

Big deal. Complex structure.



Must be Ethos.

Ethos leads consortium in buyout of multi-national Waco.

With an enterprise value of R2,4-bn, the Ethos led buyout of Waco is the largest private equity deal concluded in South Africa to date. The transaction also involved one of the largest debt placements for a private equity transaction in Australia with A\$205-m of debt raised.

The buyout entailed complex structuring across a number of geographic regions, tax jurisdictions and currencies, and represents a ground-breaking transaction in terms of large multi-national, 'public to private' buyouts in South Africa.

Syndicated to a consortium of domestic and international equity providers, with senior debt providers including AMP Asset Management's Project and Structured Finance and Westpac Institutional Bank (Australia), National Bank of Canada (US), HSBC (UK), and RMB (SA), the deal will result in a net foreign investment into South Africa of close to R780-m.

Waco is a diverse industrial services group and its core operations consist of scaffolding, forming and shoring, and the manufacture, sale and hire of modular buildings in the South African and foreign markets. Waco's non-core interests include the manufacture and distribution of tyres, coal distribution, textiles, apparel retail, and the manufacture and distribution of fasteners.

Ethos identified a number of characteristics that made Waco an ideal buyout candidate including: the experienced management team; regional dominance in core markets and global competitiveness; hedged cyclicalities derived from its geographical diversity; the potential for growth in the USA, UK and new markets; and the potential to boost returns through increased asset utilisation.

The buyout represents the fourth investments for Ethos Fund IV and Ethos' 81st transaction to date, taking the total enterprise value of all deals concluded to R9,2-bn.

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