



(Registration Number: 2000/002938/06)

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## **WACO INTERNATIONAL SOLD TO CCMP CAPITAL ASIA AND MANAGEMENT CONSORTIUM FOR R5.4 BILLION**

### **LARGEST EVER FOREIGN PRIVATE EQUITY LEVERAGED BUY OUT INVESTMENT IN SOUTH AFRICA AND AUSTRALIA**

The shareholders of Waco International Limited ("Waco"), a leading industrial services business with hire, sales and manufacturing operations in Australasia, South Africa and the UK, today announced that they have concluded a sale for R5.4 billion to CCMP Capital Asia ("CCMPA", formerly known as JP Morgan Partners Asia) and the senior management team led by Royden Vice, CEO of the company. CCMPA will be investing through its Asia Fund. JP Morgan Partners Global Fund, managed by JP Morgan Partners, ("JPMP") is also investing in the deal.

This transaction constitutes the largest private equity deal in South Africa and Australia to date and highlights a significant flow of capital into South Africa.

CCMPA and JPMP will join with the management team to expand and grow Waco's market leading 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. No redundancies are expected as a result of the sale and there are no expected changes in the executive team led by Royden Vice. The company's headquarters will remain in Johannesburg.

Royden Vice, CEO, said:

***"We are pleased with the value this transaction has unlocked for shareholders. As previously stated, we were looking to list, but after reviewing CCMP Capital's offer we had to review that decision. There will be a considerable inflow of foreign capital into South Africa as a result of the transaction. This substantial investment by CCMP Capital reflects confidence in the South African investment climate."***

Stephen King, a Partner of CCMPA, said:

***"Over the last three years, Waco has successfully developed itself into a well established and focused industrial services business. Our investment into this company demonstrates our confidence that their excellent financial performance is set to continue. This is our first investment on the African continent and we look forward to rewarding returns. We support Waco's strong growth agenda and anticipate our investment continuing to grow."***



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## **Management's significant transformation of Waco**

In 2000, Ethos Private Equity led a consortium buyout of Waco with an enterprise value of R2.4 billion, which, at the time was the largest pure private equity transaction in South Africa. The company has undergone major change, realignment and transformation since that date. A new management team under Royden Vice was appointed in 2002 and in 2003 that team introduced a co-ordinated optimisation programme aimed at overhauling Waco's performance.

Danie Jordaan, Senior Partner at Ethos Private Equity, noted that:

***"The subsequent exceptional performance by Waco management has produced equally exceptional revenue and earnings growth through an acquisition strategy, strong management focus and continuous expansion growth."***

The disposal of non-core assets was also completed and by the beginning of 2004, the success of these initiatives allowed Waco to pursue a new strategy more focused on growth. This strategy included the pursuit of new customers in new sectors, geographical expansion and extension of product and service offerings into complementary fields. Recent important acquisitions include:

- Interlink Support Services, a leading UK R&MB company
- Cape Contracts, a leading South African integrated maintenance service provider
- Australasian Pacific Limited, a New Zealand scaffolding and forming business

Waco earns its revenues primarily through its rental business. The hiring of equipment provides a more predictable stream of income and cash flow than Waco typically generates from its sales business. It is a company with leading positions in attractive markets and well established and recognised brands, which have been in existence for over 40 years. In terms of financial performance, Waco delivered compound annual growth in EBITDA (earnings before interest, tax, depreciation and amortisation) of 27.7% to 30 June 2005 (excluding the US operations, which were recently sold). This healthy financial performance has led to strong cash flows providing a strong base from which to pursue its growth strategies.

CCMPA and the Waco management team will expand and grow Waco's leading market position in its two chosen lines of business of forming, shoring and scaffolding and relocatable modular buildings.

Vice emphasised that:

***"The structure of Waco, its subsidiaries, management and staff will remain intact, with management retaining a stake in the business. No redundancies are expected as a result of the sale."***



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## **Notes to Editors:**

### **About Waco International:**

**Waco** is an industrial services business with rental, sales and manufacturing operations in two lines of business: forming, shoring and scaffolding ("FSS") and relocatable and modular buildings ("R&MB"). For the financial year ended 30 June 2005, FSS and R&MB accounted for 45% and 55% respectively of revenue. Waco operates in three key geographies: Australasia (Australia and New Zealand), southern Africa and the United Kingdom. Australasia accounted for 55% of revenue in the 2005 financial year, southern Africa 22% and the United Kingdom 23%.

### **Through its FSS line of business, Waco provides a range of products and services, including:**

- the rental, manufacture and sale of FSS and other access equipment;
- specialist and high technology formwork systems and solutions;
- the erection and dismantling of scaffolding and other access equipment;
- the rental of seating facilities and stands for public entertainment events; and
- value added industrial services such as insulation and cladding;
- brands include: Form-Scaff, SGB Cape and Waco Kwikform.

### **Through its R&MB line of business, Waco provides:**

- the design, manufacture, rental and sale of R&MB;
- specialist temporary or long-term accommodation solutions; and
- project management services relating to modular building contracts;
- brands include: Ausco and Portacom.

### **Waco's key strengths**

Other than proven financial performance and stable cash flow, Waco believes its key strengths include:

- Leading positions in attractive markets – Waco's market presence and scale and the geographical reach of its operations gives it a clear advantage relative to smaller, more local competitors
- Well established and recognised brands – Waco's brands have been in existence for over 40 years and enjoy significant brand recognition in the industries in which it operates.
- Balanced business portfolio – Waco has a balanced portfolio across its lines of business and geographies. It has significant exposure to "blue chip" companies in southern Africa and Australasia and government organisations in the UK. The company is well positioned to take advantage of strong end user markets
- Operational advantages – Waco has operational advantages including flexible cost base, active management of hire fleet and standardisation and flexibility of product range.



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- People – strong management team with many years of related industry experience who are passionate about what they do.

### **About CCMP Capital Asia (formerly known as JP Morgan Partners Asia):**

**CCMP Capital Asia** is one of the largest financial sponsors in Asia with US\$2.7 billion under management. CCMP Capital Asia's first fund, the US\$1.1 billion Asia Opportunity Fund ("AOF I"), was closed in 2000 and was one of the first pan-Asia leveraged buyout oriented investment funds raised for the region. Asia Opportunity Fund II ("AOF II") was recently closed in August 2005 at US\$1.575 billion.

### **About JP Morgan Partners:**

JP Morgan Partners is a leading private equity firm with approximately \$11 billion in capital under management as of September 30, 2005. Since its inception in 1984, JPMP has invested over \$15 billion worldwide in consumer, media, energy, industrial, financial services, healthcare, hardware and software companies. With more than 75 investment professionals in five principal offices throughout the world, JPMP is an experienced investor in companies with worldwide operations. Underpinning this platform is a global integrated network, which enables JPMP to draw on expert resources residing within its extensive portfolio and worldwide contact network. JPMP owns Brand Services, another leading scaffolding company based in North America