



Carrefour opened 17 Express stores in Brazil last year, helping generate organic growth of 13.5%

Carrefour's European comeback almost complete

BY DAVID GRAY, RETAIL ANALYST, AND HOWARD LAKE, EDITOR, PLANET RETAIL

CARREFOUR has posted a fourth successive year of organic growth, highlighted by an encouraging performance at its European operations and evidence that its multichannel strategy is paying off.

Internationally, the grocer excelled in a difficult Brazilian market, although China remains a concern. While Champagne may not be exactly flowing at Carrefour's Paris headquarters, there will be a distinct mood of quiet satisfaction with its fourth-quarter and full-year results for 2015.

Carrefour's showing in Brazil and Argentina must be seen as the standout of this quarter.

Against a backdrop of economic gloom, overall organic growth came in at 15.9% in the fourth quarter.

Brazil delivered organic growth of 13.5% while Argentina, long overlooked as a market, delivered organic growth of 23.3%.

These numbers were achieved despite a currency effect of -22.2% owing to the depreciation of the Brazilian real.

Same-store sales in Brazil climbed 8.5% in the quarter, against 7.4% in the third quarter. This tells us that Carrefour is managing to offset any declines at its hypermarkets while they undergo refurbishment with strong performance at Atacãdo cash and carries, of which 15 new units were added.

However, despite these gains, Carrefour is still treading cautiously in the market, having delayed

its return to Brazilian online business until the second half of this year.

We anticipate further moves in convenience in Latin America over the next full year.

Carrefour added 17 Express locations in Brazil last year and intends to accelerate the pace of the roll-out going forward. Similar moves are signposted for Argentina.

In France and across key Western European markets performance over the year was also stronger, suggesting that Carrefour is beginning to achieve what many observers deemed at best unlikely – namely, turning around European big-box performance.

Even so the retailer cannot indulge in too much self-congratulation. Amid the overall promising numbers, some issues remain. Asian sales – essentially China and Taiwan – are one such pain point, down 10.3% on a like-for-like basis over the year, a trend Carrefour must seek to reverse if sustainable growth is ever to be found.

A new strategy seems to be under way for China, which suffered total sales down 7.5% for the quarter, which the company said was owing to slowing consumption – understandable given the economic uncertainties currently gripping the country.

All in all, the numbers last week suggest Carrefour may at last be well on the path to completion of its European turnaround, despite the trouble in Asia.