40,385**	***5.3%***	***(6.2%)***	**1,397**	**1,476**	***14.3%***	***5.7%***
Global functions					(83)	(38)	*(55.2%)*	*(54.4%)*
TOTAL	**78,897**	**76,000**	***2.6%***	***(3.7%)***	**2,006**	**1,905**	***1.0%***	***(5.0%)***

[1] 2018 IFRS consolidated accounts

Full-year 2018 consolidated income statement post-IAS 29 vs 2017 restated for IFRS 5[1]

(in €m)	2017 restated for IFRS 5	**2018 post-IAS 29**	*Variation at constant exchange rates*	*Variation at current exchange rates*
Net sales	**78,315**	**76,000**	**3.4%**	**(3.0%)**
Net sales, net of loyalty program costs	**77,673**	**75,261**	**3.3%**	**(3.1%)**
Other revenue	2,719	2,656	5.0%	(2.3%)
Total revenue	**80,392**	**77,917**	**3.3%**	**(3.1%)**
Cost of goods sold	(62,311)	(60,850)	3.8%	(2.3%)
Gross margin	**18,081**	**17,067**	**1.6%**	**(5.6%)**
As a % of net sales	*23.1%*	*22.5%*	*(40bps)*	*(63bps)*
SG&A	(14,409)	(13,668)	2.5%	(5.1%)
As a % of net sales	*(18.4%)*	*(18.0%)*	*16bps*	*41bps*
Recurring operating income before D&A (EBITDA)[2]	**3,735**	**3,469**	**(1.5%)**	**(7.1%)**
EBITDA margin	*4.8%*	*4.6%*	*(23bps)*	*(20bps)*
Depreciation and amortization	(1,536)	(1,494)	2.7%	(2.8%)
Recurring operating income (ROI)	**2,135**	**1,905**	**(5.1%)**	**(10.8%)**
ROI margin	*2.7%*	*2.5%*	*(22bps)*	*(22bps)*
Recurring operating income including income from associates and JVs	**2,139**	**1,919**	**(4.6%)**	**(10.3%)**
Non-recurring income and expenses	(1,162)	(1,161)		
Operating income	**978**	**758**		
Financial expense	(445)	(262)		
Income before taxes	**533**	**496**		
Income tax expense	(618)	(539)		
Net income from continuing operations	**(85)**	**(43)**		
Net income from discontinued operations	(277)	(301)		
Net income	**(362)**	**(344)**		
Of which Net income, Group share	**(531)**	**(561)**		
Of which net income from continuing operations, Group share	(254)	(259)		
Of which net income from discontinued operations, Group share	(277)	(301)		
Of which Net income, Non-controlling interests	**169**	**216**		
Of which Net income from continuing operations, Non-controlling interests	169	216		
Of which Net income from discontinued operations, Non-controlling interests	-	-		
Net income, Group share, adjusted for exceptional items	**903**	**802**		
Depreciation from supply chain (in COGS)	(63)	(70)		

[1] 2018 IFRS consolidated accounts

[2] Recurring EBITDA excludes depreciation from supply chain activities which is booked in cost of goods sold and excludes non-recurring items as defined below

Full-year 2018 consolidated income statement post-IAS 29 vs 2017 reported

(in €m)	2017 reported	**2018** post-IAS 29	*Variation at constant exchange rates*	*Variation at current exchange rates*
Net sales	**78,897**	**76,000**	**2.6%**	**(3.7%)**
Net sales, net of loyalty program costs	**78,253**	**75,261**	**2.5%**	**(3.8%)**
Other revenue	2,722	2,656	4.9%	(2.4%)
Total revenue	**80,975**	**77,917**	**2.6%**	**(3.8%)**
Cost of goods sold	(62,760)	(60,850)	3.1%	(3.0%)
Gross margin	**18,214**	**17,067**	**0.9%**	**(6.3%)**
As a % of net sales	*23.1%*	*22.5%*	*(40bps)*	*(63bps)*
SG&A	(14,641)	(13,668)	0.9%	(6.6%)
As a % of net sales	*(18.6%)*	*(18.0%)*	*32bps*	*57bps*
Recurring operating income before D&A (EBITDA)[1]	**3,636**	**3,469**	**1.1%**	**(4.6%)**
EBITDA margin	*4.6%*	*4.6%*	*(7bp)*	*(4bp)*
Depreciation and amortization	(1,567)	(1,494)	0.7%	(4.7%)
Recurring operating income (ROI)	**2,006**	**1,905**	**1.0%**	**(5.0%)**
ROI margin	*2.5%*	*2.5%*	*(4bps)*	*(4bp*
Recurring operating income including income from associates and JVs	**2,010**	**1,919**	**1.5%**	**(4.5%)**
Non-recurring income and expenses	(1,310)	(1,161)		
Operating income	**700**	**758**		
Financial expense	(445)	(262)		
Income before taxes	**255**	**496**		
Income tax expense	(618)	(539)		
Net income from continuing operations	**(363)**	**(43)**		
Net income from discontinued operations	1	(301)		
Net income	**(362)**	**(344)**		
Of which Net income, Group share	**(531)**	**(561)**		
Of which net income from continuing operations, Group share	(531)	(259)		
Of which net income from discontinued operations, Group share	1	(301)		
Of which Net income, Non-controlling interests	**169**	**216**		
Of which Net income from continuing operations, Non-controlling interests	169	216		
Of which Net income from discontinued operations, Non-controlling interests	-	-		
Net income, Group share, adjusted for exceptional items	**773**	**802**		
Depreciation from supply chain (in COGS)	(63)	(70)		

[1] Recurring EBITDA excludes depreciation from supply chain activities which is booked in cost of goods sold and excludes non-recurring items as defined below

Full-year 2018 consolidated balance sheet

(in €m)	2017 reported	**2018**
ASSETS		
Intangible assets	9,341	9,444
Tangible assets	13,097	12,637
Financial investments	2,721	2,650
Deferred tax assets	636	723
Investment properties	410	389
Consumer credit from financial-service companies – Long-term	2,455	2,486
Other non-current assets	337	379
Non-current assets	**28,996**	**28,709**
Inventories	6,690	6,135
Trade receivables	2,750	2,537
Consumer credit from financial-service companies – Short-term	3,866	3,722
Tax receivables	890	853
Other assets	851	887
Current financial assets	161	190
Cash and cash equivalents	3,593	4,300
Current assets	**18,800**	**18,624**
Assets held for sale	**16**	**46**
TOTAL	**47,813**	**47,378**
LIABILITIES		
Shareholders' equity, Group share	10,059	9,169
Minority interests in consolidated companies	2,099	2,117
Shareholders' equity	**12,159**	**11,286**
Deferred tax liabilities	489	541
Provision for contingencies	3,003	3,521
Borrowings – Long-term	6,428	6,936
Bank loans refinancing – Long-term	2,661	1,932
Non-current liabilities	**12,581**	**12,930**
Borrowings – Short-term	1,069	1,339
Trade payables	15,082	14,161
Bank loans refinancing – Short-term	2,817	3,582
Tax payables and others	1,282	1,142
Other debts	2,813	2,938
Current liabilities	**23,063**	**23,162**
Liabilities related to assets held for sale	**11**	**-**
TOTAL	**47,813**	**47,378**

Full-year 2018 consolidated cash flow statement

(in €m)	2017 restated for IFRS 5	2017 reported	**2018 post-IAS29**	*Var 2018 post-IAS 29 vs. 2017 reported*
NET DEBT AT OPENING [1]	**(4,531)**	**(4,531)**	**(3,728)**	***803***
Gross cash flow (continuing operations)	2,749	2,653	2,248	*(405)*
Change in working capital	188	189	(54)	*(243)*
Impact of discontinued operations	(95)	0	(86)	*(86)*
Cash flow from operations	**2,843**	**2,843**	**2,108**	***(735)***
Capital expenditure	(2,369)	(2,379)	(1,611)	*768*
Change in net payables to fixed asset suppliers	(77)	(88)	(53)	*35*
Net asset disposals	127	127	194	*67*
Impact of discontinued operations	(20)	0	(2)	*(2)*
Free cash flow	**503**	**503**	**636**	***134***
Free cash flow excluding exceptional items and discontinued operations	1,044	950	1,088	*138*
Financial investments	(259)	(259)	(193)	*65*
Proceeds from disposals of subsidiaries	13	13	22	*9*
Others	(45)	(45)	15	*61*
Impact of discontinued operations	3	3	15	*12*
Cash flow after investments	**215**	**215**	**494**	***280***
Capital increase	969	969	89	*(880)*
Dividends paid	(292)	(292)	(235)	*57*
Acquisition/disposal of investments without change in control	479	479	(0)	*(479)*
Treasury shares	(40)	(40)	42	*82*
Cost of net financial debt	(317)	(317)	(233)	*84*
Others	(225)	(225)	(215)	*10*
NET DEBT AT CLOSE	**(3,743)**	**(3,743)**	**(3,785)**	***(42)***

[1] The Group applied IFRS 9 standard – Financial Instruments for the first time as of January 1st, 2018

Change in shareholders' equity

(in €m)	Total shareholders' equity	Shareholders' equity, Group share	Minority interests
At December 31, 2017	**12,159**	**10,059**	**2,099**
Adjustments linked to the first-time application of IFRS 9[1]	(259)	(141)	(119)
Adjustments linked to the first-time application of IAS 29	237	237	-
At January 1, 2018	**12,136**	**10,155**	**1,980**
Total net income over the period	(344)	(561)	216
Dividends	(242)	(152)	(90)
Impact of scope and others	(263)	(273)	10
At December 31, 2018	**11,286**	**9,169**	**2,117**

Full-year 2018 net income, Group share, adjusted for exceptional items

(in €m)	2017 restated for IFRS 5	2017 reported	2018 pre-IAS29	2018 post-IAS29
Net income, Group share	**(531)**	**(531)**	**(582)**	**(561)**
Restatement for non-recurring income and expenses (before tax)	1,162	1,310	1,159	1,161
Restatement for exceptional items in net financial expenses	21	21	48	48
Tax impact[2]	(10)	(10)	(43)	(43)
Restatement on share of income from minorities and companies consolidated by the equity method	(16)	(16)	(104)	(104)
Restatement for net income of discontinued operations	277	(1)	301	301
Adjusted net income, Group share	**903**	**773**	**779**	**802**

[1] The Group applied IFRS 9 standard – Financial Instruments for the first time as of January 1st, 2018

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

DEFINITIONS

Like for like 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 and excluding IAS 29 impact.

Organic sales growth

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

Gross margin

Gross margin 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 comprise purchase costs, changes in inventory, the cost of products sold by the financial services companies, discounting revenue and exchange rate gains and losses on goods purchased.

Recurring Operating Income (ROI)

Recurring Operating Income is defined as the difference between gross margin and sales, general and administrative expenses, depreciation and amortization and provisions.

Recurring Operating Income Before Depreciation and Amortization (EBITDA)

Recurring Operating Income Before Depreciation and Amortization (EBITDA) excludes depreciation from supply chain activities which is booked in cost of goods sold and excludes non-recurring items as defined below.

Operating income (EBIT)

Operating Income (EBIT) is defined as the difference between gross margin 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