

## Casino Group: a strategic plan to achieve the best of brands in convenience retailing

Paris, 14 November 2024

- A **strategic plan named "Renouveau 2028"**, aimed at becoming the best of brands in convenience retailing.
- Growth drivers based on **three key market segments**:
  - Being the go-to choice for day-to-day food shopping;
  - Becoming a major player in Quick Meal Solutions;
  - Being the leader in providing new everyday services.
- To kickstart this transformation, we will be leveraging **five strategic levers**:
  - The strength of our brands;
  - Our culture of service;
  - Our power as a group;
  - The energy of our teams;
  - Our societal and environmental values.
- The Group is aiming to achieve **break-even free cash flow before financial expenses and dividends<sup>1</sup> by 2026**. It will invest c. **€1.2bn** over the next four years to achieve a **gross merchandise volume<sup>1</sup> of c. €15bn in 2028**, representing an **increase of c. €1.9bn** compared to 2023.

Defining a Group-wide strategic plan is a first for Casino Group and such a plan is suitable to each of its brands. Committed since April 2024 to its financial, managerial and organisational restructuring plan, **the Group is now entering a new phase of its recovery and development.**

**The various levers of the 2028 strategic plan are designed to put Casino Group back on track to profitable and sustainable growth.**

Philippe Palazzi, Chief Executive Officer of Casino Group, stated: "**Today we are entering a new phase in the Group's transformation. Along with our franchisees and brands, our goal is to redefine convenience retailing to meet new consumer expectations: the right product and the right service at the right time, close to where you live, through enjoyable and attentive interactions, at prices suited to everyone's means. That is why the Group will be focusing on three key markets: day-to-day food shopping, Quick Meal Solutions and new everyday services. Thanks to our unique geographic coverage and the commitment of our teams, we are building a new model of convenience retailing attuned to ever-changing societal trends.**"

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<sup>1</sup> Refer to definitions in the appendices on page 7

## A successfully completed restructuring

Further to the financial restructuring carried out successfully in April, Casino has defined several priority projects aimed at the Group's recovery. It has adapted its organisation and business to a new scope following the disposal of all hypermarkets and supermarkets. The Group has accordingly completed the sale of 425 stores and signed the necessary agreements to implement employment protection plans. In parallel, it has reshaped its organisation with a renewed Executive Committee and a reorganised Purchasing Department, and has pooled cross-functional services.

## The "New" Casino: a more consistent scope

- **A Group of unique and complementary brands:** Monoprix, Franprix, Casino, Cdiscount, Naturalia, Spar and Vival. These are strong brands within a Group that now counts some 7,700 stores and 25,000 associates, with a gross merchandise volume of €13bn (2023).
- **A Group focused on franchising:** a virtuous model that the new Casino Group will use for its continued development and expansion in new territories.
- **A convenience Group:** 42 million people in France live close to a Casino brand store<sup>1</sup>. Whether in terms of location, functionality (the right product at the right time), customer relationships (human contact) or emotional connection (shared values), convenience is in the brands' DNA across the Group, which will be leveraging its know-how to expand.

## At the heart of new consumers' trends

New Casino's positioning fits into a growing market (sales up +2.3% in urban convenience stores in 2024 and +1.7% in rural convenience stores according to Consoscope 2024), which is rising to meet consumers' demanding expectations. 85% of French people surveyed claim the word "convenience" has a positive connotation and 79% of them feel a connection with at least one brand or banner. 88% feel that "convenience stores provide very useful services for city dwellers and neighbourhoods" (Obsoco – September 2024).

Habits have also evolved over time: consumers now buy food on a more regular basis with a specific objective in mind (dinner, cocktails with friends, out-of-home catering, last-minute purchases, day-to-day shopping, etc.). Although the average household's annual expenditure on staple products has increased significantly over the last few years, the average spend per basket has fallen in tandem with a rise in purchase frequency (NielsenIQ 2023).

## Accelerating in three key markets to invent the "new convenience"

The Group intends to redefine convenience by focusing on its three key markets aiming at:

- **Being the go-to choice for everyday food shopping:** by offering a quality product range that meets local needs, working on price image with ranges tailored to different expectations, developing private-label assortment and product innovations.
- **Becoming a major player in Quick Meal Solutions,** particularly in urban areas, by offering a range of products suited to all occasions (breakfast, lunch, snack time, etc.) and increasing our market share relative to fast-food and takeaway operators.
- **Being the leader in providing new everyday services** to strengthen consumer emotional attachment to our brands and increase customer traffic in our stores.

The Group will also continue to **focus on affordable fashion, beauty and decoration markets** with Monoprix, and **develop its non-food e-commerce** business with Cdiscount.

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<sup>1</sup> Within a 10-minute drive

## The Renouveau 2028 plan: five strategic drivers to return to profitable and sustainable growth

To pursue its transformation, Casino Group will be relying on five strategic drivers, centred on listening and maintaining open dialogue with its customers, franchisees, suppliers, partners and, of course, its employees.

### 1. Standing out through the strength of our brands

Casino Group aims to bring together strong, unique and complementary brands that, together, meet customers' needs across France. The Group will support the brands' development and enhance their unique qualities by working on customer experience and sharing innovations, with aiming at establishing their long-term positioning.

- **Cultivating each brand's personality and positioning, both on-line and in-store**
  - Creating innovative and unique concepts, such as the "Oxygène" concept recently launched by Franprix,
  - Redefining pricing policies and developing private-label product ranges to meet different consumer expectations (entry price, mid-range, premium, organic and cross-category theme-based product brands),
  - Becoming a must-see on fashion, beauty and decoration for Monoprix,
  - Being the leader in mass market e-commerce for Cdiscount with its new brand platform.
- **Tailoring each brand's offering to customer profiles and regions**
  - Strengthening ties with local producers, supporting the "La Ferme France" initiative.
- **Becoming the preferred partner for innovation**
  - Being the first to invest in bringing to market innovative products from local initiatives and SMEs.

### 2. Developing our culture of service

Service, the very essence of the retail profession, is at the heart of everything Casino does. Each of the brands will be redefining its relationship with its customers, franchisees, suppliers, partners and vendors. Casino aims at creating a truly local ecosystem so that every interaction is a platform for shared growth.

- **Improving the shopping experience** for our customers by turning every store into a welcoming hub for social cohesion
  - Ensuring better product availability,
  - Offering a range of services tailored to customers by opening up our stores to public or private partners (parcel pick-up, key holding, concierge, etc.),
  - Offering a seamless omni-channel journey.
- **Involving franchisees more closely in concept development**
  - Redesigning our pricing policy,
  - Improving operational efficiency,
  - Effectively selecting, supporting, training our franchisees with a new "First in Franchise" approach involving all brands to establish a more competitive value proposition.
- **Contributing to the development of our local suppliers, VSE/SMEs and vendors**
  - Supporting responsible sectors,
  - Developing new services by focusing on data.

### 3. Leveraging on our power as a Group

By pooling, optimising and strengthening all support services, the Group will underpin the performance and growth of its brands. By sharing best practices and fostering in-depth collaboration between teams, brands will become more competitive and profitable over the long run.

- **Developing synergies between brands to resume mastered expansion in France and abroad**
  - Opening new stores and attracting franchisees from the competition.
- **Streamlining the store fleet**
  - Closing unprofitable sites,
  - Converting certain integrated sites into franchise and choosing the brand best suited to the catchment area,
  - Refurbishing and remodelling our stores in a cost-efficient manner according to the development potential of each site, as Naturalia has kicked off the roll-out of the new "La Ferme" concept.
- **Cutting costs by optimising logistics and operating costs of our head offices and stores**
- **Improving our performance**
  - Increasing bulk purchase volumes from SMEs and mid-sized suppliers,
  - Pooling GNFR<sup>1</sup> purchases (energy and maintenance costs or waste collection, for example) and monetising our data,
  - Joining a powerful France-wide centralised purchasing office to negotiate with leading producers: the Aura Retail alliance for food and non-food purchases, implemented since October.

### 4. Uniting through the energy of our teams

Casino Group's renewal is based above all on the expertise of its teams. Casino will be developing its teams and structuring the career paths of every individual to support the collective interest and growth. Within each brand, but also across the board, Casino will encourage knowledge transfer, cooperation and innovation to help the Group and its talent pool to grow.

- **Supporting the Group's transformation** by strengthening its culture, redefining shared values and anticipating major changes.
- **Helping employees to grow**, so that training and knowledge transfer become levers for individual and joint development.
  - Enhancing career development and mobility between businesses, between brands and towards franchises, for example through a cross-brand integration experience and the development of dedicated talent programmes.
  - Extending our training culture to franchisees and their employees through certified courses and training at specific learning-stores.
- **Promoting a culture of social innovation as a significant marker** for the Group by maintaining responsible social dialogue, developing an entrepreneurial culture and rolling out ambitious framework policies.

### 5. Committed to embodying our societal and environmental values

Casino Group firmly believes that profitable and sustainable growth is possible and that its brands have a role to play in serving customers and society. At the heart of communities, towns and consumers' daily lives, Casino Group faces many challenges: energy transition, regional cohesion, fighting against food waste, waste

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<sup>1</sup> Goods not for resale

management, promoting inclusion and diversity, offering responsible and local products, and creating social connections. Through its commitments, Casino contributes to the attractiveness of its brands.

- **Inventing a new form of regional cohesion:** as a retail network, Casino has a social and societal role to play in developing new services for the most isolated in towns and villages, ensuring that producers are paid fairly, supporting entrepreneurial initiatives and working to promote inclusion and diversity.
- **Turning our products into the benchmark for good and healthy eating:** ensuring that supplier specifications are rigorous, upholding animal welfare and reducing food waste.
- **Focusing on solutions that safeguard the environment:** reducing waste, cutting carbon emissions and sourcing through the most environmentally friendly production chains.

## Extra-financial indicators

Convenience is at the core of the transformation of Casino's business model, which aims to return to sustainable growth by maintaining high standards of social and environmental responsibility. Casino Group is committed to reducing its carbon emissions, targeting a +1.5°C pathway by 2030, and will disclose its new ESG roadmap during the first quarter of 2025. In particular, we plan to significantly increase the proportion of green energy in our energy mix by 2028<sup>1</sup>.

## Financial objectives for 2028

### Growing the business

- The plan's implementation should enable us to achieve a **gross merchandise volume of c. €15bn**, representing a **compound average annual growth rate of +3.7% over the period 2024-2028**.
- Although the transfer of certain stores to the franchise model will automatically reduce revenue, the CAGR in net sales is expected to be +0.8% over the period 2024-2028.

### Boosting efficiency

Given the synergies implemented within the Group, **cumulated savings of c.€600m** are expected over the period 2025-2028, of which **€350m have already been confirmed**. The savings will mainly come from:

- Cost rationalisation to adapt to the new perimeter of the Group,
- Reduction in head office and store network occupancy costs,
- Pooling of skills and expertise,
- Synergies of goods and GNFR purchasing
- Optimisation of logistics.

### Growing EBITDA

The aim of the Renouveau 2028 plan is to achieve **adjusted EBITDA after lease payments<sup>2</sup> of c. €500m** in 2028, with gradual growth over the duration of the plan.

### Investment amount allocated over the period

To implement the strategic plan, Casino has assigned a budget of **c. €1.2bn in gross capex over the period 2025-2028, i.e., c. €300m a year**, half of which for Monoprix.

### Improving the level of free cash flow

The aim is to achieve **break-even free cash flow before dividends and financial expenses in 2026**, with an **adjusted EBITDA after lease payments to free cash flow conversion rate<sup>2</sup> of c. 50%** in 2028.

<sup>1</sup> As part of the request for proposal launched for the energy supply of its sites in 2025, the Group has decided to select a proposal including 30% green energy (as defined by the European definition of green energy)

<sup>2</sup> Refer to definitions in the appendices on page 7

## Financial position

Since the start of the year, roughly €200m have been repaid to Quatrim bondholders, financed by proceeds from property disposals. This very substantial amount was paid down rapidly after our financial restructuring.

The Group reiterates that most of its debt matures in March 2027, subject to compliance with its covenant, which will be tested for the first time in September 2025.

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*This press release contains forward-looking statements, including, without limitation, statements about Casino Group ("the Company") and its plans, strategies, and prospects. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, the Company's actual results may differ materially from those that were expected.*

*The Company based these forward-looking statements on its current assumptions, expectations, and projections about future events. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it is very difficult to predict the impact of known factors and it is impossible for us to anticipate all factors that could affect our proposed results. All forward-looking statements are based upon information available to the Company as of the date of this press release.*

*Important factors that could cause actual results to differ materially from management's expectations are disclosed in the Company's periodic reports and other regulated information filed with the AMF. Investors are cautioned not to place undue reliance on such forward-looking statements.*

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*Pursuant to the European Commission's Implementing Regulation (EU) 2016/1055 of 29 June 2016, relating to the technical procedures for the publication and deferral of inside information, this press release was communicated to Casino's authorized distributor for release on 14 november 2024 at 08:30 CET.*

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## **ANALYST AND INVESTOR CONTACTS**

**Charlotte Izabel** - [cizabel@groupe-casino.fr](mailto:cizabel@groupe-casino.fr) - Tel: +33 (0)6 89 19 88 33

Investor Relations - [IR\\_Casino@groupe-casino.fr](mailto:IR_Casino@groupe-casino.fr) - Tel: +33 (0)1 53 65 24 17

## **PRESS CONTACTS**

### **Casino Group – Communications Director**

**Christophe Piednoel** - [cpiednoel@groupe-casino.fr](mailto:cpiednoel@groupe-casino.fr) - Tel: +33 (0)6 15 19 17 55

**Stéphanie Abadie** – [sabadie@groupe-casino.fr](mailto:sabadie@groupe-casino.fr) – Tel: +33 (0)6 26 27 37 05

Press Office - [directiondelacommunication@groupe-casino.fr](mailto:directiondelacommunication@groupe-casino.fr) - Tel: 33 (0)1 53 65 24 78

## APPENDICES – GLOSSARY

### **Gross Merchandise Volume (GMV)**

For e-commerce, GMV (“Gross Merchandise Volume”) corresponds to sales generated directly on the Cdiscount Group's websites and by independent sellers on marketplaces. For other retail activities, it corresponds to sales generated by each brand from integrated stores and franchise stores, including tax.

### **Adjusted EBITDA**

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined as trading profit plus recurring depreciation and amortisation expense included in trading profit.

### **Adjusted EBITDA after lease payments**

Adjusted EBITDA after lease payments is defined as adjusted EBITDA less repayments of lease liabilities and net interest paid on lease liabilities shown in the cash flow statement.

### **Free cash flow before dividends and financial expenses**

Free cash flow before dividends and financial expenses corresponds to cash flow from operating activities as presented in the consolidated statement of cash flows, less net capex, rental payments subject to restatement in accordance with IFRS 16 and restated for the effects of the strategic disposal plan (until 2023), conciliation and financial restructuring.

### **Adjusted EBITDA after lease payments to free cash flow conversion rate**

The adjusted EBITDA after lease payments to free cash flow conversion rate is defined as the ratio 'free cash flow before dividends and financial expenses' and 'adjusted EBITDA after lease payments'.