



Cencosud Offers to Buy 24.5 Percent Stake in Exito (Update3)

By Matthew Walter and Helen Murphy

Oct. 19 (Bloomberg) -- Cencosud SA, the biggest retailer in Chile, offered to buy a 24.5 percent stake in Colombia's largest supermarket chain to take advantage of the country's growth in consumer spending.

Cencosud made an offer for Grupo Toro's 51.2 million shares in Almacenes Exito SA for 12,500 Colombian pesos each, or about 640 billion Colombian pesos (\$274 million), the company said in a note to the Santiago stock exchange.

"This shows Cencosud is interested in growing in the long term in Colombia, which is a very attractive market," said Salvador Arenas, an analyst at Larrain Vial SA in Santiago. "That's why the stock is going up."

Cencosud shares surged 72.50 pesos, or 5 percent to 1,522.70. The shares have rallied 30 percent since mid-June as the company ramps up investment across Latin America to tap increased consumer demand in the region.

Cencosud earlier this month said it bought Chilean supermarket chain Economax, and that it plans to invest \$500 million in Argentina over the next few years.

Chief Executive Officer Laurence Golbourne wouldn't say if the company planned to try to increase its stake in Exito in the future.

"This is a tremendous opportunity to participate in the most important company in the Colombian retail sector," he told reporters today in Santiago.

Banco Santander Chile SA will arrange financing for the deal, Golbourne said. The company hasn't decided whether to pay for the purchase by taking on debt or with cash, he said.

Colombia

Colombian President Alvaro Uribe's four-year fight against a four-decade-old insurgency has helped restore business and consumer confidence, attracting increased investment from abroad and helped Exito and other retailers bolster profit.

Exito, part of the Antioquian Business group of more than 100 companies, has been investing to upgrade stores acquired when it purchased rival Gran Cadena de Almacenes Colombianos SA at the end of 2001. The retailer faces competition from French chain Carrefour SA and local brands such as Carrulla-Vivero SA and Olimpica SA, which have expanded throughout in Colombia.

"In selling a stake to Cencosud, they have obtained the support of one of Latin America's retail heavyweights," said Rupert Stebbings, a trader at Asesores en Valores brokerage in Medellin, which manages about \$30 million in Colombian stocks.

Grupo Toro has to give other Exito shareholders 90 days to decide if they would like to buy the shares before it can sell them to Cencosud. Chief Executive Golborne said its offer was all or nothing, meaning that if some existing shareholders use their right to buy Toro's shares Cencosud would withdraw its offer.

Colombia's stock exchange regulator has asked Exito for more information on the transaction.

Exito's shares fell 340 Colombian pesos, or 2.6 percent, to 12,600 a share in Bogota trading.

To contact the reporter on this story: Matthew Walter in Santiago at mwalter4@bloomberg.net Helen Murphy in Bogota at hmurphy1@Bloomberg.net

Last Updated: October 19, 2006 17:46 EDT



©2006 BLOOMBERG L.P. ALL RIGHTS RESERVED. [Terms of Service](#) | [Privacy Policy](#) | [Trademarks](#)