

## PRIVATE EQUITY DEAL

**WACO SOLD FOR R5,4BN**

**Nicola Mawson**  
Senior Online Writer

SOUTH AFRICAN-based Waco International, which last year was contemplating a JSE listing, has been sold to CCMP Capital Asia (CCMPA), which was formerly known as JP Morgan Partners Asia, for R5,4-billion, in a deal that is the largest private-equity leveraged buyout in South Africa and Australia to date.

Waco's listing would have seen this industrial-services business with hire, sales and manufacturing operations in Australasia, South Africa and the UK become the largest listing since Telkom in 2003.

Waco initially listed in 1952 and delisted in 2000, when Ethos Private Equity led a consortium buyout of Waco with an enterprise value of R2,4-billion, leading to its current growth strategy.

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

Since then, the 4 000-strong company has been transforming and, in 2004, the firm disposed of its noncore assets.

Its black economic-empowerment credentials are assured through Kagiso's 25% holding of Waco Africa, and the firm also earns points through having black directors, managers and trainees.

Kagiso had the right to obtain equity in Waco

International upon listing, but was expected to remain in Waco Africa in order to reap benefits from South Africa's impending infrastructural boom.

Investors in the buyout include CCMP Asia, which will be investing through its Asia Fund and JP Morgan Partners (JPMP), Global Fund, managed by JP Morgan Partners.

CCMPA and JPMP are to join the management team to expand and grow the firm's position in its two chosen lines of business of forming, shoring and scaffolding, and relocatable modular buildings.

The structure of Waco, its subsidiaries, management and staff will remain intact, with management keeping a stake in the business.

Waco earns its revenues primarily through its rental business as hiring of equipment provides a more predictable stream of income and cash flow than it usually generates from its sales business.

No redundancies are expected as a result of the sale, and there are no expected changes in the executive team, which is led by **Royden Vice**, and the firm is to remain based in South Africa.

Vice, currently Waco CEO, commented that the firm was pleased with the value unlocked for shareholders.

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Tel +27 11 447 3030  
Email [info@collegehillir.com](mailto:info@collegehillir.com)  
[www.collegehill.com](http://www.collegehill.com)

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