

Kagiso reinvests in Waco Africa

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Pretoria - Black empowerment group Kagiso has reinvested in Waco Africa by acquiring a 25 percent stake in the local business of **Waco International**.

In one of the largest foreign equity buyout investments in South Africa, Waco International, the South African-based relocatable and modular buildings and scaffolding company, was sold to CCMP Capital Asia and Waco's senior management team for R5.4 billion in January.

Afzal Patel, the managing director of Kagiso Ventures, said yesterday that the new stake was valued at "a few hundred million".

The transaction followed Waco doing a U-turn in October and abandoning plans to list on the JSE.

Kagiso Ventures was entitled to realise its 25.1 percent investment in Waco Africa as a result of Waco's acquisition and sold its stake, realising several hundred million rands.

However, Kagiso has bought a new stake of 25 percent in Waco.

This investment has been made by Kagiso Strategic Investments, a long-term investment vehicle within the Kagiso stable.

Patel said the effective date of the transaction was the date of the sale. It was retrospective because the sale of Kagiso's stake was contingent on its acquisition of a new stake in Waco.

Kagiso had acquired the new stake after considering the company's bright prospects and strong market position.

"The sale was good for us. We sold out of a private equity business and are buying into [a] longer-term vehicle," said Patel.

Stephen Goodburn, Waco International's group financial director, said the new deal meant customers could count their business with Waco Africa towards their empowerment procurement spending.

He said Waco Africa and Kagiso initially established relations in 2001 and worked together in formulating the company's growth strategy.

Kagiso would continue to contribute to Waco Africa's success

by growing the business, winning new customers and helping with its transformation initiatives, Goodburn said.

Dave Best, Waco Africa's managing director, was delighted that Kagiso had shown its continued confidence in the company by reinvesting.

"They bring a wealth of contacts within the parastatal sector, where, with the major planned investment in infrastructure in the economy, we are well placed to participate," said Best.

Patel said Kagiso would be in almost the same position in Waco as it was before this transaction and would still have two representatives on Waco's board and representatives on its audit and remuneration committees.

"We're not an operational player in the sense that we'll try to tell them how to put up scaffolding. But we're not just coming to four board meetings a year. It's something in between. It's active ownership without interfering. We'll probably play our strongest role in helping to recruit people, best practice and strategy," he said.

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