



Fortune favours the brave



Ethos converts Holdsport through successful IPO

Five years ago, Ethos partnered with the management of leading sporting, leisure and recreational goods retailer Holdsport* in a R681m buyout. This collaboration culminated in double-digit profitability growth, augmented market positioning, and a strengthened leadership team – achieved during the worst financial crisis in 50 years.

As an active manager Ethos, together with management, devised a three-year strategy to identify growth and improve management capacity. Over our investment period, this plan resulted in:

- The appointment of an experienced and well respected non-executive Chairman
- The strategic acquisition of First Ascent, an independently managed supplier of technical apparel to the sporting goods industry
- Store expansion from 35 stores to 51 stores nationwide
- Employment growth of permanent staff from 757 in 2006, to 1,130 in 2011
- Five-year compound annual EBITDA growth of c.15%

After half-a-decade of sustained growth, Ethos and management agreed that Holdsport had reached a stage in its development where public ownership would optimally position it to take advantage of future growth opportunities. Consequently, Holdsport was listed on the Johannesburg Securities Exchange at an enterprise value of c.R1.5bn; the first exit from Ethos Fund V.

Ethos Partner Ngalaah Chuphi says, "We're proud to have partnered Holdsport management and worked through some tough economic times to achieve impressive growth. The Holdsport transaction epitomises the *ethos* of Ethos: that the businesses into which we invest are stronger, more robust, more sustainable and more valuable on exit than they were prior to Ethos' ownership."

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**Previously referred to as Moresport*

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