

Private equity deal expected to boost foreign direct investment in SA

# WACO SOLD FOR R5,4bn

## Sharda Naidoo

In the biggest private equity deal yet in South Africa, industrial services group Waco International has been sold for R5,4 billion to its senior management. CCMP Capital, and JP Morgan Partners.

No jobs were expected to be lost with the sale. The structure of Waco, its subsidiaries, management and staff would remain intact with management keeping a stake in the business, the company said.

Waco has sales and manufacturing operations in South Africa, Australasia and the UK. Its headquarters will remain in Johannesburg.

The deal would help position the management team to expand and grow Waco's market-leading position in its two chosen lines of business: forming, shoring and scaffolding, and relocating modular buildings. It is also expected to boost foreign direct investment in South Africa.

"There will be a considerable inflow of foreign capital to South Africa. This substantial investment by CCMP Capital reflects confidence in the South African

investment climate," Waco chief executive Royden Vice said.

"We're pleased with the value this transaction has unlocked for shareholders. As we previously stated, we were looking to list, but after reviewing CCMP's offer, we had to review that decision.

CCMP would be investing through its Asia Fund and JP Morgan Partners through its global fund.

It is CCMP Asia's first investment in Africa.

Waco, formerly part of the W&A group, was delisted from the JSE about five years ago when a consortium of private equity groups took control of it in a R2,4 billion buyout. Since then it has turned a profit and has boosted its yearly earnings by about 30 percent over the past three years. Annual sales total about R3,5 billion.

CCMP Capital is a leading private equity firm with about \$11 billion in capital under management.

"This is our first investment in Africa and we look forward to rewarding returns," said Stephen King, a partner at CCMP. — *With I-Net Bridge*



**ECONOMIC BOOST:** Waco chief executive Royden Vice says a new deal will bring considerable inflow of foreign capital to South Africa.

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