

Walmart inks deal to buy remaining stake in Massmart

By [Promit Mukherjee](#)

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US retail giant Walmart Inc. has signed an agreement to begin buying the 47% stake in South African retailer Massmart that it does not own, the companies said in a joint statement on Thursday, 1 September.



Source: Reuters/Siphwe Sibeko

Massmart had [said on Monday](#) that its majority owner Walmart had offered it R6.4bn to purchase the remaining shares and to delist the company from the Johannesburg Stock Exchange.

The offer would allow Walmart to cut costs, invest more capital and turn around Massmart which has been posting losses and losing market share to bigger local rivals.

"Ordinary shareholders are hereby advised that Massmart and Walmart entered into an implementation agreement on 31 August 2022, in terms of which Walmart indicated its firm intention to make an offer," the companies said in the statement.

The firm intention essentially means that the company has the cash in hand to go ahead with the purchase and will now seek approval of authorities.



Walmart offers to buy remaining stake in Massmart

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Walmart committing to Massmart and SA

The two boards are of the view the proposed transaction would enable Walmart to continue its "overweight" support as a long-term shareholder and allow Massmart shareholders to realise value, they said.

Since buying its stake in 2010, Walmart had tried several strategies to make Massmart a go-to retailer in South Africa but failed to do so due to competition from strong local rivals such as Shoprite, Woolworths and Pick n Pay.



Jonathan Molapo to succeed Mitch Slake as Massmart CEO

29 Aug 2022



"The proposed transaction is a strong reaffirmation of Walmart's commitment to Massmart and to South Africa," the statement said.

Walmart will buy the shares using its cash reserves and has set a tentative date of 31 December to complete the process, it said, adding that more details will be published on 23 September.

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