

UPDATE 1-French retailer Casino reviewing options for Latin American assets

Written by Administrator
Thursday, 09 May 2019 09:56 -

- * Reports say Casino could combine Latin American assets
- * Casino controls Grupo Pao de Acucar in Brazil
- * Firm also owns other retailers across Latin America (Adds Santander brokerage comments, updates shares)

By Dominique Vidalon

PARIS, May 9 (Reuters) - French supermarket retailer Casino , which has been selling assets to cut debts and reassure investors, said on Thursday it was reviewing its strategic options in Latin America.

Casino, which controls Brazilian retailer Grupo Pao de Acucar (GPA), issued a statement after Brazilian paper O Globo said the French firm could announce "in the next few days" a plan to combine its assets in Latin America.

Citing press reports about plans in Latin America, Casino said "it studies its various strategic options in this region in the context of the permanent review of its investments."

"These thoughts have not led to any material element that would justify a disclosure to the market," it added.

Casino also owns Assai and Via Varejo in Brazil, and Grupo Exito in Colombia, Argentina, Uruguay and Chile.

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Latin America, and particularly Brazil, is a key contributor to Casino group's sales and profits, and the region has helped offset a weaker performance in France, where Casino has faced price wars among supermarket companies.

Casino had retail sales of 15.6 billion euros (\$17.4 billion) in Latin America in 2018, representing 42.5 percent of overall group sales. The region's operating profit was 644 million, representing 53 percent of group profit.

The robust performance of Brazil, Casino's second-largest market after France, has been largely driven by the Assai Cash and Carry stores, as Brazil emerges from a recession.

Brazil's GPA holds a 36.27 percent stake in consumer electronics retailer Via Varejo, a business it has been trying to sell since November 2016.

Banco Santander Brazil said in a note on the strategic review that Casino could seek to swap some of the 55 percent of Exito it owns for GPA's shares in Via Varejo.

It said this would allow Casino "to have a larger proportion of Via Varejo's sale". It said GPA's current stake in Via Varejo was valued around 450 million euros.

In a securities filing last week, Via Varejo said its board was proposing to shareholders the removal of a clause in its by-laws, demanding a tender offer to all shareholders if an investor buys a stake larger than 20 percent.

Via Varejo said the change in the clause, usually viewed as a defence from takeovers, was "positive" for the company.

On Wednesday, GPA reported a double-digit drop in its first-quarter net consolidated income, missing market forecasts and driving GPA shares down 7.4 percent in Brazil.

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Casino shares were down 3 percent in afternoon trade on Thursday, giving the company a market capitalisation of around 4 billion euros. The company reported net debts of 3.4 billion euros at the end of 2018.

\$1 = 0.8948 euros Reporting by Dominique Vidalon Additional reporting by Paula Arend Laier in Brazil Editing by Sudip Kar-Gupta and Edmund Blair

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