

Avusa ripe for counter offer

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THE release of details in the proposed buyout of Avusa has nudged the media group into a space that is ripe for a counter offer, which could trigger a price war for the asset, said a market commentator.

This is after the consortium led by Capitau Holdings, which seeks to buy Avusa, made known its R26 a share offer. The offer, which comes with an option for prevailing Avusa shareholders to stay invested through a mix of cash and paper, is said to have about 59% shareholder support. These shareholders include the Mvelaphanda Group, which holds about 22% of Avusa, and Coronation Fund Managers, which has 25%.

According to a Capitau statement, only 38% of the shareholders who have given an irrevocable undertaking to support the offer have undertaken to vote against any other offer. This translates to about 22% of Avusa shares, which is not enough to block a counter offer.

While Coronation has undertaken to support the Capitau offer, Coronation's senior portfolio manager, Neville Chester, said, "We think this is a good offer but we have not limited ourselves. We have not been approached by anyone else so far."

The Public Investment Corporation, which holds about 10% of Avusa shares, was vague, "We have not been formally approached and we can only comment once we have the full information," it said.

Analysts believe that Capitau's offer undervalues Avusa, whose net asset value is estimated to be between R30 and R36 a share. This leaves a big space for a counter offer.

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