

Shoprite down, Steinhoff up on bid offer

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SHOPRITE shares fell nearly 5 percent on the JSE yesterday after Steinhoff International renewed its takeover bid for Africa's biggest food retail chain.

The shares dropped to R197.55 on the JSE in the afternoon before making a late recovery to close 4.27 percent lower at R200.10 by the end of trade.

Steinhoff's on the other hand went in an opposite direction – gaining 1.77 percent to close at R70.05.

On Friday, the company said that it had established a single holding company, Steinhoff Africa Retail (Star), and would list it on the JSE.

The company also said it had entered into call option agreements with Titan Premier Investments – a company ultimately controlled by a Wiese family trust – as well as the Public Investment Corporation (PIC) and Lancaster Group under which Star could acquire economic and voting interests in Shoprite.

If successful the move will see Steinhoff acquiring a majority stake in Shoprite for R35.5 billion.

The renewed bid comes after the two companies called off the merger talks in February after the major shareholders of Steinhoff, PIC and Titan failed to agree on the ratio that would have been involved in the exchange of shares into Steinhoff.

Steinhoff has become a major player in the international retail market with the acquisition of Poundland in Britain, Fantastic Holdings in Australia and US-based Mattress Firm.

The Shoprite deal would see Steinhoff expanding beyond South Africa into fast growing consumer markets like Nigeria, Zambia and Angola.

Industry analysts yesterday said the merger would not add much value as the companies operated in different sectors, with Steinhoff specialising in furniture while Shoprite was rooted in food retail.

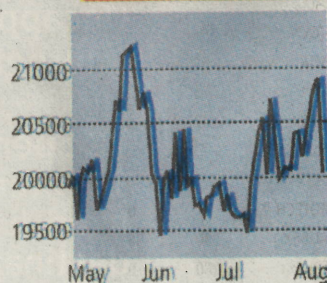
Electus Fund Managers equity analyst Damon Buss said the proposed deal would see Steinhoff acquiring 22.7 percent of the issued shares in Shoprite and through a call option agreement.

Buss said the PIC and Titan would in turn acquire 50 percent of the voting rights.

Shoprite

share price, rand **May 7 - Aug 7**

Close: R200.10



Source: Bloomberg