

## Carrefour Replaces Chief Duran With Nestle's Olofsson

By Thomas Mulier and Albertina Torsoli

Nov. 18 (Bloomberg) -- Carrefour SA, Europe's biggest retailer, named Nestle SA's Lars Olofsson to replace Chief Executive Officer Jose Luis Duran following speculation its biggest shareholders grew frustrated about slumping sales.

Olofsson, 56, was Nestle's executive vice-president for strategic business units, marketing and sales and once ran the biggest food company's French division. He'll take over from Duran, 44, on Jan. 1, according to a statement today from Carrefour, which is based in Levallois-Perret near Paris.

Duran was ousted from the board in July, when new directors were nominated and installed by Blue Capital, a venture between Bernard Arnault and Colony Capital. The move "derives from a desire to bring a fresh eye and new blood," said Olivier Labesse, a Blue Capital spokesman who said he now represents the whole board as well. Carrefour has struggled to sustain growth as French shoppers retrench, offsetting emerging-market gains.

"It's a victory for Blue Capital," said Jerome Forneris, who helps manage \$10 billion at Banque Martin Maurel in Marseilles and owns Carrefour stock. "They've been trying to impose their own strategy and didn't agree with Duran. They want to focus on increasing margins and profits more than volumes."

Olofsson worked 32 years at Nestle, the Swiss company said today in a separate statement. In 2001, he became head of the European unit and in 2005 started his current position.

### Shares Rise

Arnault, the billionaire chairman of luxury-goods maker LVMH Moet Hennessy Louis Vuitton SA, and Los Angeles-based Colony own about 13.6 percent of Carrefour through Blue Capital.

Duran's tenure "had been in question for several months," Thomas Kleb, head of equity sales at Societe Generale, said in a television interview. "Olofsson has experience in negotiations between retailers and food companies, which is crucial."

Carrefour rose 1.05 euros, or 3.5 percent, to 30.87 euros in Paris trading, paring a gain of as much as 5.7 percent. The stock has lost 42 percent in 2008, more than the 38 percent drop by the Bloomberg Europe Food Retailers Index.

A Carrefour spokeswoman, who declined to be named, said that the company was on track to meet its 2008 sales and earnings goals, though market conditions remain difficult. Christopher Hogbin, a London-based analyst at Sanford C. Bernstein, had previously said the change in management just four weeks after the company repeated its profit targets may have meant those forecasts are at risk.

## Not 'Sanction'

Replacing Duran, an 18-year Carrefour veteran, "is in no way a sanction" of the executive, the board's Labesse said in an interview. Duran will stay as chief until Olofsson takes over. A Financial Times report in August said directors of Carrefour were divided on Duran's future, with some saying he should be given six months to turn the company around.

Carrefour Chairman Amaury de Seze said on July 28 that the company faced a "deep and durable" global economic crisis. The company's first-half operating profit increased 5 percent, less than the 7 percent growth Carrefour had forecast. French consumer confidence reached a record low in October.

The retailer last month said third-quarter sales rose 7 percent as growth in Brazil, Argentina and China was complemented by better-than-expected demand in France.

Arnault and Colony bought their stake last year and demanded Carrefour sell real estate. Duran subsequently announced that a company called Carrefour Property would be created and sell shares to the public, though that sale was subsequently postponed as stock markets tumbled.

## 'Frustrated' Investors

"Many investors have been frustrated at the slow pace of change," Bernstein analyst Hogbin wrote today. "Olofsson's experience seems relevant to the role at Carrefour, with extensive experience of the consumer environment in France."

Olofsson led businesses including Nespresso coffee capsules, one of Nestle's fastest-growing brands by revenue. Born in Kristianstad, Sweden, he speaks English, French and some German in addition to his native tongue, according to Nestle.

The move is "definitely a coup for Carrefour and a great move for Olofsson," said **James Amoroso**, a food industry consultant at **Amoroso** in Walchwil, Switzerland.

Werner Bauer, Nestle's chief technology officer, will take on Olofsson's duties until the company finds a permanent replacement, the Vevey, Switzerland-based maker of Nescafe said.

--With reporting by Charlotte Kan in London. Editors: Paul Jarvis, Keith Campbell.

To contact the reporters on this story:

Thomas Mulier in Geneva at +41-22-317-9201 or [tmulier@bloomberg.net](mailto:tmulier@bloomberg.net).

Albertina Torsoli in Paris at +33-1-5530-6273 or [atorsoli@bloomberg.net](mailto:atorsoli@bloomberg.net).