

Steinhoff gains court approval for debt restructure, shares tumble

By Tannur Anders

22 Jun 2023

Steinhoff International said on Wednesday, 21 June 2023, it had received approval from a Dutch court for a debt restructuring plan, paving the way for resolution of an accounting scandal that brought down one of the country's biggest retailers.



Image source: Getty Images

But its shares on the Frankfurt Stock Exchange and the Johannesburg bourse tumbled almost 60% as shareholders do not gain anything from the plan.

The District Court of Amsterdam confirmed the restructuring plan with effect from Wednesday and rejected an application by a stakeholder who asked that the court reject the proposed restructuring, Steinhoff said.

The company's three classes of creditors had voted in favour of the restructuring last month. However, only a 10th of its shareholders approved the plan.

Steinhoff, along with its subsidiaries "will now proceed to implement the WHOA Restructuring Plan which is expected to close on or before 30 June 2023," the company said in a statement.



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The beleaguered firm, which owns South African retailer Pepkor, will now be de-listed and a new unlisted holding structure will be created as part of the restructuring plan.

The implementation of the plan will start the end of a saga which had forced shareholders, including former chairman and billionaire Christo Wiese, to lose billions as the retailer's valuations turned to dust after the accounting scandal unfolded in 2017.

As part of a settlement, Wiese was later paid around R7bn (\$380m) in cash and Pepkor shares, much less than what he had lost.

Under the restructuring plan shareholders would be given 'contingent voting rights', a form of economic interest in 20% of a new entity to be formed after dissolution of the current company and de-listing of its shares from stock exchanges.

Shareholders can convert this economic interest into money if the company manages to pay off its debt and make a profit in future.

(\$1 = R18.3316)

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