

Debenhams PLC

13:00 22 Mar 2019

Debenhams rejects Sports Direct's offer to buy Danish business in return for making Mike Ashley CEO

Debenhams PLC (LON:DEB) has rejected a £100m cash offer from Sports Direct International PLC (LON:SPD) to buy the department store chain's Dutch business in exchange for putting Mike Ashley in charge.

The struggling retailer said it believes Sport Direct's approach to buy its Danish department store chain, Magasin du Nord, would not address its funding and restructuring requirement while balancing the interests of all stakeholders.

Debenhams also said there were "obvious concerns" with the proposal that Ashley became chief executive as part of the deal since Sports Direct also owns direct competitor, House of Fraser.

READ: Harrods of the High Street: Ashley's ambition as Sports Direct grabs House of Fraser for £90m

"Magasin is a key part of the Debenhams group, is cash flow generative and a meaningful contributor to group profits," Debenhams added.

"As such, Magasin is an important part of any lending proposition and therefore any broader solution that protects value for the group."

Ashley, who owns almost 30% of Debenhams through Sports Direct, has been trying to take charge of Debenhams as it struggles with sluggish sales and a mountain of debt.

Last month, he called for a general meeting to ask shareholders to back his plan to remove the current board and appoint him to an "executive role" at Debenhams.

Debenhams says Sports Direct has ignored guidance on workable solutions

In his latest grab for power, Sports Direct had proposed buying Magasin Du Nord and giving Debenhams the option to buy back the business after 12 months at the same price it was sold for.

Sports Direct also invited Debenhams to provide "further details of its valuation" if it believes the business is worth more than the offer price.

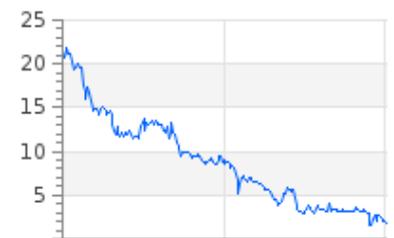
On its suggestion of putting Ashley in charge, it said: "Sport Direct believes its proposal would provide additional management and first class leadership to Debenhams through this challenging period of restructuring, together with additional funding."

READ: Mike Ashley forced to requisition another meeting of Debenhams shareholders after initial cock-up

In response, Debenhams said it has remained open to engagement with Sports Direct throughout its refinancing process but the sportswear retailer had "repeatedly ignored" its guidance on what would represent "workable solutions".

Market Cap: £0M

1 Year Share Price Graph



May 2018 October 2018 April 2019

Share Information

Code: DEB

Listing: LSE

Sector: General Retailers

Website: www.debenhams.com

Company Synopsis:

Debenhams is a United Kingdom department store group with a mix of own brands and third-party brands. As of August 29, 2009, the Company had 154 stores.

Author:

Proactive Investors Ltd

+44 (0)207 989 0813

action@proactiveinvestors.com

Debenhams said it has continued to make progress with its refinancing discussions with existing lenders and stakeholders while it remains "open to constructive involvement from Sports Direct".

Debenhams seeking £200mIn from lenders

Earlier on Friday, the company announced it was seeking £200mIn of funding from lenders, higher than the £150mIn it said it had been looking to raise.

Lenders have until Thursday next week to approve the cash injection.

The debt restructuring is likely to wipe out shareholders, such as Sports Direct, and hand control of the business to lenders.

"If it proceeds on this course there would be no equity value left for existing shareholders. Management is taking pretty drastic action here," said Neil Wilson, chief market analyst at Markets.com.

As of January 5, Debenhams had net debt of £286mIn and a committed debt facility of £520mIn that expires next year.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

Proactive Investors is a publisher and is not registered with or authorised by the Financial Conduct Authority (FCA). You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.