

ETHOS

PRIVATE EQUITY



Big, Black and Bountiful.

Ethos-led buyout of Foodcorp is the biggest private equity deal to date.

Ethos led a consortium consisting of black empowerment group Pamodzi Investment Holdings and management in a buyout of the successful commodity and branded food manufacturers and distributors, Foodcorp. With an enterprise value of R2,1bn, the buyout marks a watershed in the history of private equity in South Africa, not only due to its size but also for its black empowerment.

The Ethos team analysed Foodcorp and found value in the group in the form of strong brands and the almost completed exit from its low margin commodity product lines. Although the share price was suffering the effect of a failed transaction and a market correction, Ethos believed the food sector was about to enter a favourable cycle. The time was right to make a move.

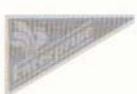
"Our vision for the new ownership structure included a strong black empowerment partner that could add real value," says Ethos partner John van Wyk. "With Peter Vundla of Pamodzi on the board of Foodcorp and the inclusion of Pamodzi as a shareholding partner, this became possible."

The deal demonstrates the skills of the Ethos team in assembling successful black economic empowerment groups with appropriate skills, networks and backgrounds to add value to transactions. Three of the firm's ten black empowerment investments have been realised to date with an aggregate compound rate of return of 103%.

January 1999



FOODCORP



RENOWN

GLENRYCK



Simba



SUNBAKE



NOLA



SUPER MILK