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International

III

REWE Group strengthens its international business

**250 new stores to be opened in 13 European countries – Market leader in Austria –
Launch of Penny in Turkey – Coopernic more than just European purchasing cooperation**

After opening 106 new stores in the 2006 fiscal year, REWE Group now plans to open more than 250 new supermarkets, discounters and cash-and-carry stores in European countries outside Germany in the current year. "We want to be present with our key business in the booming markets abroad. Roughly half our investment volume for 2007 of 1.2 billion euros will go into our international expansion," announced REWE Group CEO, Alain Caparros, at the annual press conference (26 March) in Cologne.

In the 2006 fiscal year, the foreign turnover of REWE Group (BILLA, Merkur, Penny, BIPA, Selgros) rose by 4.0 percent to 12.2 billion euros. The driving force behind this growth were the markets in Central and Eastern Europe where the turnover was increased by 17.8 percent or 580 million euros to 3.8 billion euros. The turnover in Western Europe was impacted by the sale in 2005 of retail trading activities in France and Switzerland. At 8.3 billion euros, earnings were 1.4 percent below the figure for the previous year. REWE Group operates 3,009 stores (+106) with 85,247 employees (+2,797) in 13 European countries outside the domestic German market.

Austria No. 1 in the country ranking

The foreign subsidiary with the highest turnover is REWE Group Austria. With 1,901 stores, the undisputed Austrian market leader was able to boost its turnover by 4.2 percent to 4.6 billion euros in the 2006 fiscal year. Italy with 1.7 billion euros takes second place in the country ranking of REWE Group's international business. France lies in third place with a food service turnover of 1.1 billion euros. These are followed by Romania that has joined the REWE Group turnover billionaires thanks to growth rates in excess of ten percent. In Switzerland, the food service operated jointly with Coop Switzerland generated 0.9 billion euros. The growth markets of Europe's No. 3 food trading group also include the Czech Republic (844 million euros), Poland (678), Hungary (442), Slovakia (274) and Croatia (215). With growth rates also in excess of ten percent, however, Bulgaria (138), Russia (128) and the Ukraine (68) are also giving the company a great deal of pleasure.

Penny launch in Turkey – Expansion in Russia

“With our expansion we are aiming not only to strengthen our sales network and expand our market position in the countries in which we are already represented. We are also investigating new opportunities for expansion,” said Caparros who, as CEO, is also responsible for the whole of REWE Group’s international business. In the current year, the market launch of Penny in Turkey is being prepared for 2008. In Russia the company will open its first cash-and-carry stores in the Greater Moscow region as well as expanding its BILLA network. As one of the spear tips of the international expansion, the Penny discounter in Eastern Europe is developing particularly dynamically with growth rates in excess of ten percent. Penny is already market leader in the Czech Republic, Hungary and Romania. REWE Group’s international supermarket format in Eastern Europe, BILLA, is also developing equally successfully. More than 310 BILLA stores in the Czech Republic, Slovakia, Russia, Romania, Croatia, the Ukraine, Poland and Bulgaria were able to boost their turnover by around 16 percent to 1.5 billion euros in 2006.

Coopernic alliance as an international initiative

Alain Caparros referred to the alliance between the company and its European partners under the umbrella of Coopernic as a firm part of the internationalisation strategy of REWE Group. This cooperation includes the leading companies in their respective country, E. Leclerc in France, Colruyt in Belgium, Coop Switzerland and Conad in Italy. Together these companies represent a turnover volume of 95 billion euros in 17 European countries. “Coopernic is not just a purchasing cooperative that negotiates with international branded article suppliers. Coopernic is an international initiative with a wide range of projects in the sectors private label, non-food, fair trade and sustainable procurement,” said the REWE Group CEO, explaining the cooperation. Joint projects in countries in which the partners are not yet represented are also to be investigated.

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