

Catalyst

SA's quarterly Private Equity & Venture Capital magazine

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Private Equity Deal of the Year-Gold Medal Issue

A rare breed lists on the JSE

Grant Thornton releases bullish BRICS PE Survey

All the private equity deals in 2011



From the Editor's desk

Much is being made about the possibility of a softer than anticipated landing in China combined with some sort of resolution to the Greek tragedy that has befallen Europe, leading to a stronger global economy but, paradoxically, to a pullback by LPs away from the emerging markets story and back to the developed, tried and tested narrative of the US and Europe.

It was a theme clearly articulated at the SAVCA Conference in February and one that was again reinforced by news of Chinese fund managers starting to sniff around the west again.

But it might be a tad premature for local private equity houses to start panicking about the next round of fund raising just yet.

Billions of dollars were pulled out of emerging market funds in 2011 in a flight from so-called risky assets, but at least one analyst quoted in the financial press believes the developing world growth story for investors has never been stronger — as long as you're investing in the right places.

Craig Swanger, global business director of Macquarie's Banking and Financial Services Group makes sense when he says "emerging markets are a sector-by-sector global play."

And the local industry players to whom I speak appear to be taking the same approach as they go about their daily business. It's not

misplaced confidence, just a firm belief that the emerging economies story, untapped and overflowing with potential, is a bestseller.

That's not to say local PE players can't improve in certain key areas. In fact there appears to be some serious work to do in some critical fields..

Delivering his keynote address at SAVCA's PE Conference — held in Johannesburg for the first time this year — Erik Kaas of Partners Group said he does not see the South African or African PE fund managers, as much as he does our Latin America and Asian counterparts, marketing their regions internationally. And if South Africa wants to be taken seriously as a gateway destination for these funds into Africa then the criticism must draw a swift response.

Kaas also pointed out that, though South Africa features as an emerging market PE destination, the country's exit rate was perhaps not as high as it could be. And he added that more local LPs should invest offshore in PE.

Kaas's sharp comments point to some degree of ambivalence by local players and extends to a belief that South Africa will automatically be placed first in the queue when it comes to PE funding for the emerging African growth and infrastructure story.

With the arrival of Carlyle in SA the mes-

sage has been reinforced: South African PE fund managers better employ their local knowledge and first-mover advantage before this golden window of opportunity closes.

I am saddened by the news that SAVCA Executive Officer J-P Fourie will be handing over the reigns after a successful period as the heartbeat of the organisation at the end of March.

J-P leaves behind a robust SAVCA that plays a critical industry role, lobbying government on important policy issues around private equity and organising valuable research projects and surveys that are so crucial to gauging its impact on the South African economy. His leadership and dynamic energy, coupled with an open door for the occasional coffee and catch up will be sorely missed.

He assures me, however, that his input as a non-exec will not be lost to the organisation and that due care and consideration is being taken to find his replacement, who has rather large boots to fill. And that his door is still open.

I wish him well, and thank him for his significant contribution towards *Catalyst* over the last few years as he starts an exciting new chapter in his career. ♦

Catalyst

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Private Equity Deal of the Year

And the gold medal winner is...

The 2011 Catalyst Private Equity Deal of the Year proved to be one of the most contested in recent times, with the independent adjudication panel – headed by Financial Consultant Peter Schneider and comprising Confluence Digital Research's Director of Research, Neale Penman, Retired Stockbroker and Director of companies Martin Irish and David Gleason, publisher of this magazine – deliberating and debating the meaning of private equity along the way.

The short-list was whittled down to the Actis-led management buyout of vehicle tracking pioneer Tracker; Brait's complex restructuring involving Christo Weise's Titan and associated investments into Pepkor and Premier Foods; and the Ethos-led management buyout and delisting of commercial catering and kitchen equipment supplier Universal Industries.

Three extremely strong contenders tested the mettle and method of the independent adjudication panel to the limit. The Brait transaction in particular stirred some heated debate over what rightly constitutes a private equity deal. But the panel's thorough method won the day

"At the outset, we compiled a list of all mergers and acquisitions involving private

equity," explains Schneider, "and from that, compiled a short-list of transactions. Each transaction on the short-list was then extensively evaluated by a panel comprising four totally independent members, who evaluated the transactions using selected criteria."

This included ranking the deals on a sliding scale and these results were then consolidated to determine the overall winners.

The criteria according to Schneider:

■ Innovation and creativity

We ranked the transactions on the basis of the creativity of the solution – did the advisors come up with an innovative and creative structure or solution to a particular problem?

■ Time Constraints

What time pressures, if any, influenced the structuring of transaction, and how effectively did the advisors meet these constraints and the published time-table? Allowance was given for deviations from the time-table for events or disruptions beyond the control of the advisors.

■ Deal Size

Deal size in itself was not an over-riding determinant of the rankings, but consid-

eration was given to the size in that the bigger the deal, the bigger the risks and the more intense the scrutiny by all stakeholders, including the media, regulators and shareholders.

■ Complexity

We analysed the complexity of the transactions, taking into account inter alia the conflicting interests of the various parties, particularly the regulators, and the requirements to overcome their restrictions.

■ Value Creation

Was the transaction value-creating for the parties? To what extent did the shareholders and other stakeholders benefit from the transaction?

■ Regulatory Approvals

How challenging were the regulatory approvals, such as stock exchange rules, exchange control authorities, banking regulators, tax authorities, Competition Commissions etc?

In the end Tracker emerged as the panel's overall winner of the 2011 Catalyst Private Equity Deal of the year.

Tracking returns and accolades

Actis announced in the second quarter that it had successfully snared one of the "big five" vehicle tracking companies in the Sub-Saharan region. It led a consortium in a US\$434m (roughly R3,9bn), 100% management buy-out of Tracker, South Africa's largest vehicle tracking company and the name now as synonymous to car recovery as lip-ice is to the lip balm industry.

The transaction saw Remgro dispose of its 40% interest in Tracker to Actis while FirstRand restructured its investment to

include RMB Ventures, with the former holding 10,14% and the latter 12,54% post implementation. The Mineworkers Investment Company (MIC) increased its stake in the business to 30% and management took up 7,32% through a specially created trust.

The deal was also instrumental in securing its chief architect, Natalie Kolbe, a partnership at Actis later in the year.

The gearing employed was conservative by private equity standards and this probably heralds a more pragmatic age

where deal structuring isn't entirely reliant on leverage to secure good returns. The fundamentals of strong and deep pre-acquisition research combined with a talented investment team will only become more important post the 2008 Great Recession.

There is clearly an attractive investment case to be made for the business as Kolbe explains.

"At its core the vehicle tracking business has good cash flows and a large client base,

“Three extremely strong contenders tested the mettle and method of the independent adjudication panel to the limit. The Brait transaction in particular stirred some heated debate over what rightly constitutes a private equity deal.”

which creates an annuity-type cash flow.”

It is also reliant on growth within the vehicle market and if the recent new car sales are anything to judge by then Actis may have timed this acquisition quite beautifully as NAAMSA (The National Association of Automobile Manufacturers of SA) released figures showing an increase of 18,9% year-on-year from October 2010.

What really excites Kolbe and sets this deal apart in many respects is the innovative

business that is being spun out of traditional vehicle tracking which promises the growth potential to really knock the lights out.

Kolbe says that as markets mature and succeed in bringing down vehicle theft and hijackings (and here she cites Brazil and South Africa as examples) vehicle tracking companies have been forced to innovate to retain relevance.

Some of these innovations being pioneered by tracker include behavioural insurance. This translates into using the advanced data monitoring that vehicle tracking provides to create a customer profile for insurance companies.

“Something,” she jokes, “that can actually have a negative reinforcing effect on bad drivers.”

But for the majority this method of ensuring that better drivers pay less on their premiums is proving extremely attractive and sensible.

There’s also the steady uptake of fleet management by smaller companies that previously felt fleet management options were only within reach of larger blue chips.

And finally there is development being done on cutting-edge services such as emergency road-side assistance at the push of a button. The tow-truck or repair company could then locate you via your GPS.

“In a dynamic industry, Tracker has demonstrated a consistent ability to innovate and provide relevant solutions to its customers. These qualities resonate

strongly with RMB Ventures,” says Eutyclus Mbuthia, co-head of RMB Ventures.



Natalie Kolbe

The industry is also highly fragmented at the moment and, according to Kolbe, as it matures we will start to see an increase in consolidation. With its eye firmly on the full investment lifecycle, it would appear that Actis is positioning itself to take advantage of this envisaged consolidation at exit stage.

Brait blazes brave new trail

In a move during the first quarter of 2011 that some observers called “extremely brave,” Brait, the doyen of the local private equity industry, unveiled a change in business model so dramatic in its structure and scale, that it will most likely be hailed in years to come as a watershed in the South African PE space regardless of whether it succeeds or fails.

Speculation that Brait was struggling to raise new funds through the usual channels in the current, highly risk sensitive environment, had been rife in the market for some time.

It certainly didn’t come with the attendant shock factor when the firm announced in early March that it is “evolving its business model from being a manager of third party funds to becoming an investment company.”

“The move,” Brait explained in a circular to shareholders, “will support the company’s growth strategy and enable it to continue leveraging its extensive investment experience while raising capital in a more efficient manner.”

The newly evolved model will see the Brait investment team utilising its unique

skills and track record for the direct benefit of shareholders in Brait in addition to its Limited Partners.

Instead of only raising private capital from third party investors to fund its private equity investment programme, Brait will raise capital from time to time in the public equity capital markets and invest this capital directly into predominantly privately owned companies based in South Africa.

Brait raised an initial R6bn through a fully underwritten rights issue, which was Africa’s biggest of its kind.

Most notably, Brait's business model changed from being a fund management business with annuity income streams to an investment business underpinned by the valuation of the underlying portfolio assets. As a result, the Net Asset Value (NAV) per share basis is now the most tangible and verifiable basis by which to measure the firm.

This move will ensure that Brait's highly experienced and undoubtedly successful investment team can focus purely on deploying capital and driving value from underlying assets.

There was also an organisational restructuring in line with the shift in the business model and as part of that Brait CEO and co-founder, Antony Ball, made way, after leading the firm for just over four years, for Brait executive director John Gnodde, who assumed the executive leadership of the group as CEO of Brait South Africa. Ball remains a nonexecutive director of the newly restructured group and retained his responsibilities towards Brait IV (the third party fund raised in 2006 and which is currently substantially fully invested).

The Board was restructured to take the format of a European-style investment vehicle which is made up exclusively of non-executive directors that oversee the Company investment management function as the de facto investment committee. As a result, the function of the Board changed from overseeing strategic operating decisions to that of making investment decisions.

When the restructuring was announced, Gnodde said in a statement that Brait was looking to evolve.

"As our track record shows, we have always strived to be at the forefront of the most efficient and effective investment models, with long term capital appreciation as the ultimate goal. The reorganisation means that Brait can evolve into an even more efficient, longer-term value-driven, investment-growth business. We'll be able to deploy capital more efficiently and with greater flexibility and I think the move positions us to become a shareholder of reference in market leading businesses."

With its move towards being a listed investment vehicle, Brait took the steps to ensure there is legal certainty and efficiency with respect to its corporate structure. This necessitated the proposed migration from Luxembourg to Malta.

Brait was incorporated in Luxembourg 35 years ago as a 1929 Holding Company and is listed on the Luxembourg Stock Exchange (LuxSE) and the JSE. In December 2006, Luxembourg abolished all laws relating to the 1929 Holding Company dispensation following the European Commission's decision on the incompatibility of the 1929 Holding Company with the Laws of the European Union. This change resulted in a number of inefficiencies with regards to the current Luxembourg corporate structure and hence the migration to Malta.

On January 1 last year Brait converted from a 1929 Holding Company to a normal, fully taxable, Luxembourg holding company normally referred to as a Société de Participation Financière or SOPARFI.

Subsequently, all the current Brait fund management business units are now treated as portfolio companies and accounted for as financial assets fair valued through the Statement of Comprehensive Income. This is in line with NAV growth being the key valuation metric for the Company.

The net capital raised through the rights issue was used to capitalise Brait Malta, which, in turn, was used to capitalise its wholly-owned subsidiary Capital Partners Group Holding Limited (CPGHL) to enable it to acquire investments.

Brait also announced two major "anchor" acquisitions, in the retail and food sectors respectively, as part of the restructuring process.

Brait, through CPGHL, acquired 24,6% of Pepkor for R4,17bn. Valuing Pepkor at R17bn at the time. Brait will obtain a further exposure of 10,3% to Pepkor through an SPV.

Once again through CPGHL, Brait acquired 49,9% of Premier Foods, together with shareholder loans of R221,2m from Brait IV, AJL Trust and Ernest Trust for R1,07bn.

Another intriguing aspect to the joint announcements was the emergence of Pepkor chairman and the 782nd ranked billionaire on Forbes's list, Christo Wiese, through a targeted shareholding of 33%, as an anchor shareholder in, and non-executive director of, Brait.

Wiese's 18% stake, when combined with the current Brait management (The Investment Team), will ensure that these two powerful blocks of shareholders will

be able to influence the direction of the new-look investment company.

The R6 billion capital raising through the rights issue was underwritten by Titan, an entity controlled by Wiese, the Brait Investment Team and Rand Merchant Bank (RMB).

The Investment Team will invest alongside shareholders to ensure complete alignment of interests and, consequently, the old 2 and 20 fee rule for traditional private equity funds fall away as no net fees will be payable to the Investment Team, ensuring the maximum return for ordinary shareholders.

"Most notably, Brait's business model changed from being a fund management business with annuity income streams to an investment business underpinned by the valuation of the underlying portfolio assets."

Expanding on the rationale for such a bold move the board of Brait said in the circular that it believes there is an opportunity to maintain the existing strengths of the private equity model while, for the first time, tapping into the strategic benefits of raising funds from the public equity markets through a listed vehicle.

"Public equity markets will provide a more permanent form of capital, thereby complimenting the existing private equity funds. As part of the re-organisation process, the company expects to realise significant cost savings because of the reorganisation."

Ethos' investment reveals Universal truths

Sometimes the most compelling investment stories are found in the most unglamorous places. The nuts and bolts holding everyday life in place, often unseen or unnoticed by the consumer, are frequently where these stories are born. The Ethos-led management buyout of Universal Industries, one of Catalyst's three finalists for the coveted Private Equity Deal of the Year Award, is one such.

Universal Industries isn't a sexy money-spinning casino operation, or media empire, or cash churning retailer – though it is heavily allied to the retail space. No, it's better than that. It's an essential industrial component in the machinery of mass market retail, making it indispensable to the consumer-led growth that Southern Africa is trying desperately to establish as the foundations for its push into the first world.

Universal is the holding company for South Africa's leading suppliers of: Refrigerated display cases; Polyurethane insulated panels; Commercial ovens and related baking equipment; and Commercial catering and kitchen equipment

The group supplies mainly to the perishable food retail, wholesale, hospitality and related industries. All underlying businesses are well established (some with a history of

more than 100 years) and supply a diverse range of blue chip customers in the local and international markets. The management team is particularly well regarded in the industry.

When one throws the entry of American heavyweight Wal-Mart into the mix – it has stated that it will introduce food retailing to the already successful Massmart stable – then the decision by Ethos and management shareholders of Universal Industries to buyout and delist the company makes for a mouth-watering investment case.

The acquiring consortium comprises Ethos Private Equity Fund V and management and directors of Universal. It is intended that a BEE shareholder will be introduced in time to improve the empowerment credentials of the business.

Ethos was prepared to pay a generous premium to get its hand on the asset as the scheme consideration was pitched at a premium of 37,3% to the closing price of Universal shares on the last business day immediately prior to the date of publication of the first cautionary announcement.

Unsurprisingly, the leveraged buyout received overwhelming approval from shareholders and achieved all the required

regulatory approval, including Competition Commission approval. The price of R2,50 per share represents an enterprise value of R1,3bn.

Ethos partner, Shaun Zagnoev, was particularly encouraged by the pedigree of Universal's management.

"Universal has considerable potential, with a leading share of the local market, powerful brands and exciting sub-Saharan growth prospects," explains Zagnoev, "making this an extremely attractive investment for Ethos in partnership with a highly regarded management team."

Ethos has a history of innovation in the South African private equity industry and is once again ahead of the pack by concluding the first public-to-private transaction under the new Companies Act.

"Together with management, we will unlock value by enhancing operational efficiencies while increasing local market share and directing substantial resources towards the burgeoning African opportunity," added Ethos principal, Samantha Pokroy.

Ethos is currently raising Fund VI, focusing mostly on control acquisitions and expansion capital in medium-to-large companies in South Africa and selectively in sub-Saharan Africa. ♦

It's not every day that a new private equity firm lists on the JSE, so when the executive director of BK One Limited, Dean Richards, blew the traditional kudu horn at No 2 Gwen Lane in December, it was only natural for the industry to sit up and take notice.

A rare breed

Quite apart from the rarity of the breed, BK One offers a compelling investment case owing to its carefully crafted investment process.

BK One derives its name from its joint-venture parents Basileus Capital, a proprietary investment house, and its co-investment partners Kwanda Capital Investments.

Basileus provides the brains, in the form of a large expert research team, and a large deal pipeline, while Kwanda provides the financial muscle in exchange for



Dean Richards (CEO: BKOne), Terry Brunton (CEO: Kwanda Capital Investments), Julian Williams (CEO: Basileus Capital)

access to the research and the pipeline.

“BK One offers a unique long-term investment opportunity providing one of the few available vehicles for those wishing to invest in a portfolio of underlying developmental capital, or private equity, projects and businesses,” explains Richards, a seasoned veteran in the financial services space.

Richards boasts 27 years of experience in the financial services industry

sectors. The Basileus approach is first to assess very early stage opportunities using its own resources, which includes one of South Africa’s largest in-house, private equity, research and development teams, 47 strong.

Thereafter, Basileus advances the project or business using its own operational capacity and capability, deploys additional funding off its own balance sheet, and then seeks co-investment

as part of a diversified investment portfolio. The compelling investment case for this type of investment has appeal for a broad spectrum of investors ranging from private individuals to financial institutions.

“Contrary to the norm in South Africa, BK One’s preference shares offer investors an opportunity to access investments in the early to mid-stages of development, and our focus is on providing growth and development finance for investments that have passed their initial high-risk phase. This unique structure with Basileus, together with fund management expertise, knowledge and advice from Kwanda, will ensure that we have access to an optimal combination of process, quality projects and a very experienced team of people that have a proven track record based on a comprehensive process-driven framework. This includes three independent levels of decision-making.”

Basileus’ chief executive officer and founder of well-know Platinum junior Wesizwe, Julian Williams, is another intrepid businessman involved in BK One and he expressed his desire to hit the “sweet spot” on the value curve through the listing.

“The developmental capital subset of the private equity industry in South Africa is currently under-represented,” says Williams. “Globally, it has proven to deliver attractive returns, and BK One is one of the first initiatives to make developmental capital available to the mainstream investment community and thereby attract more capital into building businesses and creating much needed jobs in South Africa.

“Significantly, as the first principal investor, we invest our own capital into our portfolio; this strategy, together with our robust investment processes ensures that we select only the best opportunities we review for inclusion. Basileus’ business philosophy is firmly focused on developmental capital projects that have the potential to become significant businesses in their own right. Our business model focuses on reducing business risk through rigorous research and hands-on operational management. We believe this active management focus on ensuring that the underlying business is successful will translate into meaningful returns”.

“Basileus’ chief executive officer and founder of well-know Platinum junior Wesizwe, Julian Williams, is another intrepid businessman involved in BK One and he expressed his desire to hit the “sweet spot” on the value curve through the listing.”

both locally and internationally. He joined Old Mutual plc in 1984 and held a number of key senior management roles within the group and most recently (2007 – 2009) he was the CEO of Skandia-BSAM/Old Mutual in China.

The projects and businesses that Richards refers to are selected from Basileus’ extensive pipeline comprising in excess of 45 opportunities across eight

from a variety of other funds and investors, such as BK One. At this stage, the projects and businesses would have been comprehensively de-risked.

This is a simple, yet highly effective and axiomatically synergistic strategy.

Richards says that BK One was established to meet the growing demand locally and globally for developmental capital, or private equity opportunities,

Another unique aspect of the BK One preference share is that a designated broker, Sanlam Private Investments, has been mandated to facilitate the buying and selling of the counter to the investment community.

The company raised over R200m by way of the listing of 20m non-cumulative full participation redeemable preference shares at an issue price of R10 per share.

The list of current investments includes:

- **Pure Ocean Aquaculture:** Food shortages driven by a growing population, changing lifestyles towards healthier eating and dwindling wild marine stock are among the reasons for this choice of investment. There is clearly a demand for farmed fish and the challenges in long-term supply points to aquaculture as the solution. Pure

Ocean is a vertically integrated aquaculture company in the development phase of setting up various sites in Southern Africa. A land-based recirculating plant on the east coast of South Africa is under development and a cage-based project in the Lesotho Highlands already has fish in the water.

- **Avalloy:** Avalloy is a South African company operating in a niche market segment, which is experiencing substantial growth. The Avalloy facility has world class technology and processes producing super-alloys (high-performance alloys) for the aerospace, power generation, petroleum and automobile industries. Avalloy, which is partnered with Rolls-Royce, has developed to the stage that it has obtained its necessary accreditations and cus-

tomers approvals and is now entering its next phase of development.

- **TOR Holdings:** Tor Construction is a road construction company based in the Southern Cape, which has recently increased its order book to more than twice the contract value in the previous year and the highest ever achieved. Tor Oil Infrastructure is an oil storage and related infrastructure construction company focused on developing projects throughout Southern Africa.

After the fanfare of the listing BK One's immediate task is to secure the most suitable projects and businesses for its new investors. This will not be made any easier by the continued uncertainty hovering over the EU and the pace of economic recovery at home. ♦

The turbulence of the global economy notwithstanding, 72% of professionals interviewed in BRICS countries believe investment activity in the private equity sector will rise, reveals Grant Thornton in a report released in the last quarter of 2011.

BRICS bullish about private equity activity



David Paropoulos

The report is based on interviews with private equity professionals across the world and shows how the private equity industry has transformed in the face of increased uncertainty in the financial sector.

Globally, nearly two thirds of those surveyed believe investment activity will increase over the coming year. Western Europe is the least optimistic with only 50% expecting investment activity to increase.

In the BRICS group, Brazil is the most optimistic while expectations in South Africa are slightly more subdued, says David Paropoulos, Corporate Finance director at Grant Thornton Johannesburg. "This sentiment is attributed to the more established nature of the buyout market in South Africa. Nonetheless, notable activity is expected in the country."

Paropoulos adds that South Africa is seen by many private equity investors as a

gateway into the rest of Africa and as such, strong private companies are being sought with a strategic African expansion plan in mind.

"We expect a sizeable level of activity in the local equity market in the next few years," he says.

In South Africa 67% of respondents expect an increase in exit activity from private equity investments, while 33% expect it to stay the same. Brazil and Russia are the only countries that are more optimistic about exit activity than South Africa, with respectively 71% and 100% expecting a rise.

Regarding challenges for private equity, BRICS countries view regulatory matters as the biggest hurdle facing the market. The rapid growth of the private equity sector also attracts more attention from financial regulators who want to ensure controlled growth. In addition, high levels

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of competition and a shortage of talent are other challenges in these markets.

The report also reveals a tough environment for fundraising. Globally, there is more negativity about the outlook (46%), with 13% feeling very negative and only 28% expressing a positive sentiment. The negativity is particularly acute in devel-

oped markets including Western Europe (47% negative vs 20% positive) and North America (48% negative vs 26% positive).

This snapshot of the global private equity industry was produced following qualitative and quantitative interviews with top executives around the world during 2011.

Participants came from across the private equity industry and answered questions on a range of issues including new investment activity, portfolio management, exiting and fundraising. This enabled detailed exploration of likely trends throughout the private equity cycle and identification of key pressure points. ♦

Coast2Coast, the private equity mid-market player established in 2005 by co-owners, CEO Gary Shayne and COO Cris Dillon, concluded its second deal in October 2011, a year that spawned first-time forays into the garden and home and nutritional supplements markets.

Coast2Coast's Ascendis Health on the acquisition trail

Ascendis Health, the wholly-owned health and lifestyle subsidiary of Coast2Coast Investments, along with existing management, acquired the Efekto business. The Land Bank and Vantage Risk Capital, the BEE mezzanine financiers, provided part of the funding for the transaction.

The Efekto acquisition follows Ascendis Health's acquisition of Sportron, the direct selling nutraceutical and beauty products business, in the second quarter.

Sportron has an exclusive license from the patent holder of FoodState®, to import the Foodstate nutrients and herbal concentrates for local manufacture according to specialised product formulae.

The company has a staff complement of 60 and is managed by Cornelle Van Graan (CEO). The founder and executive chairman, Dr Alan Tomlinson, and key management members, have retained a significant equity stake in the company and continue to manage the business.

Ascendis Health is a significant player in the health and lifestyle sector with the following well known consumer brands in its portfolio; Efekto, Wonder, Natura, Sportron, Foodstate, Bioter Health and FitFlop.

The Efekto acquisition is Ascendis Health's first venture into the home and garden category. To execute this transaction

Ascendis partnered with the existing Efekto management team, some of whom boast three decades experience, with the long term aim of improving strategic, operational and leadership capacity.

Ascendis' aptly named CEO, Dr Karsten Wellner, believes the existing Efekto and Wonder brand product portfolio offers huge scope for growth.

"We have identified the home and garden sector as being fundamental to our future growth at Ascendis," explains Wellner. "Part of our strategy is to create vertical integration into the 'best of breed' players within this sector via joint ventures and acquisitions.

"Efekto's established history, product innovation, extensive product lines and excellent retail footprint meant they fitted our investment criteria in every sense. We are actively seeking further acquisition opportunities in the health and beauty sectors."

Efekto is Vantage Risk Capital's seventh mezzanine investment and the first one to be partnered with Coast2Coast.

Vantage's Managing Partner, Luc Albinski said that Efekto's ambitions to expand into African markets such as Zambia and Ghana are of great interest to Vantage as it expands its own African footprint.

Shayne and Dillon are self-confessed



Karsten Wellner

disciples of Warren Buffet's investment philosophies, attending the Oracle of Omaha's annual gathering whenever they can. Buffet's mantra of buying companies at a price at or near intrinsic value but that can consistently increase their intrinsic value – "Wonderful business at a fair price" – appears to be driving the investment approach at Coast2Coast. LP's will be hoping that the returns are Buffet-like too. ♦

What's happening in the PE industry

National news

In addition to periodic 'deal pitching' sessions, AngelHub launched a monthly high-touch networking platform by entrepreneurs, for entrepreneurs in 2012. The events are targeted at getting founders (and prospective founders) of interesting high-growth ventures together for meaningful conversations on shared experiences.

Rather than a traditional networking event where one needs to balance a drink and cocktail snacks delicately in one hand while exchanging awkward handshakes and business cards with the other, Founders Dinners will take the form of, well... a casual dinner. One experienced guest entrepreneur will join representatives of the AngelHub team, and then 10 seats are open around the table for other entrepreneurs to join in. These events will alternate between Johannesburg and Cape Town.

AngelHub is a Business Angel Investment Group that pools funding, expertise & networks from a diverse range of early-stage Angel Investors for investment in high-growth South African ventures to accelerate growth & create value.

Actis, the pan-African emerging market private equity investor announced the promotion of Natalie Kolbe to the position of Partner in early January.

Kolbe led Actis's acquisition of South Africa's largest vehicle tracking company, Tracker, in October, and is the Investment Manager for Alexander Forbes and Savcio.

The industry's rising star joined Actis in 2003 after three years as an investment consultant for Investec Bank in South Africa; after which she was an equity analyst with Thebe Securities. Natalie holds a BCom from the University of the Witwatersrand, an MBA (Cum Laude) from Wits Business School and is a CFA Charterholder.

International round-up

Newly-arrived private equity behemoth, Carlyle Group, has appointed new co-heads of its operations in the Middle East and North Africa.

Can Deldag, currently based in Istanbul, and Firas Nasir, in Dubai, will become co-heads of Carlyle MENA Partners, the company said in a statement. The appointments are effective immediately, and both men succeed Valid Musallam, the current head of the Middle East and North Africa fund.

Carlyle has been active in the region for years, with a US\$500m fund established in 2009. The firm has made five investments over the last three years, including Bahcesehir Koleji, a private education provider in Turkey, and Alamar Foods, the operator of Domino's Pizza and Wendy's restaurants across the region.

Deldag joined Carlyle in 2007 and previously was a senior partner at the accounting firm Ernst & Young. Nasir also joined in 2007, and has held positions at Credit Suisse First Boston and UBS.

Actis has introduced a tool to assess the environmental and social impacts of its investments in the energy sector, with a view to better identifying how its investments are adding value.

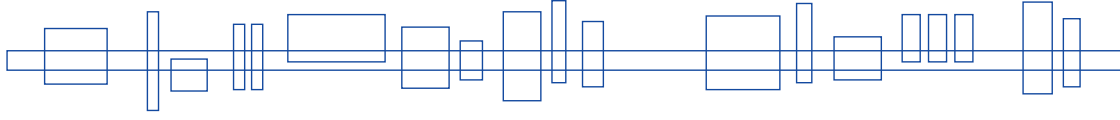
The London-based emerging markets investment firm says its Energy Impact Model "captures in a systematic way the key driv-

ers that build value, and helps pinpoint where action is required".

The model involves scoring a company on 63 quantitative and qualitative indicators twice each year. It was developed with sustainability think-tank Forum for the Future, and is based upon its 'Five Capitals' model, that aims to measure an organisation's impacts on human, social, infrastructure, environmental and financial capital. Actis has added a governance component.

The *Financial Times* reports that the world's largest private equity groups such as Blackstone and KKR, have discovered a new prey to hunt. Renewable energy projects have become a hotspot for private equity investments in the past few years, with specialised funds and infrastructure groups in particular buying into wind farms and solar energy schemes.

Four years ago, private equity and infrastructure funds invested €500m (\$666m) into European renewable projects between them, according to research by HgCapital, the European mid-market buyout group and the largest investor in the renewable sector by amount of capital raised. By 2010, this number had risen to €900m, and the sector is on track to spend almost €2bn on such deals this year.



PRIVATE EQUITY DEALS Q1 – Q4 2011 – SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Disposal by	Horizon Equity Partners to Iness Market Technology	Perseus		R37.5m	Jan 9
Acquisition by	AgriVie	Hydrotech		not disclosed	Feb 18
Acquisition by	Acorn General Fund One	33.98% of Grassroots Group		not disclosed	Feb 24
Acquisition by	Capital Partners (Grant SA) from Pepkor	24.6% stake in Pepkor plus a further 10.3% through purchase of pref shares	Rand Merchant Bank, Cliffe Dekker Hofmeyr	R4,181m + R67.1m	Mar 3
Acquisition by	Titan from Old Mutual Life Assurance (Old Mutual)	20.52% stake in Pepkor	Rand Merchant Bank, Cliffe Dekker Hofmeyr	R3,62bn	not announced
Acquisition by	Brait SA from Premier Foods	49.9% stake in Premier Foods	Rand Merchant Bank, Cliffe Dekker Hofmeyr, Bink Cohen Le Roux	R1,1m	Mar 3
Acquisition by	Standard Chartered Private Equity	39.77% stake in Afrifresh	Bowman Giffilan	not disclosed	Mar 8
Acquisition by	Inspired Evolution	25% stake in Abagold		R52.5m	Mar 28
Acquisition by	Theomac Investments (Spirit Capital)	86.4% of Fibre Wound	Weksmans	not disclosed	not announced
Acquisition by	Marlow	significant stake in DIMYSIS Biotechnology	Marlow	not disclosed	Apr 1
Acquisition by	Titan Nominees from Medo Capital	5.97m shares (3.75% in Pepkor)	Rand Merchant Bank, Cliffe Dekker Hofmeyr	R66.1m	Apr 18
Acquisition by	Titan Nominees from Capital Africa and South Africa Private Equity Trust III	20.52% stake in Pepkor	Rand Merchant Bank, Cliffe Dekker Hofmeyr	R3,62bn	Apr 18
Acquisition by	Pnebridge Gateway Partners	significant minority stake in Thuthuka Group	Bowman Giffilan	not disclosed	Jun 1
Disposal by	HBD Venture Capital to Visa	25.65% of Fundamo	Edward Nathan Sonnenbergs, Weksmans	\$28.2m	Jun 10
Acquisition by	Targe Capital-led consortium	30% stake in MDA Property Systems		not disclosed	Jun 10
Acquisition by	Consortium consisting of key management members, RMB Ventures and Pan-African Equity Fund 1 from AVI	Demy Mushrooms	Rand Merchant Bank, Standard Bank, McPherson Kruger, Tabords	R243.5m	Jul 13
Acquisition by	Ethos Private Equity and certain existing shareholders from Unvestal Industries minorities	457 919 126 shares not already held in Universal Industries	Java Capital, Grant Thornton, Webber Wentzel	R1,14bn	Aug 1
Joint Venture	E. Oppenheimer & Sons and Temasek	Tano Africa Capital		\$300m	Aug 8
Acquisition by	CVC Capital Partners	51% stake in Virgin Active	Standard Chartered Bank	not disclosed	Aug 23
Acquisition by	Acorn General Fund One from Bounty Brands	30% indirect stake in Saint Pie	Freshfields Bruckhaus Deringer, Webber Wentzel	not disclosed	Aug 26
Acquisition by	Acis from Rengoo	34.4% stake in Tracker	Merchantec Capital, Rand Merchant Bank, Cliffe Dekker Hofmeyr, Webber Wentzel, PwC	R1,34bn	Sep 20
Acquisition by	Acis and Tracker management from Fristand	7% and 6.11% stake in Tracker respectively	Rand Merchant Bank, Merchantec Capital, Cliffe Dekker Hofmeyr, Webber Wentzel	R273m + R238.29m	Sep 20
Acquisition by	Medo Capital	62% stake in IWC		not disclosed	Sep 30
Acquisition by	Vivuvion Partners	50% stake in The College Group		not disclosed	Oct 10
Acquisition by	Global Capital and management	Impala Nur & Bolt	Edward Nathan Sonnenbergs	not disclosed	not announced
Acquisition by	Zico Capital from Innovation Group SA	25% of Innovation Group SA	Brovia	R92m	Dec 5
Acquisition by	Ethos Private Equity from various shareholders including A Roux and AC de Beer in off-market trade	11 250 000 Alexander Forbes Pref linked units	Deutsche Bank, Rand Merchant Bank, Webber Wentzel	R99.6m	Dec 8

PRIVATE EQUITY DEALS Q1 – Q4 2011 – REST OF AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Africa	Acquisition by	Helios Investment partners and Vinal from Dutch Shell Plc of the majority of it's downstream businesses in Africa		\$1bn	Feb 19
Africa	Investment by	Capital International Private Equity Funds in Eaton Towers to expand its tower-sharing business in Africa	Bowman Giffilan	\$150m	Sep 19
Africa	Joint Venture	Oppenheimer family and Temasek : Inno Africa.		\$300m	Aug 5
Botswana	Acquisition by	African Development Corporation of a 20% stake in ABC Holdings (BankABC)	Standard Chartered Bank	€ 9.7m	Apr 15
Ghana	Investment by	Aureos in Bio-Plastics		\$5.35m	Jun 16
Ghana	Investment by	Aureos Africa Health Fund in C&J Medicare		\$4.5m	Jul 28
Kenya	Acquisition by	African Development Corporation of a 25.1% stake in Resolution Health East Africa	Webber Wentzel, Coulson Harney in Assoc. with Bowman Giffilan	KES184m	Jan 13
Mauritania	Investment by	Advanced Finance and Investment Group in DRII Corp Sahara		\$8m	Sep 8
Nigeria	Acquisition by	Helios Investment Partners and Adevo Capital of a 67% stake in Interswitch	FT Advisers, KPMG, Roland Berger Strategy Consultants, FOMB Capital Markets, Deloitte & Touche LLP, Aalex	\$110m	Jan 4
Nigeria	Equity Investment by	Investec Asset Management, the International Finance Corporation and the Netherlands Development Finance Company (FMO) in H&S Nigeria		\$79m	Feb 17
Nigeria	Acquisition of	Union Bank - AMCON and Union Global Partners (African Capital Alliance-led consortium) subscription		N305bn Fin. Accomm + \$500m Cap injection	Sep 1
Rwanda	Acquisition by	Kaizen Venture Partners of a controlling stake in Cafemwa SARL	Deutsche Bank, Chapel Hill Advisory Partners, Chapel Hill Dehnam Securities, Olanwun Ajayi LP, Kola Awoladein & Co, The Law Union, KPMG Professional Services, J.K.Randall & Co.	not disclosed	May 13
Tanzania	Acquisition by	Principal Investments division of HSBK and Sanya Capital of a stake in Chemi and Coxex Industries		not disclosed	Feb 16
Uganda	Investment by	TIG Capital in Quality Chemicals Industries, raising total stake to 12.5% shareholding		not disclosed	Jul 12