

New deadline for Italtile deal

Italtile and its shareholders will know by 30 September whether a planned acquisition of Ceramic, for a consideration of R3.61bn, will get the go-ahead from competition authorities.



The possible tie-up, which was announced in April 2016, has met a number of obstacles.

The Competition Commission prohibited the acquisition in October 2016. The group then filed a request for consideration with the Competition Tribunal.

The matter, which was meant to be heard in March was heard only in July. The dates were beyond the fulfilment date of 30 June 2017 as stipulated in the binding offer and implementation agreement. Italtile said it had therefore requested and obtained a further extension from Ceramic, with the new fulfilment date set as 30 September 2017.

"Italtile remains optimistic of a favourable outcome in terms of obtaining the required approvals from the competition authorities to proceed with the acquisition," the company said on Tuesday.

"Shareholders will be apprised of the details of the ruling as soon as practicable thereafter," Italtile said.

Italtile owns a number of brands including CTM, Top T and Italtile Retail.

In a trading update, Italtile said it had failed to meet its own sales expectations in the year to June 2017. It said the trading environment had been affected by economic pressure and sociopolitical uncertainty.

System-wide turnover of R6.21bn was 4.3% higher than the year-earlier period. Italtile defines system-wide turnover as the aggregate of the group's consolidated turnover as reported and the turnover of franchisees of the group.

"While disappointing, sales and profit growth failed to meet management's targets, good progress was achieved in terms of the group's stated goals for the second half of the period to reduce operating costs and improve its working capital position," the company said.

Italtile said it expected headline earnings per share to fall between 0.7% and 2.8%, from headline earnings per share of 86.9c in the year before.

Source: Business Day

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