

**GROWING CONFIDENCE**

Waco chief executive Royden Vice says management has the chance to expand its shareholding to as much as 23 percent

PHOTO: JOHN WOODROOF

# CCMP, bosses buy Waco for R5.4bn

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Pretoria - Waco International, the South African-based building company, has been sold to Hong Kong-based private equity firm CCMP Capital Asia and the company's senior management team for R5.4 billion.

Waco makes relocatable and modular buildings and provides scaffolding, forming and shoring services for the building industry.

The transaction is the largest private equity deal in South Africa and Australia to date. It follows Waco doing a U-turn in October last year and abandoning plans to list on the JSE.

Royden Vice, Waco's chief executive, said yesterday that management had a 15 percent stake in the company but had the ability, via incentives linked to certain goals, to increase their shareholding to 23 percent.

CCMP Capital, formerly known as JP Morgan Partners Asia, has acquired about 56 percent of the

## ATAGLANCE

**Fact 1:** Australasia accounted for 55 percent of Waco's revenue in the 2005 financial year, southern Africa 22 percent and the UK 23 percent.

**Fact 2:** CCMP Capital Asia has \$2.7 billion (R16.3 billion) under management.

**Fact 3:** JP Morgan Partners had about \$11 billion in capital under management in September.

remaining 85 percent shareholding in Waco, with about 28 percent held out of New York by JP Morgan Partners Global Fund.

Vice said the transaction would result in a considerable inflow of foreign capital into South Africa. "This substantial investment ... reflects confidence in the South African investment climate."

The structure of Waco, its subsidiaries, management and staff would remain intact and no redundancies were expected. The plan

was that Waco's focus on markets in South Africa, Australia and New Zealand and the UK would also remain intact, Vice said.

Stephen King, a partner of CCMP Capital, said Waco had developed itself over the past three years into a well established and focused industrial services business. "This is our first investment on the African continent and we look forward to rewarding returns."

Waco confirmed in September that it intended to list on the JSE as the industrial and diversified construction sector on the Australian market stagnated and values on the JSE continued to rise.

Waco was previously part of the listed W&A group, which delisted in September 2000 after a leveraged buyout by an Ethos Private Equity-led consortium with an enterprise value of R2.4 billion.

At the time, this was the largest pure private equity transaction in South Africa.

Waco Africa, the local business, trades under the names Form-Scaff

and SGB and is the market leader in southern Africa.

The group has about 3 600 permanent employees, half of them in South Africa, and has operations in Africa, Australia, Chile, New Zealand, the UK and the US.

Its previous major shareholders are private equity fund Ethos, Old Mutual, Coronation, RMB, and Capital International and City Group from the UK.

Recent acquisitions include modular building hire business Interlink Building Services in the UK for about R375 million in October 2004; Australasian Pacific, a leading scaffolding and shoring business based in Auckland, for R70 million in April last year; and local integrated maintenance service provider Cape Investment Holdings for R28 million, also in April.

Waco delivered compound annual growth in earnings before interest, tax, depreciation and amortisation of 27.7 percent in the year to June 2005.

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