

ETHOS

PRIVATE EQUITY



Fortune favours the brave

Ethos backs the intrepid management team of growth retailer Moresport

South Africa is becoming an increasingly health conscious and fitness orientated nation. This, coupled with increasing support for national sporting activities; the awarding of the 2010 World Cup to South Africa, which will create additional awareness for branded South African sporting merchandise; and Government's drive to promote domestic tourism; all bode well for continued strong growth in the sporting and outdoor activities retail sector. Furthermore, the income levels of many South Africans are rising; particularly in the LSM 7-10 economic categories as a black middle class emerges. This is resulting in a higher demand for consumer goods, not least of which include outdoor activities and sporting products.

Moresport is the leading nationwide specialist sports goods retailer, trading countrywide through store chains Sportsmans Warehouse and Outdoor Warehouse. The company has pioneered the concept of dedicating a retail environment to the active sporting and outdoor enthusiast, providing customers with quality branded merchandise and related services at competitive prices.

Moresport has managed to establish a formidable footprint in South Africa. This is owed in no small part to its dynamic management team, which for the last eight years has been responsible for the development of the company and has made a major contribution to the company's profit growth year on year. Moresport has shown a strong track record of profitability, having grown the number of stores from eight in 2000 to 35 today, with a further two Sportsmans Warehouse stores to be opened this quarter.

In keeping with Ethos' investment strategy of partnering strong management teams to unlock and create value, Ethos has bought Moresport Limited, together with management, for an enterprise value of R681 million. "This is a growth opportunity for Ethos' newly raised Fund V. We believe Moresport is a valuable asset, given the company's strong market position, stable management and solid track record of profitability," explains Ethos Partner, Ngalaah Chuphi. "Together with this intrepid management team, we will drive expansion plans through further acquisition and growth."

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