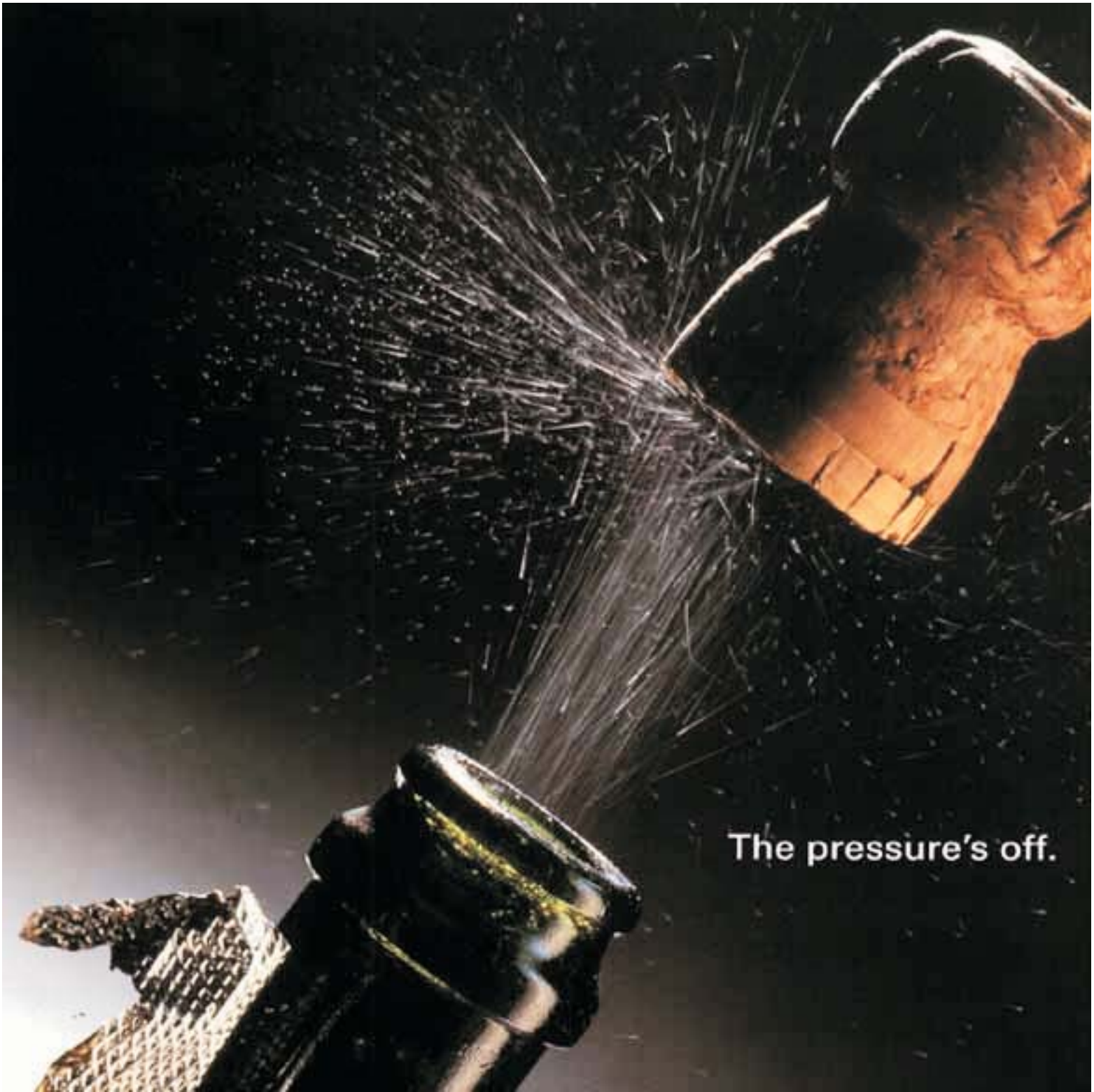


# ETHOS

PRIVATE EQUITY



## **Dunlop's public to private move provides a platform for growth**

In March 2002, Ethos led a consortium together with Dunlop management, which increased its stake in Dunlop Tyres International (Pty) Ltd to 100% in a public to private transaction. Prior to the transaction, Dunlop's growth strategy was complicated by the necessity to increase capacity to meet export demand, thus requiring a R200 million capital expansion project.

At the time Dunlop's share price was underperforming and as a consequence the major shareholders were reluctant to pursue a rights issue. Dunlop considered funding this expansion with debt; however, experience indicated that investors on the Johannesburg Securities Exchange hold a negative perception of highly geared companies, whose share prices are impacted adversely as a result.

The solution was to de-list Dunlop and then leverage up to facilitate the growth strategy.

The expansion project has been completed with the increased production being sold into both the local and export market. The project has resulted in 245 new jobs being created in a low employment area.

Ethos facilitated the buyout and expansion project by arranging an innovative debt package consisting of senior debt, expansion debt, mezzanine debt, a debtor's funding programme, and a team working capital facility which together totalled R670 million.

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