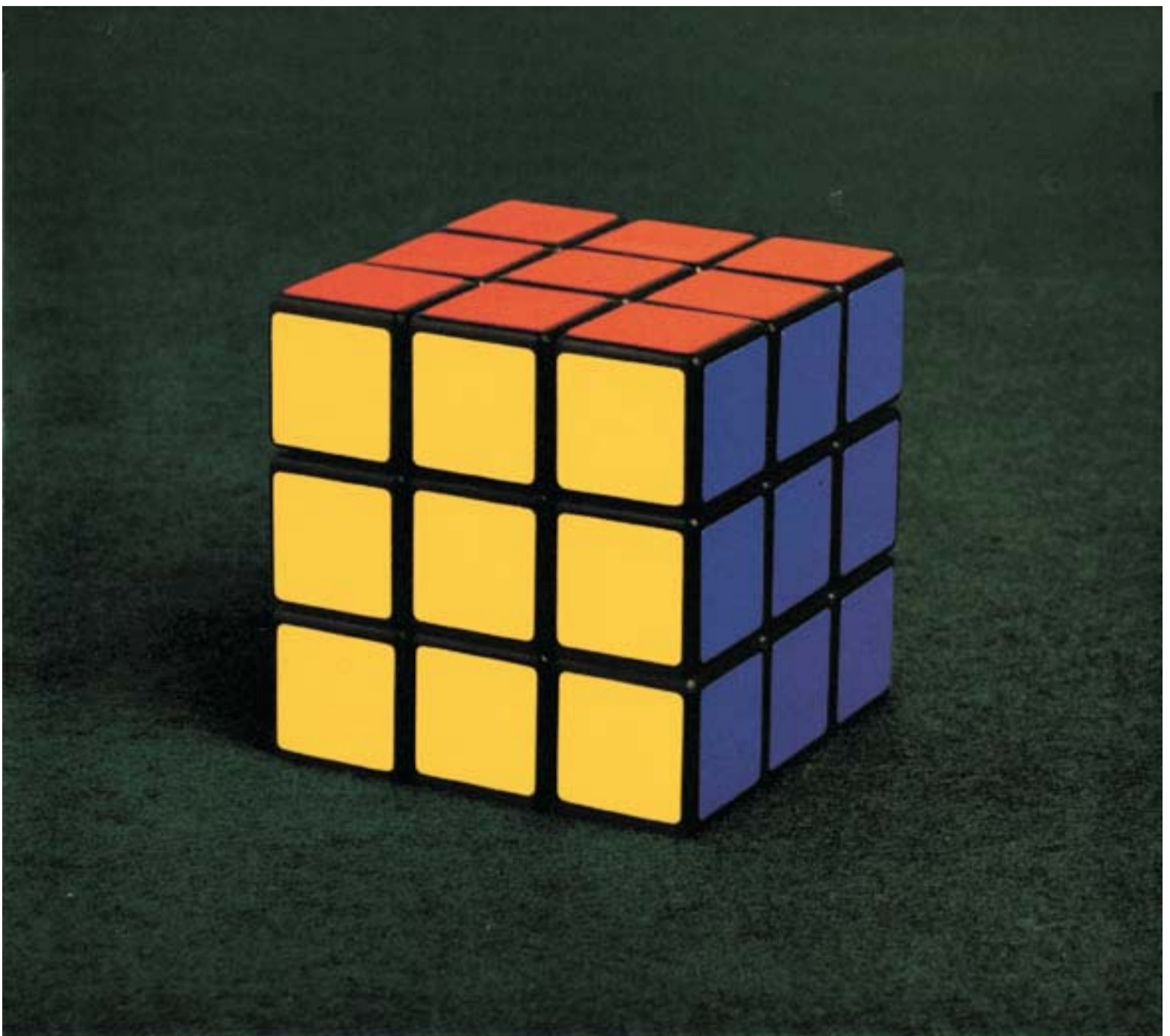


# ETHOS

PRIVATE EQUITY



Child's play.

## **Unravelling complexity to enable acquisition and BEE restructuring of IST.**

The IST group is about as complex a businesses Ethos has tackled to date. Its core business is the application of intellectual capital and leading-edge engineering technology for value creation across diverse industries, including energy, telecommunications and defence.

In assessing the transaction, Ethos had to take into account many facets, going beyond the superficial to get to the heart of the investment thesis. We had to balance IST's market today with its possible blue sky potential, and to determine how Ethos could add maximum value to the business.

At the same time, the company had to be empowered and the empowerment partners funded - a factor complicated by the intricacies of the 1ST business and the inability of many in the market to understand it. Further layers of complexity were added by the public-to-private nature of the transaction, as well as the tactics and strategy required to garner sufficient support from challenging minority shareholders. In addition, the intellectual capital nature of IST's business required creativity and innovation in the sourcing of the required levels of senior debt.

By combining our experience in complex structuring and BEE deals with in-house technology expertise, we were able to see how Ethos, IST management and BEE partner ICT Investments could work together to grow value.

Impossible deal, or child's play? It depends on the private equity partner.

October 2004

ETHOS

TECHNOLOGY