

French Retailer Casino Plunges as Strikes Hit Sales

Written by Administrator

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A woman walks in front of a Casino supermarket in the city of Caen, France.

Getty Images

[Casino Guichard-Perrachon](#)'s stock plummeted on Friday after the French food retailer slashed its profit forecast amid transport strikes.

Casino said it expected trading profit to rise 5% in 2019, lower than its previous forecast of 10% growth. Chief Financial Officer David Lubek said the nationwide strikes had "heavily affected" the retail market in the fourth quarter.

French [supermarkets have struggled](#) amid price wars in recent years and due to nationwide strikes at the end of 2019. Casino is closing loss-making stores and selling assets to cut debt.

Separately, Casino's parent company [Rallye](#) failed to secure backing for a plan to repay €1.6 billion of debt over ten years.

Rallye bondholders voted against the plan to spread the repayments out over a decade at a meeting in Paris on Thursday.

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The supermarket company and its holding companies, including Casino, were put under creditors' protection by a Paris court in May to protect the company from collapse and allow time for it to trim the debt pile. The safeguarding proceedings cover Rallye, its subsidiaries Cobivia and HMB, and their parent companies Foncière [Euris](#) , [Finatis](#) and Euris.

In December, the quartet finalized their draft repayment plan, which also includes €1.2 billion euros of bank loans secured against Casino shares, which would be redeemed by 2024.

Mounting fears over Rallye's financial health, coupled with the weaker-than-expected results, sent Casino's shares 13% lower before recovering to trade 8.3% down, while Rallye's share also dropped 3.1%.

Looking ahead. A Paris court will ultimately decide on the debt repayment plan by the end of March, but the bondholders' discontent has added to the negative sentiment around Casino's stock, of which Rallye owns 57%. The retailer hopes longer opening hours and self-checkout machines will boost sales but Rallye's immediate future and the strikes are more pressing issues for shareholders.

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