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Sovereign Foods shareholders approve Bidco offer, delisting from JSE

Sovereign Foods has announced the outcome of the special general meeting of shareholders held on 9 October 2017. The company, in August 2017, received a firm intention from Bidco (controlled by Capitalworks) to acquire Sovereign Foods by way of a R907m cash offer to Sovereign shareholders.



Image: Sovereign Foods

Bidco made two separate but concurrent cash offers to acquire the Sovereign shares (excluding treasury shares), by way of a scheme of arrangement (scheme) and a general offer. The offer was priced at R12 cash per Sovereign share, which represents a 33.33% premium to the failed offer from Country Bird Holdings (CBH) last year, which was priced at R9 per Sovereign share.

Whilst it has been incorrectly reported in the media that the offer has been made “in conjunction with Sovereign board and management...” and/or that the offer is a “management buy-out”, this is not the case. The offer has been made solely by Capitalworks, through Bidco, although the Sovereign board and management are supportive of the offer.

On Monday, shareholders holding 89.84% of the total Sovereign shares in issue (including treasury shares), were present in person or represented at the general meeting. The scheme was approved with approximately 100% of votes cast at the general meeting. The scheme required at least 75% approval in terms of the Companies Act.

Sovereign Foods to be delisted from the JSE later this year

In terms of the scheme, and subject to obtaining the outstanding regulatory approvals, ownership of Sovereign Foods will pass to Bidco who will acquire 100% of the Sovereign shares in issue (excluding treasury shares). As a result, it is anticipated that Sovereign Foods will be delisted from the JSE later this year.

“Sovereign Foods is pleased with the voting result of the general meeting as it is indicative of the overwhelming support by Sovereign shareholders for the offer,” said Chris Coombes, Sovereign Foods CEO.

Avian influenza successfully contained

Sovereign Foods also announced last week that the avian influenza (AI) outbreak – discovered at a layer house on one of

its farms in the Eastern Cape – has, to date, been successfully contained and that the cumulative loss of production to date represents approximately 1% of Sovereign Foods' total production pipeline.

Coombes said: "We are pleased to announce that no further incidents of AI have been detected at any of our Eastern Cape farms. We are monitoring the situation and will continue to implement strict biosecurity controls at all of our sites in the Eastern Cape and Gauteng. To date, our Gauteng facilities have not been affected."

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