



Press release
Massy, March 24, 2021

Carrefour reinforces its leading position in Brazil with the acquisition of Grupo BIG

Grupo Carrefour Brasil ("Carrefour Brazil") has entered into an agreement with Advent International and Walmart for the acquisition of Grupo BIG Brasil SA ("Grupo BIG"), Brazil's third-biggest food retailer. This acquisition strengthens Carrefour Brazil's presence in this high growth potential market. It will allow it to offer Brazilian consumers a broader range of products and services at more competitive prices.

The transaction values Grupo BIG at an enterprise value of R\$7.0bn¹ (c.€1.1bn). This acquisition offers significant synergy potential from year one, rising gradually to represent a net additional contribution to EBITDA of R\$1.7bn (c.€260m) on an annual basis three years after the closing of the transaction.

Combined, the two groups have gross sales of about R\$100bn, operate 876 stores and employ around 137,000 people. Present in Brazil since 1995, Grupo BIG operates a multi-format network of 387 stores and generated R\$24.9bn gross sales (R\$21.7bn net sales) and R\$928m adjusted EBITDA in 2020. Carrefour Brazil, which has been present in the country since 1975, operates 489 stores and generated R\$74.7bn gross sales (R\$67.6bn net sales) and R\$5.6bn adjusted EBITDA in 2020.

Alexandre Bompard, Chairman and CEO of Carrefour Group, declared: *"Our Group is on the offensive: The acquisition of the BIG Group is a major transformation movement for Carrefour Brazil. In this continental country with immense development prospects, we have accentuated our leadership in the food distribution market over the past 3 years, and BIG will further strengthen it with very complementary formats and locations. The transaction fits perfectly into the Carrefour Brazil ecosystem and into the Group's acquisition strategy, centered on the consolidation of our key markets. The significant synergies generated by this transaction are a lever for creating additional value and a powerful addition to the profitable growth model that we have established across our Group."*

¹ Before capitalized leases (IFRS 16) that amount to \$R2.2bn

Strategic rationale

The acquisition of Grupo BIG strengthens Carrefour's leadership in Brazil. The two groups offer strong geographic complementarity, and the transaction will expand Carrefour Brazil's presence in regions where it has limited penetration, such as the Northeast and South of the country, and that offer strong growth potential.

The acquisition allows Carrefour Brazil to expand in its traditional formats, notably Cash & Carry (Maxxi banner) and hypermarkets (BIG and BIG Bompreço banners), while extending its footprint in formats in which it has a more limited presence, in particular supermarkets (Bompreço and Nacional banners) and proximity stores (Todo Dia banner). In addition, Carrefour Brazil will operate in a new market segment with the Sam's Club format, through a license agreement with Walmart. This unique and highly profitable premium business model is based on a membership system, with over 2 million members.

The combination of the two groups will enrich Carrefour Brazil's ecosystem of products and services, which currently serves over 45 million customers. Grupo BIG's broad base of customers will become part of the Carrefour Brazil ecosystem and benefit from the complete experience of an omnichannel environment. They will notably have access to an extended e-commerce offering, as well as to Banco Carrefour's payment and credit solutions, which will be made available in all stores.

Synergies

The R\$1.7bn expected synergies on an annual basis notably include:

- i. Gains related to higher sales density and alignment of margins to quickly increase store profitability. Those gains will materialize after the conversion of stores to the Carrefour and Atacadão banners, which have the best commercial offer in their respective segments;
- ii. Revenue related to the offering of Banco Carrefour's financial services within the new store scope, leveraging Carrefour Brazil's unique value proposition (credit cards, digital wallet, B2B payment terminals and credit);
- iii. Growth acceleration of Carrefour Brazil's digital offer (food and non-food e-commerce, marketplace B2C and B2B, partnerships for last mile delivery, etc.) through Grupo BIG's customer base and its store network;
- iv. Optimization of overhead costs and indirect expenses and enhanced supply chain efficiency.

Transaction structure

The acquisition will be realized 70% in cash and 30% through newly issued Carrefour Brazil shares. Upon completion of the transaction, Carrefour Group will own around 67.7% of Carrefour Brazil (vs 71.6% today), Península Participações 7.2% and Advent International and Walmart, through affiliates, 5.6% combined.

Benefits for Brazilian stakeholders

For more than 45 years, Carrefour Brazil has been working and investing so that millions of consumers can have the best product assortment and services in Brazilian retail. Including this transaction, Carrefour Brazil will have invested over R\$15bn since 2019, directly contributing to the country's social and economic development, notably through the creation of thousands of new jobs and new business with local producers.

Carrefour Brazil plans to optimize the store network by converting Maxi stores to its Atacadão banner. The company also expects that certain BIG and BIG Bompreço stores will be converted to the Atacadão or Sam's Club banners, with the remaining stores converted to the Carrefour hypermarket banner. Customers will thus be able to benefit from Atacadão and Carrefour's offer, as well as from the Group's commitment to make accessible to all quality and healthy food. The acquisition will also allow the company to offer the best prices to Brazilian families, small grocery stores and restaurants.

Next steps

The transaction remains subject to the authorization of the Brazilian antitrust authority (CADE), to the approval of Carrefour Brazil's shareholders, as well as other customary closing conditions. The completion of the transaction is expected in 2022.

About Grupo BIG

Present in Brazil since 1995, Grupo BIG (formerly Walmart Brazil) operates a multi-format network of 387 stores, comprising 35 membership-only stores under the Sam's Club banner, 107 hypermarket stores under the BIG and BIG Bompreço banners, 99 supermarket stores under the Bompreço and Nacional banners, 97 soft discount stores under the Todo Dia banner, 49 Cash & Carry stores under the Maxi banner as well as 13 gas stations. Grupo BIG has a presence in 19 states, with a larger footprint in the southern and northeastern regions of Brazil. In 2020, Grupo BIG generated gross sales of R\$ 24.9 billion and adjusted EBITDA of R\$ 928 million.

About Carrefour Brazil

Carrefour Brazil operates 489 stores in Brazil, including 100 hypermarket stores under the Carrefour banner, 53 supermarket stores under the Carrefour Bairro and Market banners, 130 proximity stores under the Carrefour Express banner, 206 Cash & Carry stores under the Atacadão banner, as well as 125 pharmacies and 77 gas stations. In 2020, Carrefour Brazil generated gross sales of R\$ 74.7 billion and adjusted EBITDA of R\$ 5.6 billion.

About Carrefour Group

With a multi-format network of some 13 000 stores in more than 30 countries, the Carrefour Group is one of the world's leading food retailers. Carrefour recorded gross sales of €78.6 billion in 2020. It has more than 320,000 employees who help to make Carrefour the world leader in the food transition for everyone, providing everybody with access to high-quality, affordable food every day, in all locations.

For more information, visit www.carrefour.com, or find us on Twitter (@GroupeCarrefour) and LinkedIn (Carrefour).

Group communication

Tel: +33 (0) 1 58 47 88 80

Investor Relations: Selma Bekhechi, Antoine Parison and
Anthony Guglielmo

Tel: +33 (0) 1 64 50 79 81

APPENDIX 1 – 2020 key figures

| | Carrefour Brazil | Grupo BIG | Combined operations (pro forma) |
|--|------------------|-----------|--|
| Gross sales, R\$ bn | 74.9 | 24.9 | c.100 |
| Net sales, R\$ bn | 67.6 | 21.7 | 89.3 |
| Adjusted EBITDA (post-IFRS 16), R\$ bn | 5.6 | 0.9 | 6.5 <i>+1.7 net synergies after 3 years</i> |
| Store count | 489 | 387 | 876 |
| Employees | c.96,000 | c.41,000 | c.137,000 |

APPENDIX 2 – Grupo BIG pro forma simplified balance sheet at December 31, 2020 (non-audited)

| ASSETS | R\$ bn | LIABILITIES | R\$ bn |
|---|-------------|--|-------------|
| PP&E & right-of-use assets | 6.4 | Equity | 8.7 |
| Recoverable taxes & deferred income taxes | 5.5 | Lease liabilities | 2.2 |
| Inventory | 2.8 | Provisions net of judicial deposits | 1.6 |
| Accounts receivable | 1.5 | Accounts payable | 3.7 |
| Net cash | 0.5 | Payroll, social charges & tax payables | 0.5 |
| Other assets | 0.7 | Other liabilities | 0.7 |
| | | Liabilities | 8.7 |
| TOTAL | 17.4 | TOTAL | 17.4 |

Grupo BIG owns the real estate for 181 of its stores (47% of its total network) and 38 additional sites, which represent a total real estate value of approximately R\$7bn, according to an independent appraisal.

APPENDIX 3 – Enterprise value

| | R\$ bn |
|--|------------|
| Equity value (pre-IFRS 16) | 7.5 |
| (+) Net debt / (net cash) as of 31/12/2020 | (0.5) |
| (=) Enterprise value (pre-IFRS 16) | 7.0 |

APPENDIX 4 – Other transaction terms

This payment is associated with a price complement based on Carrefour Brazil's share performance (Carrefour Brazil share appreciation in R\$ between signing and 6 months post-closing multiplied by a factor of 20 million, as per the agreement).

The terms of the transaction include an upfront payment of R\$900m to the sellers by Carrefour Brazil, to be paid shortly after signing. Such payment shall be deducted from the total transaction amount upon closing.

DISCLAIMER

This press release contains both historical and forward-looking statements with respect to the anticipated future performance of Carrefour Brazil following completion of Grupo BIG's acquisition, if completed. Certain information relating to Grupo BIG set out in this press release has been prepared based on information provided by Grupo BIG within the context of the acquisition process. These financial figures have not been audited or reviewed by Carrefour Brazil's auditors. Combined financial data provided in this press release has been neither audited nor reviewed by Carrefour Brazil's auditors.

These forward-looking statements are based on Carrefour management's current views and assumptions. Such statements are not guarantees of future performance of the Group. Actual results or performances may differ materially from those in such forward-looking statements as a result of a number of risks and uncertainties, including but not limited to the risks described in the documents filed by Carrefour Brazil with the CVM (Brazilian Securities Commission) in particular its Reference Form or by the Carrefour Group with the Autorité des Marchés Financiers as part of the regulated information disclosure requirements and available on Carrefour's website (www.carrefour.com), and in particular its Universal Registration Document.