

Australia's Wesfarmers sells struggling Britain's Homebase for £1

May 25 2018



Wesfarmers will offload Homebase for £1 just two years after paying £340 million for it

Australia's Wesfarmers has sold its ailing British business Homebase for £1 (US\$1.35), it said Friday, having racked up huge losses with the DIY

chain it bought just two years ago for £340 million.

Perth-based Wesfarmers, one of Australia's largest-listed companies, admitted bungling the Homebase purchase, with the problems exacerbated by a challenging British retail environment.

It expects to record a loss of up to £230 million from the sale to British restructuring fund Hilco, which also owns Britain's largest music chain HMV.

Wesfarmers had already reported a £531 million write-down for Homebase for the six months to the end of 2017.

"The investment has been disappointing, with the problems arising from poor execution post-acquisition being compounded by a deterioration in the macro environment and retail sector in the UK," managing director Rob Scott said in a statement.

Shares in Wesfarmers rose 0.88 percent to Aus\$45.50 in intra-day trade in Sydney.

The deal is expected to be completed by the end of June, with Wesfarmers to receive 20 percent of proceeds if Hilco later sells the business.

Wesfarmers in March announced plans to spin off Australian supermarket giant Coles into a separate entity, as the country's food retail sector sees a shake-up with new entrants threatening a longstanding duopoly with Woolworths.

The conglomerate also has interests in department stores, mining and industrial products.

Wesfarmers reported an 86.6 percent fall in net profit to Aus\$212 million (US\$160 million) for the six months to December 31, weighed by the Homebase write-down.

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Citation: Australia's Wesfarmers sells struggling Britain's Homebase for £1 (2018, May 25)
retrieved 19 April 2024 from

<https://phys.org/news/2018-05-australia-wesfarmers-struggling-britain-homebase.html>

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