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## COMPANIES AND FINANCE: THE AMERICAS

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# Exxel buys Argentine supermarket chain

By David Pilling in Buenos Aires

Exxel Group, the international investment fund, yesterday paid \$440m to buy Supermercados Norte, Argentina's second-largest supermarket chain by sales.

The purchase, one of the largest ever of a private company in Argentina, highlights the growing investor interest in the country's expanding supermarket sector.

Exxel, a leveraged buy-out group headed by Mr Juan Navarro, a former Citibank executive, will within weeks issue corporate bonds to cover part of the cost of the deal.

Given the buoyancy of the Buenos Aires stock market and the

apparent investor appetite for Argentine supermarket chains, Exxel said it was also planning a public offering of shares, although a date had not been determined.

Earlier this year, the locally-owned supermarket chain Disco went public with a domestic and international share offering. Another supermarket group, Importadora y Exportadora de la Patagonia, has been among the top performers on the Buenos Aires exchange this year.

Mr Navarro said the group planned to invest \$350m to expand Norte over the next five years. Two-thirds of the expansion would take place in the interior of the

country, where supermarkets are less prevalent than in the capital. Expansion plans would mean adding 8,000 staff. Mr Alberto Guil, Norte president and founder, will continue as head of the chain.

'The alliance with Exxel Group will allow us to expand rapidly and sustainably,' he said yesterday. Expansion plans would continue to be 'aggressive'.

Norte, which has annual sales of an estimated Dollars 1.2bn in a market worth more than \$7bn, has 25 stores concentrated in Buenos Aires and its surroundings. Carrefour of France has the biggest market share, with \$2.1bn in sales, while Jumbo of Chile and

local groups Coto, Disco and Tia are the other main competitors.

Wal-Mart also entered the fray last year, setting up four stores in the capital. It plans to invest a further \$100m to open four more outlets outside Buenos Aires.

Supermarkets and self-service stores now account for 63 per cent of food sales in Argentina, leaving only 37 per cent for traditional corner shops, according to the Nielsen consultancy. A decade ago, corner shops accounted for 58 per cent of food sales.

Exxel, which was founded by Mr Navarro in 1991, has invested a total of \$980m in 18 Argentine companies. In the past year alone

it has bought a controlling stake in Argencard, which is the licensee for MasterCard in Argentina and Uruguay, as well as Edesa and Edelar, the electric utility companies of the northern provinces and Salta and La Rioja respectively.

Exxel also owns healthcare groups Tim/Galeno Life and has a 60 per cent stake in Bestov Foods, which owns the Pizza Hut franchise for Argentina.

The group controls several investment funds in which Rockefeller & Co, The Ford Foundation, The Getty Family Trust, CS First Boston, Credit Suisse Holding, General Electric and Oppenheimer have stakes.