

New listings boom tempts companies

With Waco heading for a R4bn valuation, others could join a new listings boom.

By JULIUS COBBETT

THE recent successes of new listings on the JSE have prompted several unlisted companies to consider flotation on the JSE – and scaffolding multinational Waco International is the next up to the plate.

Waco was delisted from the JSE in 2000 when it was bought for about R1,9bn by 11 private investors. Named Form-Scaff in the 1980s, it was one of the jewels in the crown of Jeff Liebesman's W&A Investment Corp.

Form-Scaff was a major reason W&A was the JSE's best performer for years before reverse gearing set in and virtually strangled W&A and Trencor, which invested just before W&A unravelled.

None of this detracts from the quality of a business that does well hiring out scaffolding to a booming construction industry. The investors who picked up Waco when its parent was in distress are

ready to cash in on what has surely been a worthwhile investment. Waco's most recent annual revenue figure was roughly R2,6bn.

On Moneyweb Radio last week, Waco CEO Roydon Vice said: "Five years is a reasonable time for private investors to remain invested in a company, and I think we're into our next growth phase and private equity has to exit at some stage and now seems to be an appropriate time."

The Waco listing will be the first large local listing since Telkom listed in 2003. Institutional sources estimate the market value of the company on listing could be as high as R4bn.

Smaller listings have been more numerous. Since listing in June, Enaleni Pharmaceuticals has posted a return of 35%. The share price of Verimark is up 22% since listing a month ago.

Several corporate sponsors confirmed increased interest in clients wishing to float on the JSE. But despite this, there were just 387 listed companies on the JSE on July 30, a far cry from 642 in the most recent listings boom of 1998. – julius@moneyweb.co.za

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