

X5 Says It's Not Selling To Wal-Mart

By [The Moscow Times](#)

February 15, 2012

The  Moscow Times

X5, Russia's top food retailer by sales, on Wednesday denied a report that it is in talks to sell its Karusel hypermarket chain to U.S. giant Wal-Mart for \$2 billion.

Wal-Mart has flirted with entering Russia for years but appeared to have given up in December 2010 when it closed its Moscow office due to a lack of acquisition opportunities.

The U.S. giant reawakened speculation that it was still interested in Russia when it hired Lev Khasis, the former head of X5, as a senior vice president in September 2011.

A research report by analysts at UralSib said the "media are reporting that X5 may be negotiating the sale of its Karusel hypermarkets to Wal-Mart."

The note said X5 could ask about \$2 billion for the hypermarkets that "would provide quick entry to Russia for Wal-Mart." The media report on which the note was based could not be located.

An X5 spokeswoman said "we deny these reports categorically."

Wal-Mart could not immediately be reached for comment, as its U.S. head office had yet to open for business.

Wal-Mart's Khasis told the RT television channel earlier this week that Russia "is the best market for retail in the world" and that "the only way of entering the Russian market now is buying some of the existing players."

Renaissance Capital analysts added in a note that retailer O'Key and private equity-owned Lenta could be potential targets for Wal-Mart, as well as X5.

"We interpret Khasis' statement, which must have been approved at the top level of Wal-Mart, as a positive message for the sector," they said.

Wal-Mart had been in talks to buy Karusel in 2007, a Karusel co-owner said at the time. Karusel was bought by X5 in 2008.

X5 is part of oligarch Mikhail Fridman's Alfa Group, which spans banking, oil and telecoms.

The company's stock plummeted last year as stumbling sales and a struggle to integrate its acquisition of Kopeika sparked a cut in growth forecasts and the company's first quarterly sales decline since its creation.

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