French retailer Carrefour posted higher-than-expected first-quarter sales on Friday, driven by growth in Latin America and an improvement at its domestic hypermarkets.

Shares in the world's second-biggest retailer after Wal-Mart jumped over 3 percent, the top gainers on France's blue-chip CAC 40 index, to their highest level since November 2010. The stock is up a third since the start of the year.

First-quarter group sales reached 21 billion euros ($22.4 billion), an underlying 3.2 percent rise, Carrefour said. Analysts polled by Reuters had on average expected sales growth of 2.5 percent to 20.8 billion euros.

Carrefour is stepping up a multi-billion euro investment in store improvements, hoping to cement its turnaround. The retailer, which makes 73 percent of its sales in Europe, has cut costs and prices, accelerated expansion into convenience stores, refreshed stores and given greater autonomy to managers.

"Carrefour has delivered what we deem to be a very good trading performance for Q1," analysts at brokerage Shore Capital wrote. "In its core French market sales are up across its formats ... Outside France, Carrefour is performing very well in Latin America and robustly across Europe too, bar Italy."

Carrefour said like-for-like sales rose 12.5 percent excluding fuel and calendar effects in Latin America in the first quarter, with an 8.4 percent rise in Brazil. Trading remained weak in China, however, with sales down 14 percent.

Carrefour finance head Pierre-Jean Sivignon confirmed it was still ready to float its Brazilian business on the stock market at the end of the second quarter, but added: "The market conditions are clearly not there for now."

Brazilian billionaire Abilio Diniz's Peninsula Participacoes investment vehicle said on Thursday it had raised its stake in Carrefour to 5.07 percent from 2.4 percent, becoming its fourth-largest shareholder behind France's Moulin family, billionaire Bernard Arnault and private equity firm Colony Capital.

A source with knowledge of the situation said Diniz was in talks to further raise the stake and had the support of major shareholders to take a board seat, adding he could buy part or all of Arnault's stake of about 7 percent. Peninsula denied all of these points.
In December 2014, Diniz purchased a 10 percent stake in Carrefour's Brazilian unit. He has an option to raise that to 16 percent over five years.

"A partnership with Abilio Diniz ahead of a potential IPO is probably one of the best that could be hoped for by Carrefour, considering Diniz's insight in the market and previous experience as former chairman of Carrefour's main competitor in Brazil," Bryan Garnier analyst Antoine Parison wrote.

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