

# FINANCIAL TIMES

WEDNESDAY JULY 6 2011

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Companies | International

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## Knight Vinke speaks out on future for Comet

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Activist investor Knight Vinke, the largest shareholder in UK-listed electricals retailer Kesa, has spoken publicly for the first time about its intentions, stating that it has not asked Kesa's board to drop plans for the sale of Comet, its loss-making UK chain.

"We met with the company last week and during the meeting made it clear that would not support any plan to close down or liquidate Comet if there were other alternatives," said a statement from David Trenchard, Knight Vinke's vice chairman.

"For the avoidance of doubt, however, we would confirm that we have not at any stage said that we would be opposed to a sale of

Comet. On the contrary, we would have no objection to Kesa selling Comet today, subject to Kesa obtaining an acceptable price."

Knight Vinke, which upped its stake in Kesa to 19.3 per cent last week, has based its investment strategy on the strength of Kesa's European business Darty, which generated 133m of underlying profits at last month's full-year results.

By contrast, Comet notched up losses of 9m. On results day, Kesa confirmed that Comet had been put up for sale, claiming to have received up to 10 expressions of interest.

David Newlands, Kesa's chairman, said "a range of strategic options", including a disposal of the Comet business, were being explored in tandem with efforts to cut costs and turn the business around.

Kesa's board has indicated it will take "two to three months" to sell the Comet business, leading Knight Vinke to lend its support to "alternative plans" being simultaneously assessed by the board.

Management have previously stressed that this would not include the closure of Comet, or a major downsizing or sale of property.

However, retail analysts believe that the UK electricals market is so weak that Kesa would be unlikely to sell the Comet business, and would have to pay between 100m and 120m to offload the business and its property and pension liabilities to a third party.

"We are confident that the Board should be able to inform the market as to where matters stand by the time of the Annual General Meeting in September," Mr Trenchard added.