

Carrefour warns on 'challenging' 2010

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Carrefour, the world's second-largest retailer by sales, said trading conditions this year would remain "challenging" but it was reaping the first fruits of its three-year turnaround plan, as it announced a 70 per cent drop in 2009 net profits.

Lars Olofsson, chief executive, marked the end of his first year with €1.1bn (\$1.5bn) of writedowns, which was higher than expected and largely driven by restructuring a business agreement in Italy and costs linked to the strategic plan.

He said the group wanted to stay in Belgium but was reviewing its underperforming operations there, having pulled out of southern Italy and Russia last year.

Net income fell to €385m from €1.3bn in 2008, with sales down 1.2 per cent at €86bn. Operating profit was in line with expectations at €2.8bn, representing a 16 per cent fall on 2008.

Mr Olofsson said Carrefour had met its strategic goals, having cut costs by €59bn last year, and was on track to achieve the €3.1bn of cost savings by 2010.

Investment would be concentrated on Carrefour's main markets of France, Spain, Italy and Belgium, and the fast-growing markets of Latin America and China.

Market share in France rose 0.3 per cent on a like-for-like basis, to 21.4 per cent – the first such rise in four years. But the French hypermarkets – which represent 23 per cent of group sales – were still underperforming. Carrefour was planning to test concepts in the next few months and would announce a relaunch plan in the summer.

Operating profit in France – which represents 44 per cent of group sales – was weaker than expected after falling 27 per cent to €1.1bn. Mr Olofsson said the retailer had "touched the bottom" in France.

Carrefour would cut €500m of costs this year – €50m more than its previous goal – and continue to use savings from negotiating more favourable purchasing deals with suppliers to cut prices.

The dividend was held at €1.08 a share. Earnings per share dropped 74 per cent to €0.48.

Fonte: Financial Times, London, Feb. 19th 2010, Companies, online.