ITM ENTREPRISES SASU

722064102

CORPORATE

BBB ISSUER RATING
LongTerm

OUTLOOK
Stable

BBB INSTRUMENT RATING
Senior Unsecured 300 M €

BBB INSTRUMENT RATING
Senior Unsecured 500 M €

BBB INSTRUMENT RATING
NeuMTN

EF1 INSTRUMENT RATING
NeuCP

Initiation date	
LongTerm	20/01/2025
Senior Unsecured 300 M €	20/01/2025
Senior Unsecured 500 M €	29/01/2025
NeuMTN	10/12/2025
NeuCP	28/11/2022
Rating Date	10/12/2025

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Rating action and rationale

- EthiFinance Ratings affirms the long-term rating of ITME at BBB with a Stable outlook and the BBB instrument rating to the existing €300m and €500m bonds maturing in 2029 and 2030. In addition, EthiFinance Ratings initiates the rating for the contemplated NEU MTN programme of ITME, for up to €750m at BBB. We also affirm the rating of the NEU CP instrument of ITME, for up to €1,250m, at EF1.
- ITME is a subsidiary of SAS Les Mousquetaires (SLM), which is the consolidating entity. Since most production assets are owned directly or indirectly by ITME, and most financial debt is located in ITME, our rating for ITME is considered to be equivalent to the rating of SLM, as per our methodology. Unless specified otherwise, when we refer to 'the group' or 'the company' we are referring to SLM.
- The Mousquetaires Group is the third-largest food retail group in France with almost 18% market share and more than 2,500 stores. The group is also present in Portugal, Poland and Belgium and is active in the do-it-yourself market and in mobility.
- The financial profile weighs positively on the ratings despite the deterioration of the credit metrics in FY24, following the acquisition of stores from Casino. It finalised the acquisition of c. 284 stores from Casino in September 2024, representing c. 3.0bn of sales. This translated in a net adjusted debt at 3.3x at end-2024. However, SLM has had a rather conservative financial policy over recent years despite the high investments made (mainly in logistics and digital), and has made some asset disposals. Consequently, we expect the group to deleverage quickly, and to return to a more normal leverage level by end-2025 (below 3.0x), on the back of lower capex and the completion of asset sales. Profitability also improved in FY24, with an adjusted EBITDA margin of 2.5%, a level that it should maintain over our forecast period (2025-27).
- In addition, the ratings are supported by the solid positioning of SLM, being the n°3 retailer in France, and benefiting from good diversification in terms of stores' format and activities. Moreover, it is active in a resilient sector, which is considered to be a low volatile industry through the cycle, which has a favourable impact on our assessment of SLM's credit metrics.
- However, the ratings remain constrained by some characteristics of the industry assessment. The food retail sector has limited levels of profitability, only moderate and slowing growth, and strong competition among players. SLM's governance and shareholding structure are in line with what one could expect from a group of this size. This is despite limited transparency compared to a listed company, and limited funding capacities from the partners.
- It is worth highlighting that to assess the company's financial profile, the low volatility table has been applied to the food retailing activities, based on an industry which shows a proven track record of stability over long term economic cycles.
- The foods & staples retailing industry has medium ESG risks under our methodology (sector heatmap score between 3 and 3.5). This results in a sector assessment which is not impacted by industry-related considerations. Regarding environmental factors, the sector has a low impact on climate issues, except for logistics, and on biodiversity. The industry has a medium impact on resources linked to the distribution means and on pollution with significant packaging issues. In addition, it presents a high impact via suppliers given the concentration in the sector, which can weaken bargaining power, and for consumers as the sector offers processed foods which can have negative impacts on health.
- Our assessment of the company's ESG policy is neutral (company ESG score of between 1.5 and 3.5), resulting in no adjustments based on ESG considerations. Governance considerations, despite being sound, remained impacted by the low independence of the board as it is fully composed of partner members. Social and environmental ratings remain constrained by some missing KPIs.

Issuer description

Founded in 1969, Les Mousquetaires Group (SLM) is the third-largest food retail group in France. It gathers over 3,000 independent partner members (local entrepreneurs) and has c. 150,000 employees and c. 4,000 stores in Europe, being present in Poland, Portugal, and Belgium in addition to France. The brands operated by SLM are: Intermarché & Netto (food), Bricomarché, Brico Cash, Bricorama (do-it-yourself), and Roady & Rapid Pare-Brise (mobility). SLM is the fifth-largest food processor in France with 56 industrial sites. It has its own logistics and property companies, with a real estate portfolio of €2.95bn at end-2024.

The group recently strengthened its market share in France with the acquisition of c. 284 stores from Casino (c. 284 stores). Following the full integration of the stores, it expects to grow its market share to 20% by 2028 (vs 16.4% in September 2023 before the beginning of the acquisition).

SLM operates an as independent retail business model, with the holding in charge of upstream activities (wholesale, purchasing & logistics) while downstream (the running of local stores) is not part of the consolidated scope and is operated by the partner members. Our rating applies to the upstream operations.

In FY24, the company reported revenues of over €42.7bn with adjusted EBITDA of €1.1bn and a net adjusted leverage ratio of 3.3x.

Fundamentals

Business profile

Industry risk assessment

- **A resilient market with limited growth prospects**

The food retail market is characterized by its resilience, as food products meet basic needs. However, growth prospects are limited, particularly in terms of volumes. In 2024, consumer packaged goods in France declined by 0.9% in volume in large food stores and by 0.5% in value, while food inflation was under control, limiting the pressure on selling prices. However, purchasing power of French people has deteriorated, and consumers are turning more to promotions, and private label products (39.1% of products sold in 2024 vs 37.1% in 2023). For full-year 2025, we expect the situation to improve slightly. In the first half, volumes were positive (+1.4%) as well as the mix effect (+1.9%), as per Circana.

New trends are also strengthening in consumption habits. E-commerce (click & collect, home delivery) has strongly increased, representing more than 10% of the market share in May 2025. At the opposite, volumes in hypermarkets and supermarkets are under pressure, with respectively a -0.3% and -0.1% evolution in the first half of 2025.

- **Strong competition among players, with low barriers to entry and low margins**

Barriers to entry are considered to be fairly low, although the sector requires an efficient logistics and supply chain, necessitating significant investment. There is considerable competition between players in terms of price and location. Size is an important factor, enabling greater bargaining power with suppliers, better absorption of fixed costs, and the ability to deploy major investments, thus favouring a good price positioning in a competitive market. As a result, profitability remains limited in the food retail sector.

The French market is quite concentrated with the top 4 players representing c. 77% of the market shares at September 2025. This concentration is expected to intensify with some players strengthening their positions through targeted acquisitions. Casino has divested its hypermarkets and supermarkets (c. 350 stores), and Colruyt has announced its intention to sell its French stores (c. 100 stores).

Company's competitive positioning

- **A solid positioning in the food retail sector in France, strengthened by the acquisition of Casino stores**

SLM is the third-largest food retail group in France with 17.8% market shares in September 2025. Its food retail activity focuses on supermarkets, with a significant rural positioning and with a physical presence, on average, in every 10km in France. The group has strengthened its physical presence and market share in the French food retail market with the acquisition of c. 284 stores from Casino. Before the acquisition, SLM had a physical presence, on average, in every 17km in France and c. 15-16% market shares. The ongoing integration is expected to materialise by 2028 with a 20% market share in France. In addition, the company recently announced its partners plan to acquire c. 81 stores from Colruyt.

SLM benefits from good price positioning, which is made possible by, among other factors, its vertical diversification in food processing. In September 2024, SLM together with Auchan and Casino, created a purchasing alliance (food and non-food); AURA Retail. In the alliance, The Mousquetaires Group is in charge of managing centralized food procurement for all member companies. It is the first French central purchasing office (representing c. 30% of market share).

The group also has a good positioning characterized by a low dependence on poorly performing large hypermarkets, which are characterized by a significant percentage of non-food products. At end-2024, only 4% of its French store network consisted of hypermarkets.

- **Good diversification despite the importance of French food retailing for the upstream activities**

French food retail & food processing are the main activities of the upstream activities of the group, representing c. 61% of FY24 sales. However, SLM has diversified into Belgium, Poland and Portugal and, in terms of products, towards do-it-yourself (DIY) and mobility. Overall, we consider that it has a good diversification profile, sustained by its various activities and stores' format. This is even if, in terms of geography France remains by far its main market (c. 89% of FY24 revenues).

Governance

- **Shareholder structure controlled by its partners**

SLM is ultimately owned at c. 60% by its partners (c. 1,800 shareholding partner members). The rest being owned by Union des Mousquetaires. We consider that it has a lean structure, with partners committed to - and rewarded for - running their local stores well, and who are involved in its management. However, the governance is less transparent than the usual standard for listed companies of a similar size, with no independent members in particular.

- **Management has a solid track-record, but more aggressive recent financial policy linked to the Casino deal**

We consider that management has a good track record, with an history of growth, and the capacity to pass on to consumers higher costs in the form of price increases without losing market share, particularly during periods of high inflation. SLM's operating model, with partner members in charge of running local stores, is also, in our view, efficient in terms of cost management, and rewards/incentives.

The acquisition of stores from Casino will enable it to strengthen its footprint in France, and improve market share. However, this translated into a more aggressive financial policy, with a deterioration of the adjusted net leverage ratio to 3.3x at end-2024. However, we consider that this level of indebtedness remains manageable, and we expect SLM to return to its rather conservative financial policy. A significant debt reduction has already been achieved in FY25, and we expect our net adjusted leverage to be below 3.0x by year-end 2025.

- **Neutral ESG policy**

Among its main ESG commitments, the company is focused on its food practices, and particularly on the quality and safety of products sold. It also targets a reduction of its greenhouse gas emissions, with the main goal to be carbon neutral by 2050. The commitments to reduce its CO_2 emissions are being defined and will be submitted to the SBTi by end of the year. Overall, around 97% of its CO_2 emissions are scope 3 emissions, mainly linked to food processing activities along with logistics, stores, and the use of final products. Based on latest figures available, we assess the ESG's score of SLM as 'Neutral'.

Financial profile

Results and profitability

- **Growth in revenues supported external growth**

In FY24, revenues amounted to €42.7bn (vs €40.9bn in FY23), representing a 4.3% growth year-on-year. This was mainly due to the acquisition of stores from Casino. Adjusted EBITDA reached €1,057m (vs €946m in FY23), corresponding to an EBITDA margin of 2.5% (vs 2.3% in FY23). The improvement in the EBITDA margin was mainly due to its cost control policy.

For FY25, we expect revenues to grow materially with the finalisation of the integration of Casino stores. Over the rest of our forecast period (2026-27), revenue growth is expected to be more limited, excluding perimeter effect. The Auchan transaction may have an impact on FY27 revenues, as 294 supermarkets could join the group, in addition to the Colruyt transaction (81 stores). The EBITDA margin should remain at the current level, a normative level for SLM, after the period of high inflation that deteriorated the profitability.

In 1H25, SLM reported revenues of €21.0bn, corresponding to a 1.2% growth vs 1H24, mainly linked to the acquisition of Casino's stores, while adjusted EBITDA margin improved on the back of a positive volume effect and improvements made in logistics.

Cash-flow and leverage

- **Deterioration of leverage on the back of the deal with Casino which, however, is expected to return to more normalized levels in the coming years**

Free cash-flow net of asset sales (mainly concerning real estate disposals) and after dividends, as calculated by EthiFinance Ratings, remained negative in FY24. This was mainly linked to the finalisation of acquisitions of Casino stores (c. €1.2bn) and the rest of capex, despite a positive working capital effect. Over our forecast period, free cash-flow is expected to turn positive as cash-flow from operations should cover the capex and we do not forecast new acquisitions.

At end-2024, the EthiFinance Ratings-adjusted net leverage ratio had deteriorated further to 3.3x (vs 3.2x at end-2023), given the additional acquisition of Casino stores. Over FY25-27, the ratio should improve and be below 3.0x, on the back of good operating cash-flow, contained capex (c. €500m/year), and assets disposals.

Interest coverage ratio (adjusted EBITDA / interest) deteriorated in FY24, on the back of higher debt. Interest expense is expected to be lower in the coming years compared with 2023 and 2024 due to a reduction in interest rates and ongoing deleveraging. Over our forecast period, the ICR is expected to slightly improve but to remain below 8.0x.

Capitalisation and debt structure

- **Lengthening of maturities despite some reliance on short-term funding**

The group's capital structure evolved in 2025 with the issue of a new bond in January 2025, the repayment of the bridge loan implemented to finance the acquisition of Casino stores. This is in addition to the repayment of debts in the property companies.

In January 2025, ITME issued a €500m bond, maturing in January 2030. The new bond, in addition to the €300m 5y bond issued in July 2024, refinanced the €800m bridge loan. In 1H25, ITME also implemented a new €500m RCF, maturing in 2028. These new financings have improved the maturity of ITME's debt, with now well-spread debt maturities. In addition, indebtedness is now concentrated on ITME, the main holding company. Debt in the property companies (IEM and Immolog), amounting to c. €475m at year-end 2024, was repaid in 1H25. However, c. 50% of the adjusted gross debt was short-term at end-June 2025. This is mitigated by the fact that a significant part is debt with partner members. Furthermore, the group has more than €2.3 bn of committed RCF lines that can be drawn if necessary, ensuring no liquidity risk.

At end-June 2025, group indebtedness is therefore split between (i) banking facilities (syndicated facilities, amortizing loans with financial institutions, representing c. 12% of gross debt), (ii) private placements and bonds (c. 32%), (iii) the NEU CP (c. 16%), along with (iv) partner members (c. 30%). The debt with partner members includes mainly short-term deposits collected from the partner members and their operating companies. At end-June 2025, out of the €1.2bn debt with partner members, €240m was long-term debt (> 1 year). As per our discussion with the management, the group plans to increase the proportion of long-term debt in debt with partner members.

Some of SLM's banking facilities are restricted by covenants, tested annually, including a net corporate debt-to-corporate EBITDA ratio capped at 2.75x (1.18x at end-2024), and a corporate debt-to-corporate equity ratio of up to 100% (50% at end-2024). Following the repayment of real estate debts, there is no longer a LTV ratio covenant.

Finally, our gearing ratio (equity/total adjusted debt) was satisfactory at end-2024 at 62.4%. It is expected to improve slightly from 2025 and beyond but to remain below 80%.

Liquidity

- **Superior liquidity profile**

We consider that SLM has a "superior" liquidity position as at end-June 2025, reflecting a good level of liquidity with €2.3bn of undrawn RCFs at end-June 2025 and well spread maturities. However, the liquidity assessment remains somewhat impacted by the reliance on short-term financings. We also factor in our assessment the seasonal working capital variation.

Financial forecasts

Our main assumptions for our financial forecasts over 2025-27 are:

- Limited growth of revenues, except impact from perimeters effect (Colruyt and Auchan notably, which could respectively add 81 and 294 stores to the group).
- Stable profitability with an adjusted EBITDA margin around 2.5%.
- Lower capex (c. €400m/year net capex).
- Adjusted net leverage to be below 3.0x.

Credit metrics expected evolution (CMEE)

We have assigned a Stable CMEE, as we expect the group's credit metrics to be broadly unchanged in one year.

Instrument rating

- **BBB rating assigned for the contemplated NEU MTN programme, and affirmed for the 2029 and the 2030 bonds. EF1 affirmed for the existing NEU CP programme**

In order to partially refinance the bridge implemented to fund the Casino stores acquisition, the company issued a €300m bond maturing in July 2029 and a €500m bond maturing in January 2030. The bonds, issued by ITME, are senior unsecured.

In addition, the group plans to diversify its financial structure with a NEU MTN programme of up to €750m. The programme, located in ITME, will be senior unsecured.

According to our instrument rating methodology, the bonds and the NEU MTN programme being unsecured and unsubordinated, their ratings are similar to the long-term corporate rating, which results in a BBB rating.

The NEU CP rating derives from our short-term rating methodology and is affirmed at EF1.

Main financial figures

Main financial figures. millions of EUR				
	FY22	FY23	FY24	24vs23
Turnover	36 524	40 906	42 667	4,3%
Adjusted EBITDA	757	946	1 057	11,7%
EBITDA Margin	2,1%	2,3%	2,5%	0,2pp
Adjusted EBIT	-63	15	113	677,4%
EBIT Margin	-0,2%	0,0%	0,3%	0,2pp
EBT	97	166	104	-36,9%
Total Assets	12 740	14 056	14 991	6,7%
Equity	3 037	3 094	3 158	2,1%
Total Financial Debt	3 450	4 147	5 063	22,1%
Net Financial Debt	2 133	3 064	3 486	13,8%
Equity/TFD	88,0%	74,6%	62,4%	-12,2pp
NFD/EBITDA	2,8x	3,2x	3,3x	0,1x
Funds From Operations	471	665	751	13,0%
FFO/NFD	22,1%	21,7%	21,6%	-0,2pp
EBITDA/Interest	26,5x	10,9x	6,2x	-4,6x

Scorecard

Credit Rating	
Business Risk Profile	**BBB**
Industry risk assessment	*BBB-*
Industry's ESG	*Neutral*
Competitive Positioning	*A*
Governance	*BB+*
Financial Risk Profile	**BBB+**
Cash flow and leverage	*BBB+*
Solvency	*BB+*
Company's ESG	*Neutral*
Anchor Rating	**BBB**
Modifiers	*-*
Rating	**BBB**

Rating sensitivity

- **Rating list:**
  - LT corporate rating: BBB
  - Bond senior unsecured (ISIN: FR001400RIT6): BBB
  - Bond senior unsecured (ISIN: FR001400WTD7): BBB
  - NEU MTN: BBB
  - NEU CP: EF1

Factors that may (individually or collectively) impact the rating:

- **Positive factors (↑)**

An upgrade of the long-term rating to BBB+ could be triggered if the credit metrics of the group improve. Such an upgrade would require a net adjusted leverage ratio of below 2.5x or an interest coverage ratio of over 8.5x over a sustained period of time.

All things being equal, an upgrade of the short-term rating to EF1+ could be triggered if the credit metrics improve significantly, therefore resulting in a 3-notch upgrade of the long-term rating used as a reference. Such an upgrade would require a net adjusted leverage ratio of c. 0.5x over a sustained period of time, which we deem improbable given the current financial strategy of the company.

- **Negative factors (↓)**

A downgrade to BBB- would result from a deterioration of SLM's financial profile. In particular, should the deleveraging of the group following the Casino stores acquisitions take more time than expected due to lower profitability, the credit metrics could deteriorate. A net adjusted leverage ratio over 3.5x on a sustainable basis would trigger a rating downgrade.

All things being equal, a deterioration of the liquidity profile to "weak" or the CMEE to "negative" would also result in a short-term rating downgrade to EF2. Additionally, a one-notch downgrade of the long-term rating would result in a downgrade of the NEU CP rating to EF2.

Sources of information

The credit rating assigned in this report has been requested by the rated entity, which has also taken part in the process. It is based on private information as well as public information. The main sources of information are:

1. Annual Audit Reports.
2. Corporate Website.
3. Information published in the Official Bulletins.
4. Rating book provided by the Company.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
  - Corporate Rating Methodology - General : https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203
- The rating scale used in this report is available at https://www.ethifinance.com/en/ratings/ratingScale.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.

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