

Cologne, 28 May 2008

Press Conference on Annual Report

REWE Group Achieved Excellent Results: Turnover Increased to More Than 45 Billion Euros

Best result ever achieved in the company's history – Investments of billions of euros in Germany and abroad – Course for profitable growth set – Following positive growth in turnover, good prospects for 2008

In the business year 2007, the Cologne-based REWE Group has achieved excellent results by attaining a record turnover and the best performance ever achieved in its 80 years of company history: total turnover of the entire company, including independent retailers, was increased by 3.7 per cent to 45.1 billion euros. The yields from turnover of the trading and tourism company, without taking into consideration the independent REWE retailers, rose by 5.1 per cent to around 32.8 billion euros. The balance sheets for REWE-Zentralfinanz eG and REWE-Zentral AG, which for the first time were published together, show earnings of 669 million euros in 2007 before interest, taxes and amortization (EBITA, according to IFRS standard) which are far above schedule and again outperformed the top result of the previous year by another 14 million euros (up by 2.1 per cent). The EBT result increased by 22.2 per cent to 735.4 million euros.

The economic success of the Group is also reflected by the increased number of employees. Accordingly, the number of staff in Europe rose by 10.3 per cent to 290,421. In Germany, REWE Group employs a work force of 196,856 employees, which constitutes an increase of 18,646 persons or 10.5 per cent over the previous year.

"REWE Group not only is on a course for growth, but also achieving profitable growth - and that is what counts in the end", said REWE Group CEO Alain Caparros on Wednesday (28 May) on the occasion of the press conference to present its annual report in Cologne. As regards the economic factors for the ongoing business year, the REWE CEO said he had reasons to be "cautiously optimistic". "For our company, we are, however, very satisfied that the positive

developments in 2007 are now also noticeable at the beginning of the new business year. And especially the very satisfactory and above-schedule growth rates in food trading achieved in the first quarter strengthen us in being optimistic for the year 2008", said Caparros.

With 1.26 billion euros, the earnings before interest, taxes, depreciation and amortization of fixed assets and goodwill (EBITDA) in 2007 were 3.5 per cent above the previous year. With 1.2 billion euros, the cash flow in the past year was 29.4 per cent above the year before. The investments for the entire Group were raised by 27 per cent to almost 1.2 billion euros. Of these, 57 per cent were used to further expand the international business activities of PENNY, BILLA, as well as Selgros Cash and Carry. "By following our conservative financing strategy, also in the past year we could finance our growth completely out of the cash flow", stressed Norbert Fiebig, REWE Group Management Board member in charge of Finances.

The consequent internationalisation is bearing fruit: in the business year 2007, the total turnover achieved abroad rose to 13.5 billion euros. This corresponds to a portion of 30 per cent of the total turnover of the Group. With a growth of more than 1.2 billion euros or 9.9 per cent, the activities in the 13 European countries outside the German home market are a significant driver for REWE Group's growth.

Business area: Full-range National

The business unit with the highest turnover remains to be the Full-range business in Germany. In 2007, a total of 1,574 REWE chain-store supermarkets and toom hypermarkets achieved a turnover of 11.1 billion euros. This was 367.5 million euros or 3.4 per cent above the same period of the previous year.

With these achievements, this business area has grown above the industry's average. The high investments in a uniform appearance of REWE are paying off. With a growth in turnover of 4.7 per cent, REWE supermarkets continue to be the growth leaders on the German market. For comparison: according to figures of the Gesellschaft für Konsumforschung (Society for consumer research - GfK), the average growth of supermarkets between January and November 2007 was at only one per cent.

All in all, the toom hypermarkets are on a good course. However, they had problems in withstanding the negative trend in the hypermarket segment. This situation was taken into account by closing four hypermarket locations in 2007. Due to the shut down of locations, the

turnover achieved in the hypermarket segment, however, was 3.4 per cent below the previous year. After adjusting the sales floor area, however, toom achieved a growth in turnover of 1.4 per cent.

Business area: Full-range International

In 2007, the Full-range International Business Unit was among the dynamic drivers for growth. The turnover of the supermarkets and hypermarkets, which are run abroad under the BILLA, Merkur and Standa brands, rose by 10.1 per cent to 7.4 billion euros. This constitutes an increase of 700 million euros within one year. In Austria, REWE Group will further consolidate its market position by implementing the announced increase of its shares in ADEG. In Eastern Europe, the BILLA supermarkets could increase their turnover by 23 per cent.

Business area: Discount

The Discount business area showed – particularly based on the business activities abroad - an overall positive performance. The around 2,900 PENNY stores in Germany, Italy, Austria, the Czech Republic and Romania increased their turnover by 7.2 per cent to 8.6 billion euros. The 900 discount stores outside the German market recorded a growth of 11 per cent to reach a turnover of 2.7 billion euros, whereas the around 2,000 PENNY stores in Germany increased their turnover by 5.6 per cent to 5.9 billion euros. Besides the extended opening hours of the stores, the positive development in turnover on the German market can be mainly attributed to the structural adjustments in the chain store base implemented since 1999. As regards the activities abroad, particularly the Eastern European markets developed very dynamically. There, turnover increased by 15 per cent to reach almost 1.3 billion euros. In Austria, PENNY reported a growth of 9 per cent to achieve a turnover of 613.7 million euros. With an increase in turnover of 7 per cent to 735.4 million euros, also the PENNY stores in Italy performed very satisfactorily.

Business area: Specialist Stores and Co-operations

The business area „Specialist Stores and Co-operations“ comprises the toom BauMarkt DIY stores and the ProMarkt/Komet branch stores as well as the co-operations of REWE Group with Dohle (HIT), Karstadt Feinkost and the “dm” drugstore chain. The 389 toom DIY stores and ProMarkt/Komet consumer electronics branch stores achieved together with the co-operations yields on turnover of 2.3 billion euros. This corresponds to an increase of 10.3 per cent. This growth is primarily due to the successful takeover of the 133 Marktkauf DIY stores, which made

toom DIY stores into the number three on the Germany DIY market, and to the yields achieved with the co-operations.

With an increase in turnover of 4.8 per cent to 510 million euros, the 54 ProMarkt/Komet branch stores run by REWE Group could overcome the problems the retail industry in general is facing and was able to maintain their hold against the two leading competitors on the market. The unmistakable saturation of the market, however, will further lead to even more pressure on the sales prices.

The business area of Co-operations, which is run by the Strategic Business Unit "Key Account Management" further gained importance within REWE Group in the past year. In 2007, the turnover increased by 26 per cent to around 440 million euros. With Coop Schleswig-Holstein, another major co-operation partner joined the Group in the past year.

Business area: B2B

With a surge in turnover of 8.7 per cent to six billion euros, the "Business-to-Business" area achieved particularly positive results. This business area combines the commercial wholesale customer service business (GVS) and the Cash and Carry stores (Fegro/Selgros, Prodega/Growa).

The 71 Fegro/Selgros stores in Germany, Poland and Romania, which in 2007 were still operated in co-operation with the Hamburg-based Otto Group, as well as the 22 Cash and Carry stores operated in Switzerland increased their turnover to 3.65 billion euros (up by 9.5 per cent). In Germany, the Cash and Carry stores could not completely avoid being affected by the negative trend in the industry but were able to fix their turnover at 1.5 billion euros (down by 0.3 per cent). This result, however, was more than compensated by the positive development of the business activities abroad, particularly in Romania. There, Selgros grew by 30 per cent due to its expansion policy. In Germany, the store base was extended by one location. In Romania, three new locations were added. Besides this expansion, the increase in turnover can be also attributed to an appreciated increase in sales-floor-productivity of 4.1 per cent.

The commercial wholesale customer business grew by 7.6 per cent to reach 2.3 billion euros. This growth was above all due to the integration of the Stöver-Frischdienst fresh food service. With a turnover of almost one billion euros in Germany, the REWE commercial wholesale customers service (GVS) is the market leader as individual company. By acquiring Stöver-

Frischdienst fresh food service, REWE GVS could add customers such as smaller fast-food sellers, petrol stations and chain restaurants to its traditional customer groups from the hotel/restaurant business, company canteens and social institutions. On international level, REWE Group achieved in the joint-venture with transGourmet, which is operated together with Coop of Switzerland, a turnover in the area of food services in the amount of 1.3 billion euros.

Business area: Travel & Tourism

With an increase in turnover of 1.3 per cent, the travel and tourism division of REWE Group followed the trend in the German travel and tourism industry. The consolidated turnover of the tour operators, travel agencies and the business travel division rose to 4.3 billion euros in 2007.

Even though the decrease in demand for the classical package tour offerings cannot be denied, REWE Group was successful in withstanding this negative trend by improving the flexibility of its package tour operators ITS, Jahn Reisen and Tjaereborg. More than half of the overall package tour offerings could be booked using building block components. This possibility was used by around 30 per cent of the clients already.

The increased demand for individual holiday plannings is particularly reflected by the very satisfactory developments in turnover of the building block tour operators (Dertour, Meier's Weltreisen, ADAC Reisen). This is added by the clear trend towards long-haul trips. Strong increases in 2007 were reported for destinations such as Asia/China, Indian Ocean, Africa and the new product Dertour Deluxe. The positive development in the area of long-haul trips is clearly due to and supported by the exchange rate between the euro and the US dollar, which is particularly favourable for European holiday makers.

In the travel sales business, the positive development of the Business Travel area was particularly convincing. Thanks to this, the overall turnover of the stationary travel agencies in previous years was outperformed.

Outlook

The consequent reorientation of REWE Group bears fruit also in the first quarter of the ongoing business year: the net turnover could be increased in all business areas and is almost above schedule in all areas. The turnover of the Strategic Business Unit "Discount" (National and International), for instance, rose by 9.5 per cent. When adjusted by sales floor area, the increase over the previous year amounts to 3.6 per cent. Turnover in the business area "Full-range

National” rose by 7.5 per cent. Adjusted by sales floor area, a growth of 6.9 per cent was achieved. The supermarkets in Germany alone grew by as much as 9.3 per cent, adjusted by sales floor area the growth was at 8.2 per cent. Turnover of the Full-range International unit grew by 14 per cent, which corresponds to an increase of 4.5 per cent after sales floor adjustment.

“REWE Group is on a good course again“, said Alain Caparros and added, “what now counts is to continue with the consequent implementation of our strategy and with the achievement of our goals in the practical environment of our daily business”. In doing so, four fields of action are on focus:

Firstly: Organic growth – and this means profitable growth.

Secondly: Growth by means of acquisitions and takeovers.

Thirdly: The continued internationalisation of the business, which also includes an intensification of the co-operation within the framework of the strategic European Alliance COOPERNIC, whose new president has just become REWE Group CEO Alain Caparros.

Fourthly: A clear commitment to the principle of sustainability and to the social and ecological responsibility of our company.

„For us, these four strategic fields of action constitute a kind of blueprint that will help us to safely carry REWE Group through the years to come – in the interest of our customers, employees and our shareholders“, concluded Caparros.

If you have any questions, please contact:

REWE Group Corporate Communications, Wolfram Schmuck, Senior Press Officer,
Phone: +49 (0) 221-149-1050, Fax: +49 (0)221-138898, presse@rewe-group.com

Further information is available in the “Press” area at www.rewe-group.com