

The Local Fortress: Italy's Grocery Market and the French Retreat

Introduction

French capital just retreated from your supermarket, but you probably didn't notice. Between the mundane act of choosing between branded pasta and its cheaper alternative lies a choice that cost Carrefour billions.

In December 2025, Carrefour, one of the world's largest food retailers, sold its entire Italian business for the symbolic price of one euro. It was not the first French retailer to do so: Auchan, another French hypermarket group, had already handed its Italian operations to the local cooperative Conad in 2019. Leader Price, Carrefour's discount supermarket chain, lasted less than three years in the market, while Picard Surgelés, France's leading frozen-food retailer, scaled-back entirely. This pattern is no coincidence. The question is why it keeps repeating.

In a market shaped by fragmented retail structures, deeply rooted consumer habits, and a highly heterogeneous geography, the limits of assuming what works in France will work elsewhere were exposed, ultimately leading to their failure.

Transaction Overview

In December 2025, Carrefour transferred its entire Italian business to NewPrinces Group, an Italian food company, for the nominal price of one euro. The French corporation had invented the hypermarket, built a global network of over 15,000 stores, and spent decades reshaping how Europe, Latin America, and Asia bought their groceries. Yet by the time the deal closed, its Italian operations had been declining for years: sales were falling, operating losses were widening, and cash outflows consistently exceeded inflows. This trajectory left CEO Alexandre Bompard with little strategic alternative but to exit.

In €m	2024
Gross sales, including fuel	4,188
Net sales, including fuel	3,739
Recurring operating income	(67)
Net free cash flow	(180)

Table 1. Carrefour Italy's Key Financial Indicators.

Carrefour's withdrawal from Italy represents a component of a broader strategic retreat. Under the leadership of Bompard, the group quietly withdrew from Japan, Singapore, Indonesia, China, Kuwait, and Romania: markets where the standardized playbook simply didn't translate. Italy is only the latest market to reveal these limits. Notably, it is not the first French retailer to reach this fate in the Italian market after years of costly failure.

In 2019, Auchan Retail International, sold its Italian operations to the local cooperative Conad after years of sustained losses. In addition, Leader Price, the French discount brand owned by Casino Group, exited within three years of entering Italy. Moreover, Picard Surgelés also withdrew completely after failing to align with Italian consumers' preference for fresh products.

These repeated patterns, observed across four different companies over three decades, point to something deeper than corporate misfortune. It suggests that French food retailers enter Italy structurally ill-equipped to succeed, and that divestment, far from being a strategic choice, becomes an inevitable outcome.

Analysis

The difficulties faced by French retailers in Italy are not purely self-inflicted: they reflect structural characteristics of the Italian grocery market that consistently disadvantage foreign operators.

First, the market is exceptionally fragmented. In 2023, the top three players held just over 40% of the market, well below the 60%-plus concentration typical of economies such as Germany and the Netherlands. With approximately 25,100 grocery shops spread across formats and regions, acquiring meaningful scale requires competing against dozens of deeply entrenched local players - in an environment where turnover growth is in the low single digits and average EBIT margins stand at just 2.7%, making competition for market share effectively zero-sum.

Second, Italian consumers have increasingly shifted toward proximity formats: the hypermarket channel accounted for only 13% of retail food sales in 2024, while convenience and smaller supermarket formats continued to grow. Italy's aging population and the rise of single-person households are reinforcing this preference for nearby, frequent-purchase stores over larger out-of-town destinations. Third, food culture is deeply embedded in Italian's identity, and consumers show a strong, regionally differentiated preference for locally produced and fresh products - a bias that systematically disadvantages operators relying on standardized, non-Italian goods.

Finally, persistent food price inflation since 2020, combined with limited wage indexation, has eroded Italian households' real purchasing power and intensified price sensitivity as almost one third of consumers reported switching to discount stores in 2023, and the discount channel's market share grew from 12.6% in 2010 to approximately 25% in 2023. As a result, these factors create a market in which foreign players with standardized formats and limited local knowledge face structural headwinds that even substantial financial resources have proven insufficient to overcome.

A Decade of Losses: The Financial Case for Exit

The most relevant factor that led Carrefour Group and Auchan Retail International to exit the Italian market is the poor financial performance they recorded in the years preceding the sale. Carrefour Group entered the Italian market in 1972, opening its first hypermarket near Milan, in Carugate, and in the early 2000s expanded through the acquisition of Generali Supermercati. During this period, Carrefour Italia was fully profitable and recorded an EBITDA margin of about 6% in 2004 (based on company filings), which was perfectly in line with the industry's average.

However, in more recent years, Carrefour Italia recorded significant losses due to key drivers that will be analysed in the next paragraphs, ultimately leading to the sale of the Italian branch. The following table highlights the profitability trend of Carrefour Italia in the years preceding the sale.

	DEC '24	DEC '23	DEC '22	DEC '21	DEC '20
Sales	4.231,42	4.481,91	4.493,15	4.484,92	4.664,09
EBITDA	(187,53)	(38,74)	(33,55)	(152,54)	(92,73)
EBITDA Margin	(4,43%)	(0,86%)	(0,75%)	(3,40%)	(1,99%)
Net Income	(93,46)	(128,75)	(115,79)	(269,27)	(181,14)

Table 2. Carrefour Italia key profitability metrics; Figures in € millions

On the other hand, Auchan Retail International entered the Italian market in 1989, with a delay of more than 15 years compared to Carrefour Group. It opened its first hypermarket in Turin and expanded through the acquisition of La Rinascente's food activities in 2004. Similarly to Carrefour Italia, Auchan Retail Italia, which included Auchan S.p.A. and SMA S.p.A., accumulated significant losses in the years before the sale to Conad (2014-2018). Although the two companies were part of a single entity (Auchan Retail Italia), their figures were consolidated by the French parent company, Auchan Retail International. Therefore, due to the impossibility of analysing consolidated figures for the Italian branch alone, the table below presents the figures for Auchan S.p.A.

	DEC '18	DEC '17	DEC '16	DEC '15	DEC '14
Sales	2.183,75	2.239,40	2.241,42	2.318,46	2.770,74
EBITDA	(40,52)	2,29	10,00	(9,93)	(38,31)
EBITDA Margin	(1,86%)	0,10%	0,45%	(0,43%)	(1,38%)
Net Income	(83,50)	(201,64)	(65,88)	(126,02)	(46,15)

Table 3. Auchan S.p.A. key profitability metrics; Figures in € millions

A Market That Resists Standardization

Carrefour Italia has experienced a steady decline over the last 10 years, both in terms of financial performance, and in its competitive positioning. With reference to the latter, numerous key drivers have played a role in deteriorating the company's standing.

The success of a company strongly relies on the trust that clients have in its brand, products, and services. Hence, it is paramount to build and maintain customer loyalty over time by meeting and exceeding client expectations. In this regard, Carrefour Italia has not been able to maintain a virtuous relationship with consumers or to consolidate its brand identity and corporate standing. According to a survey conducted by Altroconsumo, on a scale from 0 to 100, Carrefour Market received a score of 63, while Carrefour Iper received a score of 70 by consumers. The following statistic shows how Carrefour is positioned compared to other large grocery retailers in Italy in terms of customer perception.

ITALIAN SUPERMARKETS AND HYPERMARKETS					
Naturasì	79	Interspar	73	Crai	67
Ipercoo/coop&coop	77	Eurospar	70	Pam	67
Esselunga	77	Carrefour Iper	70	Conad City	66
Coop	75	A&O	69	Sigma	65
Familia superstore/iperfamilia	74	Conad	69	Carrefour market	63
Familia	73	Despar	68	Sisa	61
Conad superstore/spazio conad	73	Panorama	68		

Table 4. Scores of Italian supermarkets based on consumer survey

Compared to other grocery retailers, Carrefour Italia ranked 10th out of 20th with Carrefour Iper and 19th with Carrefour Market. Considering this, it is evident that Carrefour Italia was not among the most preferred grocery retailers in Italy, and that competition from other companies has played a crucial role in determining its poor performance.

In addition, the Italian grocery retail industry is highly competitive because of its fragmentation. While other developed European economies such as Germany and the Netherlands boast high levels of concentration, with

the top three retailers accounting for about 60%, the top three companies in Italy's food and beverage industry (Selex, Conad, and Coop) hold a relatively meager 40.6% market share (Figure 2).

As illustrated in the chart below, the dispersion of market shares becomes particularly evident from around the sixth player onwards, where the structure shifts from a group of relatively strong players to a long tail of smaller competitors. Shares declined steadily from 6.1% to under 2% for the smallest players, reinforcing the lack of concentration in the market.



Figure 1. Market shares of Italian grocery retail stores

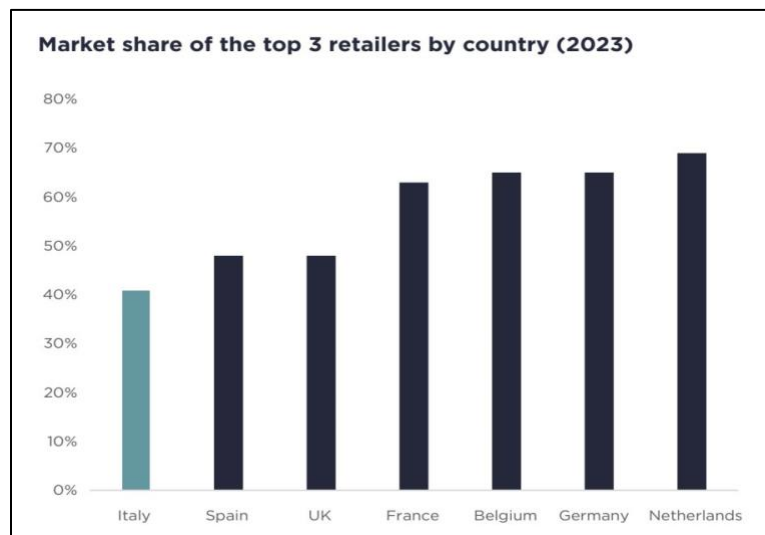


Figure 2. Concentration of top 3 retailers for each country

Even with all these issues of fragmentation, however, there is a consolidation trend currently taking shape within the sector, as evidenced by strong organized distribution. As per Mediobanca, the market share of the top seven retailers had risen to 71% by October 2025, compared to 52.2% as at 2010. Such consolidation has been made possible by the growing membership base. Without the change in organization structure, the level of market concentration would have been static at around 50%. Within the periods of 2019 and 2025, the market share of the top seven retailers (excluding Conad and Coop cooperatives) grew by 7.1 percentage points. Nevertheless, despite the upwards trend of consolidation, the market is characterized by low single-digit growth rates, with turnover increasing by 2.3% in 2024 and 4.3% in 2025. This limited growth pushes companies to compete aggressively for market share, a dynamic that has also contributed, in part, to the exit of Carrefour and Auchan.

The Price Problem

The combination of high fragmentation and low differentiation makes pricing policies a strategic lever for retailers, which struggle to find alternative strategies to distinguish themselves in a hyper-competitive market. Furthermore, operators must reconcile increasing consumer price sensitivity with their own margin requirements. Nevertheless, Carrefour Italia's pricing strategy did not align with these factors and is perceived as expensive by consumers.

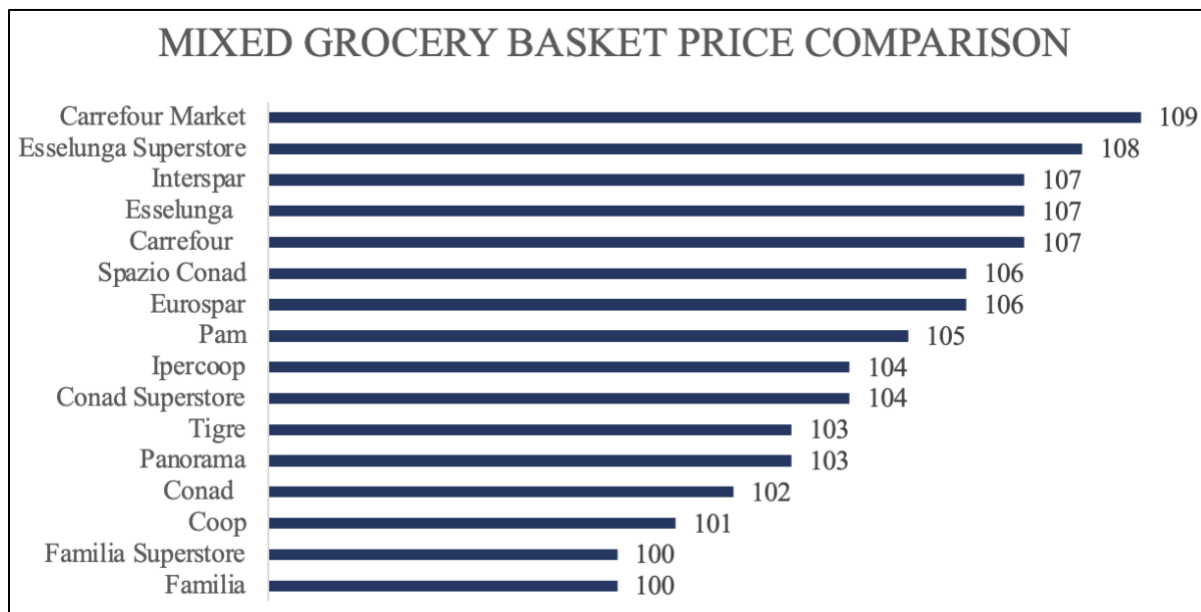


Figure 3. Price comparison between Carrefour Italia and competitors

Carrefour Market is ranked as the most expensive grocery retailer in the sample of Italian retailers proposed in the survey (+9% compared to the least expensive) while Carrefour is ranked joint third with Interspar and Esselunga (+7% compared to the least expensive). This pricing premium, while potentially partially justified by a higher product quality, though not clearly perceived by consumers, as highlighted in the previous table, has penalized Carrefour, as shoppers are shifting towards lower-priced alternatives.



Figure 4. Market share of discount stores in food retail sector

The chart above highlights the increasing proportion of discount stores in Italy in the past few years, which is largely engendered by the increase in inflation on food prices, resulting in people limiting their expenditure and shifting to cheaper alternatives like discount stores, where they can find a wider variety of products on offer. According to the responses on consumer strategy to reduce the impact of inflation on food spending in Italy in 2023, almost one third of the surveyed have outlined that they shifted to discount stores and a bit less than one half of them mentioned that they started purchasing items on offer (Statista), providing more context on the failure of Carrefour Italia, which characterized itself with high prices.

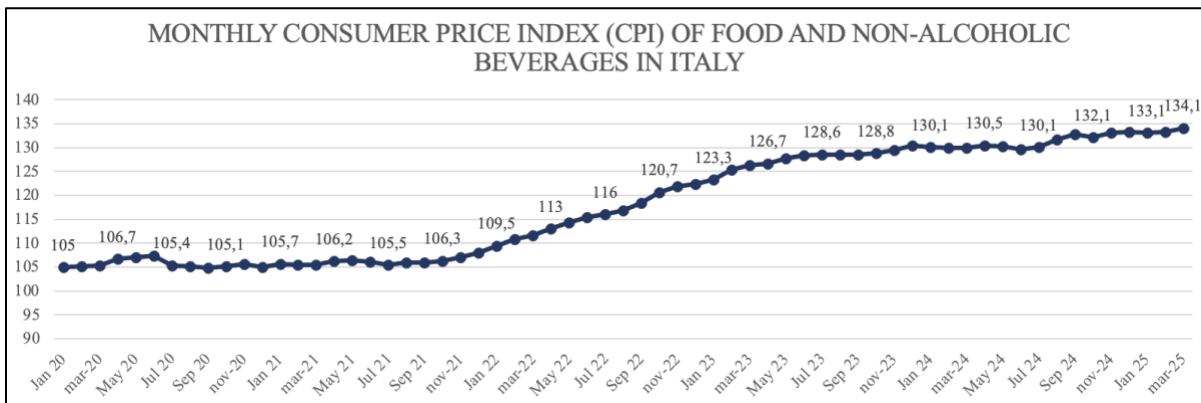


Figure 5. CPI of food and non-alcoholic beverages in Italy

The steady increase in the monthly consumer price index of food and non-alcoholic beverages in Italy from 2020 to 2025 (Figure 5), combined with little to no indexation of wages to inflation, reduced real wages (Figure 6) and triggered down the purchasing power of Italian consumers in comparison with other leading economies in EU, justifying the increasing popularity of discount stores on the Italian market as a tool to tackle inflation.

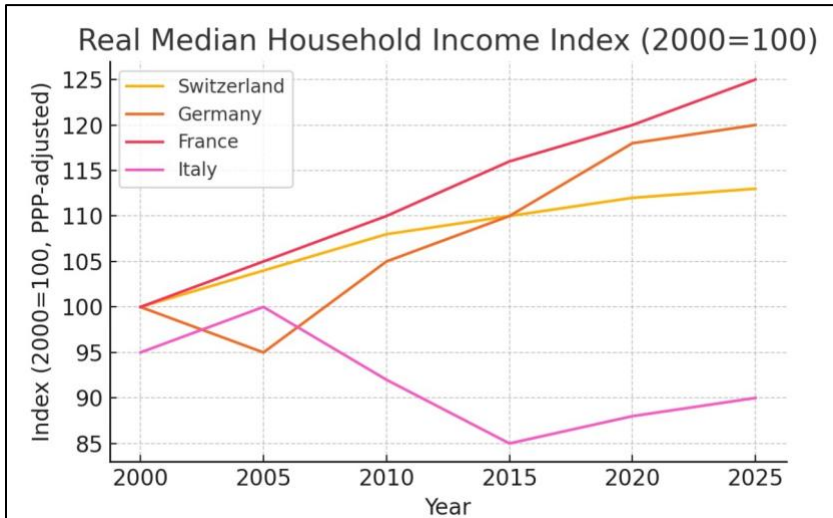


Figure 6. Income Distribution

To align with current consumer trends, the Chairman of the NewPrinces Group has outlined a strategy for the former Carrefour units centered on a high-value price-quality ratio. By leveraging vertical integration, the group plans to dedicate 50% of shelf space to private-label brands and an additional 20% to NewPrinces' own manufactured goods. This leaves only 30% for major industrial brands, a move intended to diminish the brand premium and protect consumer purchasing power against inflationary volatility. Furthermore, it satisfies the two most frequent requirements of the Italian consumer when it comes to groceries – good quality for money products, mentioned by more than one half of the respondents in a Statista survey conducted in 2024.

The shift to proximity shopping in Italy

One of the main relevant drivers behind Carrefour’s failure was inherent in their business model. The company has historically relied on the hypermarket model, through which it entered the Italian market, reaching a total of 41 stores of this kind in Italy alone. Although the hypermarket model served Carrefour well in the past, helping it become a multinational operating thousands of stores and revolutionizing the customer experience, the Italian population is now increasingly relying on proximity stores to satisfy their needs. As a result, Carrefour Group has been forced to pivot its business towards a franchise model, yielding results, as Matthieu Malige, CFO of Carrefour Group, stated.

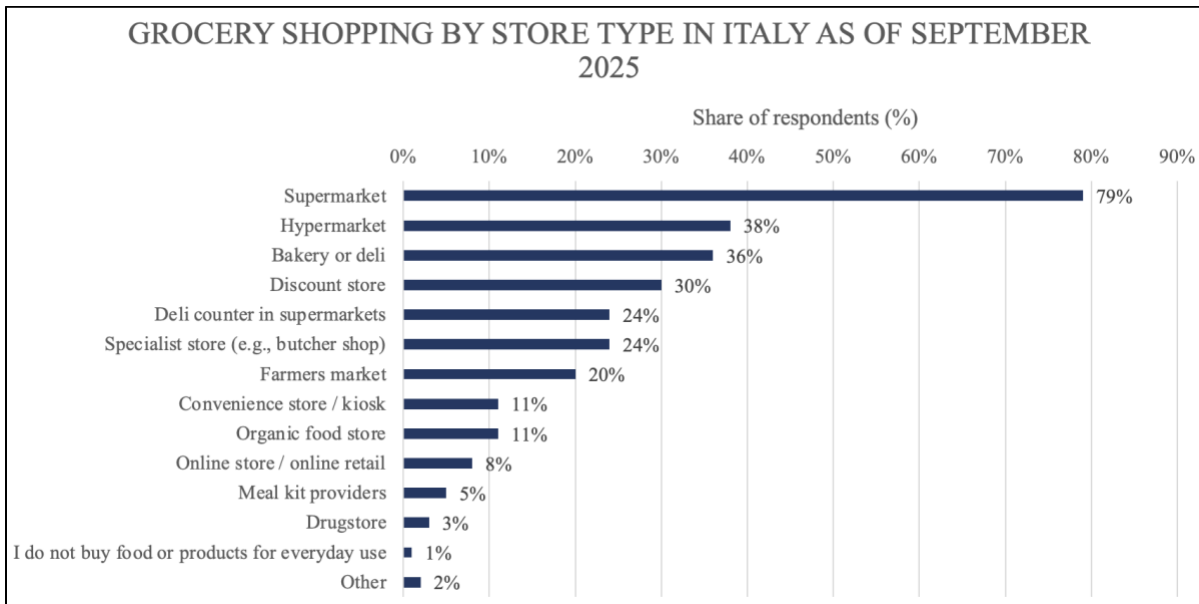


Figure 7. Grocery shopping by store model in Italy

Carrefour’s poor performance in the Italian market can also be explained by a change in the economic model due to a shift in customer utility. Although Carrefour’s business model was historically built around the hypermarket “one-stop-shop” concept, Figure 7 indicates that this format has lost much of its appeal relative to smaller store formats. Only 38% of consumers report a preference for hypermarkets, compared with 79% who prefer regular stores.

Consequently, Carrefour’s operating leverage came under significant pressure. The hypermarket model carries a high fixed-cost base, particularly in large suburban locations, making profitability more difficult to sustain as consumer demand shifts toward proximity and specialization. This shift is reflected in consumer preferences: 30% of shoppers favored discount retailers, while 36% favored specialist food stores, such as bakeries. As a result, the economies of scale that had historically supported the hypermarket model became increasingly less relevant.

The hypermarket model relied heavily on non-food products to increase margins and compensate for the lower margins of food items, ensuring the overall financial sustainability. However, this component of the model was threatened by the rise of e-commerce, as consumers progressively shifted to online channels for purchasing non-food goods.

Furthermore, the hypermarket model did not adequately account for the fact that Italy is not culturally homogeneous. Unlike France, Italy differs significantly in food traditions, shopping habits, income levels, and relationships with local suppliers across its landscape. The business model, being largely standardized, failed to consider these cultural and regional differences across provinces. As a result, it struggled to match local consumer preferences, weakening its effectiveness in the Italian market.

Carrefour's Global Retreat

Carrefour Italia's decline is just one piece of the puzzle. The company's disappointing results must be contextualized within a broader situation of uncertainty that Carrefour is facing as a group. Carrefour S.A. pioneered hypermarkets in France and expanded the brand globally through an ambitious strategy that began more than five decades ago, reaching over 40 countries by 2025. However, at present, the grocery retailer has withdrawn from numerous regions and continues to do so in 2026.

The contrast becomes clear when considering Carrefour Group's home market: France. Conversely to the reputation Carrefour has developed in Italy, Carrefour is perceived far more positively by French consumers. The company ranks third among French grocery retailers, immediately behind E. Leclerc and Lidl. However, competition remains intense, as the French market is dominated by independent retailers and cooperatives operating under different constraints, allowing them to sustain lower margins and rely on alternative income streams. This highlights that, even in its core market, Carrefour operates in a challenging competitive environment, albeit with a stronger positioning than abroad.

This broader context helps explain Carrefour's progressive withdrawal from several international markets over time. This phenomenon began in the early 2000s, when Carrefour Group decided to exit the Japanese market in 2005 after incurring recurring losses. The divestment included 8 hypermarkets, which were acquired by Aeon for a total value of €71.6 million, according to BBC News. Analysts highlighted that Carrefour struggled to find the right formula to attract consumers in the Japanese market, which is widely regarded as a highly complex region to penetrate.

This adverse trend continued throughout the years, and in 2012 Carrefour Group exited Singapore and Indonesia for reasons concerning low margins and high competition, while similar scenarios occurred in the Middle East, where Carrefour ceased its direct operational activities in Kuwait, Bahrain, Oman and Jordan. These cases point to recurring difficulties in sustaining profitability in highly competitive and structurally complex markets.

Another notable case retreat was in China, where Carrefour Group expanded quickly, earning immediate success thanks to the new concept of hypermarkets and totalling 205 stores by 2021. Despite that, as Chinese consumer preferences shifted towards e-commerce and the supply chain showed weaknesses, the Chinese success story of Carrefour faded along with its presence in the country, where just 4 stores, as of February 2025, remain. This reflects the group's difficulty in adapting to rapid structural changes in consumer behaviour.

In 2026, Carrefour Group also exited the Romanian market with the sale of 478 stores to Paval Holding for €823 million and is aiming to withdraw from the Polish market, where Biedronka, the leading food retailer in Poland, expressed its interest in the purchase of Carrefour's activities. These more recent developments suggest an acceleration of Carrefour's portfolio rationalization strategy.

Overall, these exits should not be interpreted as isolated events, but rather as part of a broader strategic shift under CEO Alexandre Bompard, aimed at focusing on core markets where the group holds a stronger competitive position. More importantly, they reveal a recurring pattern: Carrefour's standardized business model struggles to adapt to markets characterized by strong local preferences, intense competition, and rapid structural change. In this context, the Italian case is not an anomaly, but rather a clear manifestation of this broader global trend.

Auchan exit: An Early Warning Sign of the Hypermarket Model's Decline

As for the key drivers of poor performance for Auchan International in Italy and the subsequent takeover by Conad, we can highlight that from an economic perspective Auchan's biggest weakness was the centralized nature of management which was managed from France and found it difficult to cater to the local tastes of Italians. On the other hand, Conad is a cooperative of local entrepreneurs who possess the "local information advantage" in the sense that they were more familiar with the preferences of the local consumers.

In addition, the company has been known to be very dependent on the hypermarket concept which has extremely large fixed costs associated with it in terms of rent and personnel. With declining marginal utility for consumers visiting such stores located far away from town centers, it became increasingly difficult for Auchan to meet its cost levels through sales. The decision for Auchan to pull out of the market was additionally sped up by the company's positioning strategy which failed to give it an edge over its competitors. The problem that Auchan faced was linked to the way consumers viewed its pricing strategy – given its high fixed costs associated with its large stores, the company was not able to offer prices which would enable it to effectively compete against discount stores. In addition, Auchan lacked the prestige factor which would have allowed it to retain its customers despite its price level.

The issue was complicated even further through a centralized approach to product assortment which relied on standardized French brands while ignoring Italians' preference for authentic products from their regions. As a result of such a strategy, Auchan's brands became simple substitutes, not attractive options which could be used in order to create value. Therefore, we can claim that Carrefour and Auchan experienced common drivers of poor performance, which had to do with the rise of proximity stores – a model, which they were unable to adapt to due to the already high investments in large hypermarkets – as well as the struggle to keep up with the competitiveness of the market in terms of prices.

Other French Retail Failures in Italy

Having discussed the failure of Carrefour Group and Auchan Retail International in Italy, it is worth mentioning that in the past few years there have also been other examples of French failure in the grocery space, which faced similar struggles in Italy, resulting in exiting the Italian market. While Carrefour and Auchan were legacy players, Leader Price (owned by the French Casino Group) was a late entrant that arrived with high hopes but exited in less than three years. Casino Group entered Italy via a Joint Venture called Leader Price Italia (LPI) with the Italian cooperative Crai. The goal was to challenge established discounters like Eurospin, Lidl, and MD by introducing a "French-style" discount model – minimalist stores focused heavily on private-label brands. However, the brand struggled to gain traction. As discussed previously, Italian consumers have a unique relationship with discount shopping, often preferring a balance of high-quality local perishables and national brands – a "soft discount" approach that Leader Price's rigid French model failed to replicate effectively.

Additionally, the Casino Group's global financial struggles (massive debt) made it impossible to fund the aggressive expansion needed to achieve scale in Italy. For this reason, Crai acquired the remaining 100% of the joint venture, effectively buying out its French partner. Following the acquisition, many Leader Price stores were converted into Crai or Cuor di Crai formats, or sold off to other local operators.

Picard's exit from the Italian market further supports our core thesis that French food and beverage retailers fail to meet the needs and requirements of Italian consumers. Picard is an undisputed king of frozen food in France, but its attempt to dominate the Italian "cold chain" ended in a total retreat in 2024. Picard entered Italy with the goal of replicating its French success: small, boutique-style stores selling high-quality, mid-to-high-priced frozen meals. At its peak, it operated around 40-50 stores, primarily in Lombardy and Piedmont. However, Picard hit a cultural wall. Italian consumers view frozen food as a "backup" or a commodity rather than a gourmet meal replacement. In Italy, the "gastronomy" and "fresh" sections of a supermarket are the primary drivers of loyalty. Picard's "frozen-only" model couldn't compete with the local "fresh-first" culture of Italian chains like Esselunga or the aggressive pricing of Bofrost (home delivery). Therefore, after years of losses, the company decided to focus entirely on its domestic French market. The Italian operations were wound down, and the physical store locations (premium real estate in cities like Milan) were sold off or taken over by local retail operators and competitors seeking "proximity" locations, illustrating that part of the failure was due to a fundamental mismatch in food culture.

Valuation

To put the €1 billion EV reached between Carrefour and NewPrinces into context, we carried out a valuation of Carrefour Italia through Trading Comparables, DCF Analysis, and Precedent Transactions.

Trading Multiples

Actual multiples date	31/12/2024
Forward +1 multiples date	31/12/2025

(EUR m)	Country	Currency	Market. cap.	EV	Sales Actual	Sales Forward	EBITDA Actual	EBITDA Forward
Carrefour SA	France	EURm	11.460,0	2.047,0	85.445,0	82.102,0	4.637,0	4.506,0
Tesco	UK	GBPm	30.870,0	42.060,0	68.187,0	69.916,0	4.544,0	4.825,0
Ahold Delhaize NV	Netherlands	EURm	36.870,0	52.060,0	89.356,0	92.352,0	7.083,0	7.319,0
Jeronimo Martins	Portugal	EURm	13.200,0	16.780,0	33.464,0	35.991,0	2.232,0	2.480,0
J Sainsbury PLC	UK	GBPm	7.840,0	13.580,0	32.700,0	33.142,0	2.173,0	2.222,0
Casino Guichard-Perrachon AS	France	EURm	61,4	3.350,0	8.560,0	8.260,0	576,0	655,0
Average								
Median								
Carrefour Italia	Italy	EURm	N/A	1.000,0	3.739,0	3.199,0	115,0	155,0

Net income Actual	Net income Forward	EV / Sales Actual	EV / Sales Forward	EV / EBITDA Actual	EV / EBITDA Forward	P/E Actual	P/E Forward
723,0	319,0	0,0x	0,0x	0,4x	0,5x	15,9x	35,9x
1.736,0	1.626,0	0,6x	0,6x	9,3x	8,7x	17,8x	19,0x
1.764,0	2.264,0	0,6x	0,6x	7,3x	7,1x	20,9x	16,3x
599,0	646,0	0,5x	0,5x	7,5x	6,8x	22,0x	20,4x
242,0	428,8	0,4x	0,4x	6,2x	6,1x	32,4x	18,3x
(295,0)	(402,0)	0,4x	0,4x	5,8x	5,1x	(0,2x)	(0,2x)
		0,4x	0,4x	6,1x	5,7x	21,8x	22,0x
		0,5x	0,4x	6,8x	6,4x	19,3x	18,6x
(224,0)	(275,0)	0,3x	0,3x	8,7x	6,5x	N/A	N/A

In our peer group of companies, we selected six listed European food retailers (Carrefour SA, Tesco, Ahold Delhaize, Jerónimo Martins, J Sainsbury, and Casino, selected based on geographic exposure, margin profiles). Peers are trading at an average EV/EBITDA multiple of 6.1x and an average EV/Sales of 0.42x. Applying these multiples to the FY2025A forecast of Carrefour Italia (Sales: €3,739m; EBITDA: €115m) gives us an EV range of €702m-€1,714m. Since Carrefour Italia incurred a net loss of €224m in 2024, P/E multiples are not relevant. As regards EV/Sales, the implied value of 0.27x is 36% lower than the industry average – in other words, a significant discount that fully reflects the structural losses mentioned above.

DCF Analysis

DCF asset side (FCFO)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
FCFO						52,4	71,2	86,1	0,0	0,0	54,8
Discount factor (WACC)						0,933	0,870	0,812	0,757	0,706	
Present value of FCFO						48,8	61,9	69,9	0,0	0,0	
Terminal value										1.053,8	
PV of FCFO				180,6							
PV of TV				855,4							
Enterprise value				1.036,1							
(Net debt)				0,0							
Surplus assets (inc. associates & pensions)				352,7							
(Minorities)				0,0							
Equity value				1.388,8							
Number of shares (NOSH) (m)				N/A							
Equity value per share (€)				N/A							
Implied EV / EBITDA 2016A multiple				9,0x							

		Perpetual growth				
		1,6%	1,8%	2,0%	2,2%	2,4%
WACC	7,0%	1.009,9	1.041,8	1.076,2	1.113,5	1.154,0
	7,1%	992,2	1.022,8	1.055,8	1.091,5	1.130,3
	7,2%	975,1	1.004,6	1.036,2	1.070,5	1.107,5
	7,3%	958,7	987,0	1.017,4	1.050,2	1.085,7
	7,4%	942,7	970,0	999,3	1.030,8	1.064,8

Our DCF model is built using a WACC of 7.2% and a long-term growth rate of 2.0%. The near-term FCFOs are rather low (€52m-€87m in years 1-3 compared to - €180m net free cash flows in FY2024); therefore, 83% of the Enterprise Value comes from the Terminal Value - meaning that almost the entire intrinsic value depends on the success of the turnaround under NewPrinces. When €353m worth of surplus assets (mainly properties) is added to the base EV of €1,036m, an estimated Equity Value of €1,389m can be established. Performing sensitivity analysis leads to the creation of EV range of €943m – €1,154m, which is in line with the estimated €1bn valuation.

Deal Multiples

Actual multiples date	01/11/2025
Average Acquisition Premium	40,4%

(€m figures)

Announcement date	Target	Country	Buyer	Price	Stake	Premium (1 month before the announcement)
10/11/2021	ICA Gruppen AB	Sweden	ICA-handlamas Förbund A	5.720,0	46,0%	33,0%
19/06/2021	Morrisons MRW	UK	Clayton Dubilier & Rice LLI	13.527,0	100,0%	56,4%
04/07/2023	Casino Guichard-Perrachon	France	Attestor Capital LLP	4.807,0	99,7%	-
05/02/2019	DIA	Spain	LetterOne Holdings SA	1.852,0	40,0%	43,0%
22/10/2018	SuperValu Inc	USA	United Natural Foods Inc	3.212,0	100,0%	
27/11/2019	Almanaces Exito	Colombia	Companhia Brasileira de D	6.775,0	100,0%	29,1%

Average
Median
Average (minority)
Median (minority)

EqV	Net Debt	EV	Sales	EBITDA	EV/Sales	EV/EBITDA
12.434,8	1.700,0	14.134,8	14.790,0	856,9	1,0x	16,5x
13.527,0	3.700,0	17.227,0	24.300,0	1.010,0	0,7x	17,1x
4.821,5	3.500,0	8.321,5	10.520,0	1.060,0	0,8x	7,9x
4.630,0	1.700,0	6.330,0	8.350,0	183,7	0,8x	34,5x
3.212,0	1.900,0	5.112,0	14.160,0	437,0	0,4x	11,7x
6.775,0	4.200,0	10.975,0	17.440,0	1.050,0	0,6x	10,5x
					0,7x	16,3x
					0,7x	14,1x
					0,5x	11,6x
					0,5x	10,0x

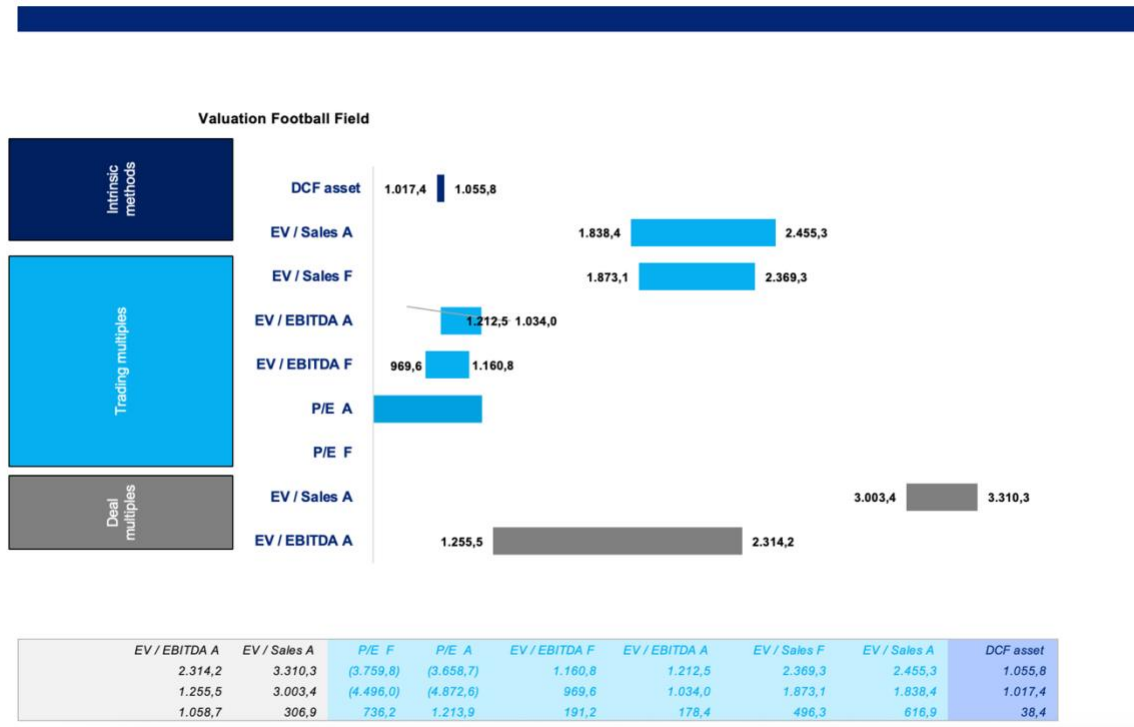
A total of six food retail precedent transactions has been analyzed (Morrisons, Casino, DIA and ICA Gruppen), resulting in adjusted minority averages of 0.50x EV/Sales and 11.6x EV/EBITDA multiple, and thus, leading to an EV range of €1,338m – €1,866m – exceeding the purchase price in every deal. The transaction most structurally similar to Carrefour Italia's, the distressed acquisition of Casino by Attestor Capital, was transacted at 7.9x EV/EBITDA, still slightly lower than the implied 8.7x EV/EBITDA multiple for Carrefour Italia.

Considerations

Though the various valuations methods provide a significant result, it is critical to understand them within the framework of Carrefour Italia's. The trading and comparable transaction multiples are likely to overvalue the firm since they primarily rely on healthy firms or transactions that do not entirely account for distress. Conversely, the DCF valuation is heavily dependent on long-term projections since most of its value is derived from the terminal

value, which implicitly assumes a successful turnaround by NewPrinces. Thus, the variance in valuations can be attributed to the gap between valuation theory and execution. From this perspective, it is essential to note that the transaction value of €1 billion does not accurately represent the firm's intrinsic value.

Football Field and Deal Valuation



The Football Field analysis gives, using all three approaches mentioned above, an EV range of approx. €700m – €1,950m, with the DCF EV and the EV/EBITDA Trading Range being clustered around €1bn. The €1bn headline EV therefore sits at the lower end of fair value. Carrefour received one euro in equity consideration while NewPrinces assumed ongoing losses and committed to a substantial investment program.

What Comes Next?

The acquisition of Carrefour Italia by NewPrinces Group carries significant implications at the company, sector, and broader market level, reinforcing the central thesis of this article that French retailers have systematically struggled to sustain profitable operations in the Italian grocery market, ultimately leading to the divestiture of their Italian businesses.

NewPrinces' Strategic Transformation

The transaction represents a significant shift for NewPrinces, which becomes a vertically integrated player with direct control over distribution. By acquiring a platform that generates approximately €4.2 billion in gross sales and operates more than 1,000 stores, NewPrinces gains access to end consumers and to critical factors such as pricing, shelf allocation, and product mix. From a revenue base of approximately €2.8 billion in 2024, the group reaches pro-forma consolidated revenues of roughly €7 billion following the closing. Consequently, NewPrinces becomes the second-largest agri-food operator in Italy by turnover and the largest employer in the food and beverage sector, with 13,000 direct employees in Italy and over 18,000 globally.

The Price of Entry

The core rationale for the acquisition is vertical integration. By controlling both production and distribution, NewPrinces can capture margins that would otherwise accrue to branded suppliers. In a market characterized by high price sensitivity and declining brand loyalty, this strategy has the potential to improve both competitiveness and profitability. Nevertheless, this industrial logic is accompanied by significant execution risk. Retail operations require capabilities that differ materially from manufacturing, including store-level management, logistics coordination, franchise relationships, and category optimization. Consequently, the success of the transaction will depend on NewPrinces' ability to adapt its operating model, rationalize store formats, and align the business with local consumer preferences. The announced investment plan suggests that value creation will materialize only in the medium term, contingent on improvements in margins and store productivity.

For Carrefour, the divestment represents a strategic withdrawal from a structurally underperforming geography and is consistent with its effort to refocus core markets where the group maintains stronger positioning. Italy had been generating a Recurring Operating Income of -€67 million and a Net Free Cash Flow of -€180 million in 2024. By exiting the country, Carrefour improves the overall quality of its earnings profile, enhancing its capacity to generate recurring cash flow. In this sense, the transaction can be interpreted as part of the portfolio optimization strategy pursued under CEO Alexandre Bompard, who has directed capital towards markets where the group maintains structural competitive advantages such as France, Spain, and Brazil.

Competitive Dynamics

The deal will likely intensify competition in the Italian grocery market. NewPrinces now competes directly with established domestic leaders: Conad (approximately €18.5 billion in revenue, roughly 15% market share), Coop Italia (€16.6 billion), Selex (€22.2 billion in 2025), and Esselunga (€9.45 billion with a 6.4% EBITDA margin). If NewPrinces leverages vertical integration to offer more competitive pricing, competitors will be forced to respond with more aggressive strategies, promotional activity, and adjustments. As the industry already operates on thin margins (average EBIT of approximately 2.7% in 2024), this could lead to further margin compression. At the same time, the transaction reinforces a broader structural pattern: international retailers with standardized business models struggle to compete against domestic players that benefit from superior local knowledge. The recent exits of both Auchan and Carrefour from Italy illustrate this consistent trend, suggesting that global scale alone does not automatically translate into competitive advantage.

Private Labels and Own-brand Strategy

Furthermore, the acquisition significantly elevates the strategic role of private label products across the Italian grocery sector. NewPrinces' plan for Princes Retail envisages dedicating 50% of shelf space to own-brand products and an additional 20% to goods manufactured directly by the group, drawn from its portfolio of over 30 established brands including Buitoni, Delverde, and Napolina, leaving only 30% for major industrial brands, a dramatic departure from the conventional Italian supermarket model. By capturing both production and retail margins simultaneously, this vertical structure has the potential to generate a structural price advantage in a market already gravitating towards value; however, execution carries real risk in a country where consumers maintain strong brand loyalty in categories such as pasta, olive oil, and dairy. Should the model prove viable, it is likely to incentivize competing retailers to deepen their own-brand programmes in response, intensifying pressure on large, branded manufacturers and reshaping the commercial balance between retailers and suppliers across the Italian market.

Consumer Impact and Broader Significance

From a consumer perspective, the ultimate impact of the deal will depend on execution. If NewPrinces succeeds in translating its vertically integrated model into lower prices and a more relevant assortment, the acquisition could enhance consumer welfare. On the other hand, if the issues that affected Carrefour remain unresolved, the change in ownership alone will not be sufficient to restore competitiveness.

Finally, the acquisition of Carrefour Italia by NewPrinces is not merely a corporate transaction, but a reflection of deeper structural forces shaping the Italian grocery sector.

Conclusion

The repeated exit of French retailers from Italy - Carrefour, Auchan, Leader Price, and Picard - reflects a structural mismatch between their standardized, scale-driven business models and the specific realities of the Italian grocery market: extreme fragmentation, deeply entrenched local competitors, consumer preferences for proximity, freshness, and regional identity, and an accelerating shift toward discount formats driven by persistent food price inflation. These are not isolated corporate failures; they form a consistent pattern across operators of varying sizes and entry strategies, spanning more than three decades. The acquisition of Carrefour Italia by NewPrinces Group, finalized in December 2025, closes this chapter while opening a new one: whether a vertically integrated, private-label-led model can succeed where French standardization could not will depend on the group's ability to embed the local knowledge and pricing discipline that its predecessors systematically underestimated.

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