

Ceramic remaining listed 'makes little sense'

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If a firm offer is made by Italtile and succeeds, Ceramic Industries (CRM) will delist from the JSE, it emerged on Monday.

Italtile made a conditional offer on Monday, 28 May 2012, to acquire 15%-20% of the issued share capital of Ceramic for a consideration of R130 per share, payable in cash. The board of Ceramic Industries acknowledged receipt of the proposed offer and said its listing on the JSE had "served little purpose".

Ceramic's shares were tightly held, minimal capital had been raised from the market and trade in shares was thin, the company said.

"Ceramic will have a materially reduced free float. Italtile has recognised under these circumstances that Ceramic's continued listing makes little sense," the company said.

Ceramic's shares grew R14.50, or 12.83%, on Monday on the news of the deal, while shares in Italtile remained at R5.54.

Italtile said on Monday that it valued its sound relationship with Ceramic and had a long history of purchasing tiles, sanitaryware and baths from the company. In order to support Italtile's growth objectives, the board would like to strengthen the relationship.

The proposal is subject to conditions, including the successful outcome of a due diligence exercise, the support of the Ceramic board and to Italtile receiving some formal assurances that Ceramic will be in a position to support the growth strategies of Italtile. This includes receiving assurance of the continued involvement of the current management of Ceramic in that business, and the necessary regulatory and legislative approvals.

Italtile is Ceramic's most significant customer, but does serve other wholesalers and retailers in SA. Italtile has undertaken not to require any representative on Ceramic's board or any preferential arrangements that would not be available to other Ceramic customers.

Italtile and Ceramic shareholders were advised to exercise caution when dealing in the company's securities until a further announcement in this regard was published.

Source: *Business Day*

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