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French groups cut exposure to Greece

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By Scheherazade Daneshkhu in Paris

In advance of Sunday's Greek elections, two French companies have cut their exposure to Greece.

Retailer Carrefour's new chief executive has sold its stores in Greece for €1 to its local joint venture partner. Crédit Agricole, the European bank most exposed to Greece, it was revealed yesterday, is transferring assets to France from its subsidiary Emporiki.

Carrefour said it would book a loss of €220m on the sale of its lossmaking Greek operations to the Marinopoulos group, its joint venture partner, which will become Carrefour's franchisee in Greece, Cyprus and, among other Balkan countries, Bulgaria.

The sale, after six weeks of talks, is the first by Georges Plassat since he replaced Lars Olofsson as Carrefour chairman and chief executive last month. Mr Plassat is expected to outline elements of his strategy to turn round the troubled French retailer at its annual meeting on Monday.

Crédit Agricole, Paris-listed and mutually controlled, is to transfer to France the ownership of Emporiki's operations in Romania, Bulgaria and Albania, a move designed to allay concerns of depositors in those countries.

The transfer is another sign of Crédit Agricole's waning commitment to Greece, whose future in the eurozone is in question.

Crédit Agricole is ready to launch a plan to stem losses in Emporiki, Greece's fifth-largest bank by assets, if the Greek economy takes a further turn for the worse. The plan involves a number of options, including hiving off Emporiki to domestic Greek banks or shutting its doors.

Analysts estimate that Carrefour could lose between €5bn and €7bn, in addition to the €6bn loss it has already sustained because of Emporiki.

Last week, the French bank made a breakthrough by securing an agreement with the Greek central bank, after months of wrangling, to allow Emporiki access to a liquidity programme for local banks. This had previously been denied to it because, as the Greek central bank argued, Emporiki was French.

Prompted by Greece's economic crisis, Carrefour has transferred management and sold its Greek holding to the Marinopoulos group because the latter was "best placed to ensure its management in the current context", Carrefour said.

Leonidas Marinopoulos, president of the family-owned group, said it remained "firmly committed to Greece".

Greece, which Carrefour entered 21 years ago, is its second-largest market in Europe in terms of number of stores.

It has also, however, become Carrefour's only lossmaking country, Mr Olofsson said when announcing the company's 2011 results in March.

Sales in Greece declined further this year. They took a 16 per cent fall in the first three months.

Of the 463 shops being transferred to Marinopoulos, 41 are hypermarkets and 252 are supermarkets, with the remainder a mix of formats.

They will retain the Carrefour banner.

Lazard advised Carrefour and Bucéphale Finance was adviser to the Marinopoulos group.

Georges Plassat: Carrefour's Greek stores sold for €1