

# Waco may choose to sell, not list

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Johannesburg - Waco International, the South African construction equipment company that announced plans for an initial public offering (IPO), instead might sell itself to a buyout group for at least \$610 million (R3.8 billion), unnamed sources said.

Pacific Equity Partners, a Sydney-based buyout firm, was among the potential buyers, the sources added.

Waco said last month that it planned to sell shares in an IPO. Since then, its owners, including Citigroup and Ethos Private Equity, had asked UBS to look for a buyer, the sources said.

"They'll go with the best deal," said Susan Butler, an asset manager at Investec in Cape Town.

Waco was acquired by the Citigroup-Ethos group in 2000 for R1.9 billion.

Waco has been profiting from a housing boom in South Africa, where interest rates are at a 24-year low and rising wealth among black people is fuelling demand for new homes.

The government has also stepped up spending on infrastructure development.

Nick Williams, a Waco spokesperson, and Tim Sims, the

managing director at Pacific Equity, declined to comment. UBS spokesperson Caroline Turney and Danie Jordaan, a partner at Ethos who sits on Waco's board, also declined.

Waco has not yet sent a prospectus containing details of its possible stock sale to investors. Buyout groups were supposed to submit their preliminary bids this week, the anonymous sources said.

Bidvest, Africa's second-biggest company by sales, was asked to make an offer, they said.

Bidvest chief executive Brian Joffe declined to comment.

A buyout would provide Waco's owners with an "easy exit" compared with an IPO, said Graeme Korner, an analyst at Standard Private Bank, whose company has been waiting for details of the share sale.

"The company itself may also see better benefits from being part of a bigger company."

Waco, which employs 4,000 people, has operations in South Africa, the US, Australia, New Zealand, Chile and the UK.

The company makes so-called modular buildings, provides services for construction projects, and rents out stands and seating.

Annual sales are about R3.5 billion. - Bloomberg

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