



■ RETAIL

TFG plan to buy 371 Jet stores from Edcon

Move into discount retail clothing, footwear

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THE FOSCHINI Group (TFG) yesterday announced plans to buy 371 Jet stores from Edcon for R480 million, signalling its extension into discount retail clothing and footwear.

TFG chief executive Anthony Thunström told investors that Edcon's business rescue practitioners had accepted its conditional offer to acquire certain commercially viable stores and selected assets of the Jet stores.

"The proposed transaction enables TFG to acquire selected parts of the Jet business, a unique opportunity which previously was not possible and is expected to give TFG significant scale at an attractive price," said Thunström.

He said the transaction provided the group with structural risk mitigation and established a value retail pillar for the TFG business that would be costly and difficult to replicate organically.

He said the proposed transaction was subject to customary conditions

precedent, including the renegotiation of store leases, requisite transitional services arrangements being agreed, TFG board approval and the approval by the relevant regulatory authorities.

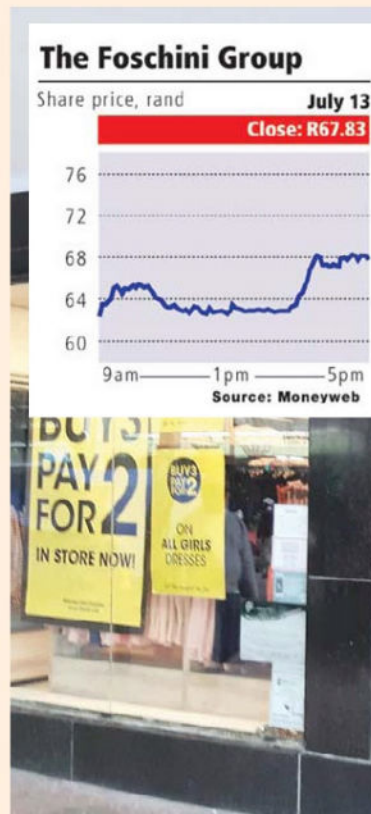
"The proposed transaction will also include the transfer of selected key executives and staff of Jet to ensure sufficient management capacity and continuity to deliver on the current turnaround plan for Jet and discussions are well advanced in terms of a proposed transition plan," he said.

Jet has carved out a niche as a fashion retailer focused on selling affordable clothing, shoes, accessories, beauty, home-ware and cellular products.

Founded in 1976, Jet competes with Pep, Ackermans and Mr Price.

Last month, Thunström said during the TFG's annual financial results that Edgars stores were the opposite of the group's business model, and Jet was the most attractive part of the Edcon operations.

Edcon's business rescue practitioners are selling Edgars, Jet and Edcon's rewards programme, Thank U, after



JET HAS CARVED out a niche as a fashion retailer focused on selling affordable clothing, shoes, accessories, beauty, home-ware and cellular products. | Creative Commons

the company failed to attract a capital injection from investors. The business rescue practitioners also announced earlier this month that it had signed an agreement to sell parts of Edgars to fashion retailer Retailability.

Edcon, the 91-year-old fashion and beauty retailer, filed for voluntary business rescue earlier in late April.

The practitioners yesterday welcomed the TFG bid.

"TFG is uniquely placed in terms of this niche market, infrastructure, and current leadership expertise to positively position the Jet business within its target markets and drive the business forward," they said. "Jet's

scalable business model with scope for further market share and growth ensures its sustainability as an established South African brand. There is alignment between TFG's product and value offerings with the current brand and value offering of Jet."

The SA Commercial, Catering and Allied Workers Union (Saccawu), which represents the majority of organised labour at Edcon, also welcomed the proposed acquisition.

The union's national co-ordinator, Mike Sikani, said the acquisition signalled job security for Jet employees.

"Saccawu is encouraged that TFG has declared interest to take over 371

certain Jet stores. This is news that we need to welcome. We knew that 466 stores of Edcon are viable that can be saved and continue to operate. We know of 53 worst-performing Edcon stores. The offer for 371 stores should be seen in the light of ensuring job security," said Sikani.

Unum Capital's joint head of trading, Michael Porter, said the bid came as no surprise.

Porter said there was always speculation that one of the retailers would pick up Jet. "This now gives TFG an opportunity to acquire Jet without taking any 'bad businesses' with it out of the Edcon group," Porter said.

