

# Shoprite down on jitters over Steinhoff offer

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The Shoprite share price lost some of its previous day's gains on Tuesday as doubts grew over the prospect of Steinhoff forking out a premium to gain control.



Christo Wiese. Picture: [Trevor Samson](#)

On Monday, the Shoprite share price had ticked up to R199 following the release of a trading update and speculation that the departure of CEO Whitey Basson could lead to a sooner-than-expected tie-up between Shoprite and Steinhoff.

Shoprite's share price closed 1.9% lower on Tuesday at R195.22.

Christo Wiese, chairman of both companies and a major shareholder, is known to be keen to bring his operations under one entity. Basson is understood to have opposed the move. His retirement, announced at this week's annual general meeting, clears the way for Wiese to push ahead with the deal.

Initial expectations that a deal could only be done if Steinhoff was prepared to pay a premium for Shoprite helped to push the share price towards the R200 barrier. But by Tuesday, cooler heads prevailed and shareholders considered the possibility that Wiese could achieve the restructuring he wants without offering a premium.

In a report released on Monday, following the announcement of Basson's retirement, Investec said the sale of Shoprite to Steinhoff was now not only likely but could happen in the near term. Wiese controls just more than 50% of Shoprite's voting rights and could use this to push through a deal before next April, when his voting rights drop below 50%.

In addition to holding 16% of the ordinary shares, Wiese owns 291.8-million deferred shares through Thibault Financial Services that carry 35% of Shoprite's total voting rights. The possible conversion next April of Shoprite convertible bonds would reduce Wiese's voting to below 50%.

**Source:** Business Day

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