Carrefour flags Brazilian listing via stake sale to Diniz

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PARIS, France - Supermarkets group Carrefour has sold a 10 percent stake in its Brazilian business to billionaire Abilio Diniz, securing local retail expertise to support growth in its second largest market and in a first step towards a separate listing.

Diniz' investment company Peninsula has bought a 10 percent stake in the business for about 1.8 billion reais (£425.4 million), the France-based retailer said in a statement on Thursday, confirming information provided on Wednesday by a source with direct knowledge of the situation.

Carrefour said the transaction had closed, and that “this opening of the capital of the Brazilian subsidiary could also include a listing on the Brazilian stock exchange in the future”.

In addition, it said, Peninsula holds options allowing it to raise its stake to a maximum level of 16 percent within next five years.

The deal marks the 77-year-old Diniz's return to retailing. The eldest son of the founder of GPA SA, Carrefour's Brazilian arch rival, he left the company in September last year to turn around BRF SA, a Brazilian processed foods company that is the world's No. 1 poultry producer.

Carrefour has a 40 year history in Brazil with 256 stores there under the Carrefour Bairro and Carrefour Express format. It had 34 billion reais of sales there in 2013 - about one eighth of its global total group revenue.