

Long4Life offers to buy Holdsport

By [Moyagabo Maake](#)

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Long4Life, an investment firm founded by businessman Brian Joffe, has made a nonbinding offer for Holdsport in a surprise move into the sports market.



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In a cautionary announcement on Monday, the companies said Long4Life had submitted a nonbinding expression of interest to the parent of Sportsmans Warehouse, proposing a share swap of 10.44 Long4Life shares for each share in Holdsport.

"No additional information can be provided at this stage, other than what was contained in today's [Monday's] cautionary announcement regarding the potential acquisition by Long4Life of Holdsport," said a Long4Life spokesman.

Holdsport CEO Kevin Hodgson had not responded to requests for comment at the time of publication.

"Long4Life has stated that their objective was to invest in the broader lifestyle area," said Wayne McCurrie, portfolio manager at Ashburton Investments. "Holdsport is part of that segment broadly, but it's an established business. I certainly thought that Long4Life would be going for more start-up types of prospects," he said.

The proposed deal was a little outside his expectations for Long4Life, McCurrie said.

Long4Life's share swap offer for Holdsport - which also owns Outdoor Warehouse and wholesalers First Ascent, Capestorm, Second Skins and African Nature - would result in Long4Life exceeding the number of shares it has in issue.

But Patrice Rassou, head of equities at Sanlam Investments, said Long4Life had the ability to issue shares to fund acquisitions. "Assuming they can issue a large number of shares, it implies a 10% premium [on Holdsport's share price]."

Holdsport closed at R57.63 per share on Friday, before the announcement. Long4Life was worth R6.10 per share.

Should negotiations succeed, Joffe's company would own a group that, despite trying times in the industry, managed to increase total sales 5.8% to R1.8bn in the year to the end of February. Retail sales rose 4.4% to R1.7bn, mainly from its 34 Sportsmans Warehouse stores.

The group has a total footprint of 63 stores.

The deal is the second for Joffe's investment holding company, which was formed to invest in lifestyle businesses and was listed in April.

It is in advanced negotiations with beauty franchisor Sorbet, which Long4Life is willing to pay up to R130m to acquire.

Long4Life is planning to settle the acquisition in a mix of shares and cash.

"Long4Life under Brian Joffe can add value to any business," said McCurrie.

"They clearly have plans to possibly alter Holdsport's range of goods or sectors that they sell into. Holdsport has a reasonably large store footprint and a well-known brand. Both could benefit from this."

Source: BDpro

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