

Eqstra's offer: Protech asks PwC to advise

By [Mark Allix](#)

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Construction and engineering group Protech Khuthele has appointed PricewaterhouseCoopers Corporate Finance (PwC) as the independent adviser on whether the terms and conditions of Eqstra's unsolicited firm intention to buy the company at 60c per share is fair and reasonable.

The construction and engineering group says it will post PwC's advice and the views of Protech's independent board to shareholders.

Meanwhile, the independent board has written to Eqstra, a provider of construction and mining equipment, saying it is willing to engage in the proposed transaction.

But it says it reminded Eqstra the three-day deadline imposed on Protech's independent board was "hostile and aggressive".

Protech said on Monday (10 December) that Eqstra's firm intention letter "expressly stated" that if Protech did not "co-operate" with Eqstra by 5pm last Wednesday (5 December), Eqstra "will need to inform the market of its reasons for proceeding with a hostile offer".

Protech chief executive Antony Page said the company was now waiting for PwC to provide it with a "fair and reasonable opinion".

"We are running into Christmas. nevertheless it looks like we would have something towards the end of January," he said.

Eqstra had not commented by the time of this report.

Page also said he hoped Eqstra and Protech's independent board would have further discussions, but he expected Eqstra to now bypass Protech's board and directly approach the company's shareholders.

However, he said this did not need to be a "hostile" process, and that little had transpired since Eqstra's deadline had passed.

Protech had in the past year embarked on a turnaround strategy in tough construction markets, writing off R37m on three cross-border contracts, and optimising operations and the financial management of the company.

"If Protech's strategy is understood and people (shareholders and staff) looked after, I don't see why Protech couldn't be owned by somebody such as Eqstra - it's a definite option," Page said.

Last week, Eqstra said its three-day deadline was not intended to be a threat that it would not proceed with a hostile takeover of Protech. Rather, this was to get a "reaction" from Protech that it was putting in a "serious" offer.

Late last year, Eqstra bought 32.8% of Protech. The company has a market capitalisation of nearly R200m with shares closing on Monday (10 December) at 54 cents each.

In March, Eqstra made an indicative offer to Protech that it was interested in buying out the company but Page said Eqstra was not given the right to do a due diligence at the time because the offer was only a "non-binding expression of interest".

Protech said it had "no intention" of frustrating a potential takeover, but could still not accede to Eqstra's request for a due diligence, because it had not been given enough time to consider the proposed transaction.

Chris Logan, chief investment officer of Opportune Investments, which has a tiny 0.3% shareholding in Protech, labelled the 60c per share offer "derisory". He said it was a 36% discount to the company's net asset value.

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