

RMB Corvest, Shalamuka take majority stake in DLM

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PRIVATE-equity firms RMB Corvest and Shalamuka Capital have acquired the majority shareholding of DLM as part of a leveraged buyout and management buy-in, it was announced last week.

The management of DLM, which trades in the overpressure protection, flow, level and density measurement, automation and control markets in southern Africa, also bought

a significant shareholding in the company through the buyout.

Shalamuka's shareholding had incorporated a significant black economic empowerment element into the deal, with DLM now being a level 4 empowerment supplier.

The deal, the value of which was not disclosed, is evidence of appetite for mergers and acquisitions in the small and medium-sized companies sector, where private-equity experts say demand for capital is high.

A director at RMB Corvest, Mike

Donaldson, last week said the firm, which invests in companies with an enterprise value of up to R1bn, had appetite for deals as long as they were not overpriced.

Commenting on the deal, another RMB Corvest director, Martin Coetzee, said DLM's record and experienced management team made it an attractive investment. "Given the many areas of application for overpressure protection products, we believe DLM will continue to expand its already well-diversified

customer base — both locally and in the Sadc (Southern African Development Community) region," Mr Coetzee said. "The company's ability to forward-integrate in the value chain, as well as its end-user implementation and project management offerings, are also key differentiators in its market."

Because of DLM's position as an aggregator of products from a variety of suppliers, and its technical knowledge and understanding of customer requirements, it was able

to offer tailor-made solutions for clients' specific applications.

"This approach and its new market development initiatives were additionally very attractive to RMB Corvest and Shalamuka Capital. As such, the company has provided us with a good point of entry into the industry," Mr Coetzee said.

DLM's new CEO, Gillian Darge, said the deal would provide the company with the liquidity required to support its long-term growth plans. kamhungas@bdfm.co.za