

Woolies' feud with Lew appears over

By [Nick Hedley](#)

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The tussle between Woolworths Holdings and Australian retail billionaire Solomon Lew appears to have finally ended, with Lew last week accepting Woolworths' offer for his long-held stake in Country Road, banking about R2.1bn in the process.



Woolworths on Friday, 25 July 2014, upped its holding in Country Road to 99.84% after approval from the Australian Foreign Investment Review Board for its takeover offer for the Country Road shares it did not already own.

Lew has owned most of the Country Road shares that Woolworths did not own, for 17 years.

By acquiring Lew's stake in Country Road, Woolworths increased its holding from 87.9% to above the required 90% level - which allows it to start a compulsory acquisition of all outstanding Country Road shares.

Woolworths said it intended to commence with the process today after its takeover offer became unconditional.

This follows Woolworths' R23.3bn takeover earlier this month of Australian department store chain David Jones - in which Lew bought a 9.89% stake prior to a shareholder vote to approve the deal.

The move by Lew, who has had a longstanding feud with Woolworths, was seen as a bid to derail the David Jones takeover and extract a premium for his Country Road holding.

But in the David Jones shareholder vote on Woolworths' bid, he did not vote his 53.6-million shares and the deal was given the green light.

Once both deals are fully implemented, Country Road and David Jones will be wholly owned subsidiaries of Woolworths and neither will be listed on the Australian Securities Exchange.

As such, Woolworths will lose its direct exposure to the Australian equity market, leaving it reliant on South African investors for future equity raises.

Woolworths was unlikely to need equity capital from the Australian market anytime soon, said Jean Pierre Verster, an analyst at 36One Asset Management.

"Any further large raising of capital will probably be with a large acquisition, and I do not foresee anything like that in the near future for Woolies - they now need to digest the full acquisition of Country Road and the significant acquisition of David Jones," Verster said.

He said the costs and regulatory requirements associated with listings meant that a number of South African companies had terminated their secondary listings elsewhere.

A Woolworths spokesperson said the company was not considering a listing in Australia after Country Road's delisting.

Woolworths has always wanted full control of Country Road but Lew has always stood in the way of its plans after he acquired enough stock to block it from delisting the Australian company, in terms of that country's company law.

Having its way with both the acquisition of David Jones and the delisting of Country Road, however, does not mean the company has seen the last of Lew.

Through his investment vehicle, Premier Investments, Lew is the largest apparel supplier to Country Road and David Jones, a relationship that will possibly run for some time.

The company does have its own in-house apparel developer supplying its own stores in SA.

Source: Business Day

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