

KAGISO-WACO PARTNERSHIP

REAL-ECONOMY EMPOWERMENT

BEE group continues relationship with scaffolding firm

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DEAL SEALED

Waco Africa MD Dave Best and Kagiso Ventures MD Afzal Patel

BLACK economic-empowerment (BEE) company Kagiso Group believes its partnership with scaffolding company Waco Africa positions it well to participate in South Africa's public-infrastructure drive.

Speaking at the celebration event of the strategic long-term BEE agreement, Kagiso Investments MD Afzal Patel said: "I think it is fitting that the announcement of this partnership coincides with the signing of the Construction Charter and the 20th anniversary of our ultimate shareholder, the Kagiso Trust, and we are of the view that this transaction represents an inflection point in the BEE movement."

He added that he believed the transaction to be the forerunner of a trend towards strategic investments by BEE companies, as opposed to the traditional financial investments undertaken by them.

"This shift from financial to strategic investments brings us closer to the true essence of sustainable BEE," he said.

The two companies signed a strategic BEE agreement last week, following the recent sale for R5,4-billion of Waco International, in what is believed to be one of the largest private-equity buyouts in South Africa's history.

Waco Africa's former BEE partner, Kagiso Ventures, a well-known provider of empowerment capital, was entitled to realise its 25,1% investment in Waco Africa, as a result of this acquisition.

"Kagiso has once again demonstrated its

confidence in Waco Africa's management and continued long-term growth prospects by purchasing a new 25% stake in the company," Patel said.

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

Waco Africa and Kagiso initially established relations in 2001 and worked together in formulating the growth strategy for the company.

Kagiso is expected to continue contributing to the success of Waco Africa by growing the business and winning new customers.

Waco Africa customers will benefit from a more attractive business proposition.

Waco Africa says it is fully committed to BEE in South Africa and it aims to ensure that its corporate and social make-up is consistent with the broader demographics of South African society, and Kagiso will continue to work with Waco Africa to help its transformation initiatives.

Waco International financial director **Stephen Goodburn** said: "We have had a very amicable and successful relationship with Kagiso since 2001, building a business that we are proud of, and we are delighted that Kagiso has committed itself to Waco Africa over the long-term as our black empowerment partner. Kagiso is highly reputable and we are excited to be continuing our partnership as we grow our South African business."

Waco Africa MD **Dave Best** added that "it is great that Kagiso has shown its continued confidence in us by reinvesting in the company".

He added that Kagiso will 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".

Patel said: "We have been exceptionally pleased with the performance of our investment in Waco Africa to date and were, therefore, keen to realise the gains from the sale for Kagiso Ventures.

"Looking to the future, we have considered the bright pros-

pects and strong market position of Waco Africa and have, therefore, acquired a new stake in the company.

"We have agreed to remain invested for the long term, which is in accordance with our investment criteria."

Waco International's South African business, Waco Africa, trades under the brand names Form-Scaff and SGB-Cape, and is the market leader in scaffolding, forming and shoring, in Southern Africa.

Kagiso Trust was formed some 20 years ago, first as a nongovernmental organisation with the objective of financing and managing community-development grassroots projects through donor funding.

Kagiso Trust Investments was formed in December 1993 by the Kagiso Trust to become a source of capital through equity ownership of portfolio companies, especially as grants from governments and foundations throughout the world dried up.

Kagiso Ventures is the private-equity arm of Kagiso Trust Investments and manages Kagiso Ventures Private Equity Fund 1 and Kagiso Strategic Investments.

The company invests in medium-sized companies with attractive prospects, meeting requirements in terms of returns, growth potential, empowerment and ethics.

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