

# Steinhoff tries to disrupt second major deal with better offer

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Steinhoff International's deal-making prowess has come to the fore again - it has made a second stealth play in as many weeks, this time on electronic goods firm Darty in a bid worth £662m.



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The bold move by Steinhoff's Conforama threatens to spoil a lower competing share and cash offer from Groupe Fnac for Darty.

Last month Steinhoff snuck in an offer to buy UK-based Home Retail Group for £1.4bn, pipping the £1.3bn bid of UK retailer Sainsbury's.

On Wednesday Conforama said it had asked the board of Darty to recommend its proposed all-cash offer of 125p per share to shareholders.

Darty shares shot up 13% in intraday trade and sold as high as 129p on news of the offer.

Conforama's rationale for pursuing the deal was its ability to be able to offer customers "a seamless solution for each room

of the home".

The company had a "multi-style product strategy", and also operated "an online sales platform which is supported by its 285 physical store network, with the majority in France".

Darty is an electrical retailer with more than 400 stores, with more than half of them in France. The group also operates online retail platforms such as Mistergooddeal.com.

Darty and Groupe Fnac had been working on the transaction since last September.

Steinhoff may have to rely on its reputation for being an opportunistic and astute dealmaker to win over those who do not see the rationale of a furniture retailer buying an electrical goods retailer.

Andreas Riemann, an analyst with Commerzbank who rates Steinhoff a buy, said he could not see the immediate rationale behind the bid for Darty but conceded that the group had a good track record with acquisitions.

"Operating margins did not suffer from acquisitions in the past," Riemann said.

With the potential cumulative value of the Home Retail Group transaction and a successful Darty deal, Steinhoff would have to fork out close to £2.2bn, Riemann said.

He was not overly concerned about the timing or the company's aggressive appetite for deals.

Mark Hodgson, an analyst at Avior, said Steinhoff's size was an advantage as it was bigger than both Sainsbury's and Groupe Fnac.

**Source:** Business Day

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