

## ANALYSIS

British and European retailers are increasingly attracting overseas buyers. Interbrand London chief executive **Christian Purser** highlights names you need to know

# The international giants that should be on the radar of UK retail

**S**outh African retailer Steinhoff stunned UK retail when it attempted to muscle in on Sainsbury's takeover of Argos. That is just the tip of the iceberg though, as Steinhoff is just one of a number of overseas retail giants that have Europe, including the UK, in their sights.

It's a measure of how attractive UK and European brands are to overseas investors and of how dynamic the retail marketplace is.

It similarly highlights the fact that, while UK and European brands are looking at expansion opportunities beyond their borders, the world is looking back, seeing the latent global value in our brands and investing in our retail know-how.

Here we spotlight some international names that should be on the radar of UK retailers. While most are actively investing in UK and European retail brands, the list also includes companies that retailers in the UK just need to know about.

## Sanpower Group

Sanpower Group controls more than 100 subsidiary companies in its core sectors of finance, retail, media, property and healthcare, with annual turnover in excess of \$13bn (£9bn).

Sanpower operates department store brands in China and bought 89% of House of Fraser for £480m in 2014, while C.banner, its strategic partner, bought Hamleys for £100m in 2015.

The company is firmly established among China's top enterprises and, according to company chairman and Chinese billionaire Yuan Yafei, the group plans to further expand its global influence through mergers, acquisitions, partnerships and relationships with leading retail brands.

## Wanda Group

Wanda Group is a Chinese conglomerate operating in four major industries: commercial

property, luxury hotels, tourism and department stores. The company's chief executive, Wang Jianlin, plans for Wanda to become the world's largest department store business and for the brand to become "known by everyone in the world", like Walmart or Google.

Wanda Group announced a 2.2bn euro (£1.7bn) retail and leisure development on the outskirts of Madrid in 2015 and a 3.3bn euro (£2.56bn) development on the outskirts of Paris in 2016. These developments complement the purchase of British yacht-maker Sunseeker in 2013 and the recent £1.1bn investment in building a luxury hotel in London.

## Central Group

Central Group is a family-owned conglomerate based in Thailand that operates brands across retail, real estate, hospitality and restaurants.

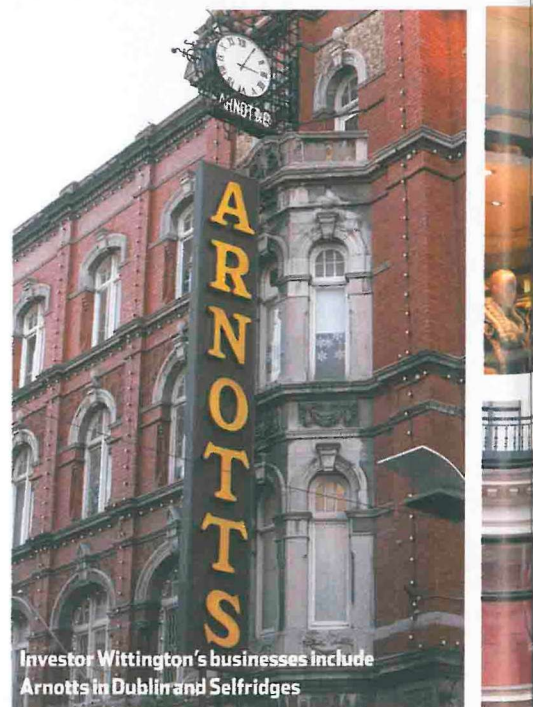
The group bought La Rinascente department store in Italy in 2011 and Illum in Denmark in 2013. Most recently, it took a 50.1% stake in KaDeWe Group, therefore acquiring a controlling interest in the KaDeWe, Oberpollinger and Alsterhaus German department stores.

In 2014, the group declared plans to target European revenues with the overall aim that it would account for 40% of the group's overall sales value in 2020. The group's chief executive, Tos Chirathivat, says further overseas deals are being negotiated.

## Steinhoff International

Steinhoff International is a South African international and household goods retail holding company. Steinhoff owns and operates Cargo, Harvey's Furniture, Bensons for Beds and Sleepmasters in the UK.

In 2014, Steinhoff bought Pepkor for \$5.7bn (£3.94bn) to add to its brand portfolio and former



Investor Wittington's businesses include Arnotts in Dublin and Selfridges





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**Saks Fifth Avenue owner Hudson's Bay Company is buying European retailers; Phase Eight is owned by South African retailer Foschini (below)**

Asda chief executive Andy Bond, has been rolling out fashion retail business Pep & Co, targeting mums on a budget, in the UK. He has described the offer as "George on the high street".

Steinhoff has been active in 2016, unsuccessfully crashing into the Argos sale before doing the same to Fnac on its purchase of Darty in France.

## Brait

Brait is a South African company that has been actively investing in UK retail.

In 2015, Brait snapped up a stake of almost 80% in Virgin Active health clubs along with a 90% share of New Look for a total investment of \$2.2bn (£1.52bn). Brait plans to roll out hundreds of New Look stores in China in the next five years.

Brait also increased its stake in frozen food retailer Iceland from 19% to 57% in 2012. The \$5.7bn it received from Steinhoff for Pepkor in 2014 also means Brait is in a position to further fund investments in UK retail.

## Hudson's Bay Company

Hudson's Bay Company is a leading Canadian retailer, offering a wide selection of branded merchandise throughout Canada, Germany, Belgium and the US.

The retailer operates three of North America's most iconic retail brands: Saks Fifth Avenue, Lord & Taylor and Hudson's Bay in Canada.

Having surveyed the European landscape for expansion opportunities, Hudson's Bay Company recently agreed to buy German department store chain Galeria Kaufhof and its Belgian subsidiary.

The deal represented Hudson's Bay Company's first move onto European soil and will function as a base from which to expand into new markets over the next 20 years.

## Landmark Group

Landmark Group is one of the largest retail conglomerates across the Middle East, Africa and the Indian subcontinent, boasting a diverse portfolio of fully owned and franchised brands.

Landmark founder Mukesh "Micky" Jagtiani lived in London before taking over the family business in Bahrain, building it into a multinational business and becoming a billionaire. In 2008, Jagtiani acquired a 10% stake in Debenhams and, in 2010, Landmark bought Carluccio's for £90m.

Despite having not made any significant

investments on UK or European soil for a few years, Jagtiani was reportedly linked to the recent shareholder activism at Debenhams.

## Sun Capital Partners

Sun Capital Partners is a global investment firm focused on leveraged buyouts, equity, debt and other investments. Sun is an active investor, having put money into more than 315 companies it was founded in 1996.

Sun targets mid-market-sized companies with untapped potential, franchise value and a strong market position with \$50m (£34.6m) to \$1.5bn (£1.04bn) in revenues.

Over the past 10 years, it has invested in a number of European retail businesses, notably Vroom & Dreesmann department stores, La Place, The Scooter Store, Scotch & Soda, Strauss Innovation, American Golf UK, Bonmarché, Jaques Vert, Dreams, ScS and Sharps Bedrooms.

## Wittington Investments

Wittington Investments is an unquoted British investment company, 79%-owned by the Garfield Weston Foundation and 20.8% owned by members of the Weston family.

Wittington owns 54.5% of Associated British Foods, which is the parent company of Primark. Wittington Investments also owns department stores Fortnum & Mason and Selfridges, along with Brown Thomas in Ireland, Holt Renfrew in Canada and De Bijenkorf in the Netherlands.

In 2015, Selfridges revealed record profits and said it would acquire Dublin-based department store Arnotts to complement its existing Irish investment in Brown Thomas.

## Foschini Group

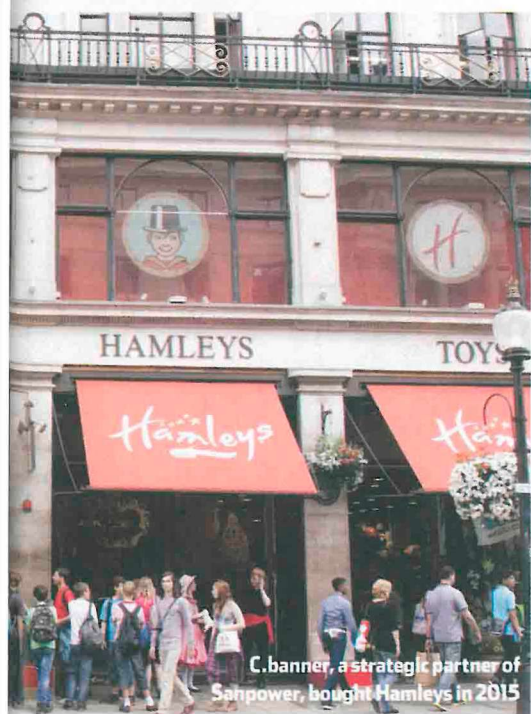
Foschini is one of the foremost retail groups in South Africa, with more than 2,700 stores in 27 countries selling clothing, jewellery, accessories, sporting, outdoor equipment and homeware.

Foschini agreed to buy Phase Eight from TowerBrook Capital in 2015, paying £140m for an 85% stake in the women's fashion specialist.

The company followed that up by acquiring UK fashion retailer Whistles for an undisclosed sum in March, enhancing its presence in this country and providing a major boost to its international expansion plans.

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**Retail-week.com/OverseasGiants**

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C.banner, a strategic partner of Sanpower, bought Hamleys in 2015