

Steinbuild to buy hardware group

JD group subsidiary Steinbuild on Tuesday, 4 December 2012, made an offer to acquire Hardware Warehouse for R1.14 per share, sending Hardware Warehouse's share price up 5.15% to R1.02.

The deal values Hardware Warehouse at R88.8m.

JD Group - which is majority owned by Steinhoff Holdings and which acquired Steinbuild last year - said in August it would expand its furniture retail footprint, mainly in rural areas, by adding 50 new stores in the next financial year.

JD Group's share fell 0.12% to R47.99 and Steinhoff fell 0.81% to R26.83. Hardware Warehouse provides affordable building materials to low-to-medium income level customers mainly from the rural areas of the Eastern Cape, although it has grown its exposure to urban customers.

The company said on Tuesday the transaction would result in a number of financial and operational benefits to the stakeholders of both businesses.

Its shareholders would receive "a price that reflects the inherent value of the Hardware Warehouse business", while the business would benefit from being part of a larger retail group with a national footprint that included property management, procurement, treasury management and financial services. Hardware Warehouse would also benefit from a reduced risk profile due to a greater footprint across Southern Africa.

The scheme is subject to the fulfillment of various conditions. Following implementation, an application would be made to the JSE to terminate the listing of the Hardware Warehouse shares, the company said.

In September, Hardware Warehouse reported that headline earnings per share from continuing operations were 8.78c for the year ended June 30, from 5.11c previously.

Source: *Business Day*