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Carrefour to Buy Ahold's Polish Unit for \$500 Million

By Marcel van de Hoef and Ladka Bauerova

Dec. 4 (Bloomberg) -- Carrefour SA, the world's second-largest retailer, agreed to buy Royal Ahold NV's Polish food stores for 375 million euros (\$500 million) to become the country's second-biggest grocer.

The French company will acquire Ahold Polska Sp.'s 14 Polish hypermarkets and 168 supermarkets, Carrefour said today in an e-mailed statement. The Paris-based retailer currently operates 32 hypermarkets and 71 supermarkets in Poland.

Carrefour has expanded in faster-growing regions as growth in France stagnates, adding stores in China and some eastern European countries while abandoning the Czech Republic, Slovakia and South Korea. For Amsterdam-based Ahold, the sale is part of a plan to raise more than 4 billion euros from selling assets and focus on its Stop & Shop and Giant chains in the U.S.

It's a "good deal for Carrefour, but not cheap," said Pascale Nachtergaele, an analyst at Delta Lloyd Securities in Antwerp, Belgium with a "hold" recommendation on the stock. "The total proceeds for Ahold are higher than expected."

Shares of Ahold gained 1 cent, or 0.1 percent, to 7.33 euros today in Amsterdam. Carrefour stock rose 55 cents, or 1.2 percent, to 46.75 euros in Paris.

Polish Sales

Dusseldorf, Germany-based Metro AG, which bought 19 Geant superstores from France's Casino SA in July, is Poland's biggest retailer, with yearly sales exceeding 3 billion euros. Cheshunt, England-based Tesco Plc operates the largest number of superstores in the country.

"In a country like Poland you must acquire operations to keep up," said Christopher Kummer, a professor at Webster University and director of the Institute of Mergers, Acquisitions and Alliances in Vienna. "Carrefour's competitors, like Metro, aren't relying on an organic growth either."

Sales at Ahold's Polish unit were 591 million euros last year, compared with 1.2 billion euros for Carrefour's local arm, the French retailer said.

"This transaction is further illustration of Carrefour Group's commitment to build strong, market-leading positions everywhere it chooses to trade," the French company said.

Gaining approval from European Union and Polish regulators and integrating the businesses could take as long as a year, Carrefour spokeswoman Aurelie Launay said.

Ahold Disposals

Ahold said in a separate statement that it expects to complete the sale in the first half of 2007. The transaction price includes cash and assumed debt, Ahold said.

The Dutch company has sold more than 30 businesses since Anders Moberg was named chief executive officer in May 2003, unwinding much of the work done by predecessor Cees van der

Hoeven. Van der Hoeven resigned after Ahold said it overstated profit and inflated sales for three years, following a decade at the helm where he spent more than \$19 billion snapping up businesses from Thailand to Chile.

Ahold decided to leave Poland after battling price competition from Tesco and Metro. The asset sales, whose proceeds will be used to pay down debt, have led to speculation that the Dutch company is preparing for a merger with Belgium's Delhaize Group.

Delhaize Chief Executive Officer Pierre-Olivier Beckers said last week that his company was looking for acquisitions in Europe. He wouldn't confirm his company was talking to Ahold.

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