

INTERNATIONAL
Herald Tribune

Carrefour buys Ahold Poland unit;
Marcel van de Hoef and Ladka Bauerova

Carrefour, the world's second-largest retailer after Wal-Mart Stores, said Monday that it had agreed to buy Ahold's Polish food stores for $\text{\$}375$ million to become the No. 2 grocery chain in the country.

Carrefour, based in Paris, said that it would acquire Ahold Polska's 14 hypermarkets and 168 supermarkets in the $\text{\$}500$ million deal. Carrefour currently operates 32 hypermarkets and 71 supermarkets in Poland.

Carrefour has expanded in faster-growing regions as growth in France slows, adding stores in China and some East European countries, while abandoning the Czech Republic, Slovakia and South Korea.

For Ahold, based in Amsterdam, the sale is part of a plan to raise more than $\text{\$}4$ billion from selling assets and to focus on its Stop & Shop and Giant chains in the United States.

It is a "good deal for Carrefour, but not cheap," said Pascale Nachtergaele, an analyst at Delta Lloyd Securities in Antwerp, Belgium. "The total proceeds for Ahold are higher than expected."

Shares of Ahold closed up 1 cent to $\text{\$}7.33$ in Amsterdam. Carrefour stock fell 27 cents to $\text{\$}46.47$ in Paris.

Metro, the German retailer that bought 19 Geant superstores from Casino of France in July, is the top retailer in Poland, with annual sales in excess of $\text{\$}3$ billion. Tesco of Britain 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 $\text{\$}591$ million last year, compared with $\text{\$}1.2$ billion for Carrefour's local arm, the French retailer said.

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

In a separate statement, Ahold said that it expected to complete the sale in the first half of 2007. The transaction price includes cash and assumed debt, said the Dutch company, which has sold more than 30 businesses since Anders Moberg was named chief executive in May 2003.

Ahold decided to leave Poland after battling 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 Delhaize Group of Belgium.

Delhaize's chief executive, Pierre-Olivier Beckers, said last week that his company was looking for acquisitions in Europe. He would not confirm whether it was talking to Ahold.