

ETHOS

PRIVATE EQUITY



Ice³

Ethos enables Defy to entrench its dominance in the SA 'white goods' market.

The opportunity for Ethos Fund III, in partnership with management, to acquire 100 percent of Defy in 1997 arose as a result of a listed company unbundling its assets. Defy management chose to partner with Ethos in the face of competition from a global trade buyer and a local financial buyer.

The Ethos investment strategy was to further build Defy's local market dominance by selectively growing market share in its key "white goods" products, thus enabling a substantial increase in margins.

Defy management achieved this strategy by constantly updating and improving product quality, concentrating on "best value for money" products, improving manufacturing production efficiencies and developing an efficient sales distribution and service structure.

During the seven-year investment period, Defy increased its annual revenues by 123 percent, and its Ebitda by 388 percent. Defy established itself as the dominant "white goods" brand in South Africa during this time, thus encouraging a number of financial and trade buyers to bid for Defy when Ethos chose to exit. Defy was sold to a consortium consisting of management, the private equity division of Standard Bank, and women's

