

RMB Corvest on lookout for mid-cap acquisitions

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PRIVATE equity group RMB Corvest said yesterday it was looking for acquisitions and would particularly target medium capitalised companies to expand its local and global footprint.

The company was prepared to spend up to R300m on a deal but would not necessarily restrict itself to this threshold, said one of its directors, Mike Donaldson.

Appetite for private equity deals in sub-Sahara Africa is still strong despite global economic uncertainty. But industry experts say finalising deals was being

delayed by difficulties including valuing assets and agreeing on the price.

The increase in the number of private equity companies scouting for opportunities in Africa has resulted in assets becoming more expensive as sellers attempt to cash in on the interest, industry experts say.

Mr Donaldson said another challenge was the lack of sophisticated financial markets in many African countries. This had the effect of slowing down the finalisation of deals.

But RMB Corvest saw potential for acquisitive growth in the region, particularly in fast-

expanding economies such as Nigeria and Ghana.

Another company director, Stephen Brown, said RMB Corvest had announced a number of deals in SA and Nigeria this year. The company still had enough firepower to fund more.

RMB Corvest was exploring opportunities in Ghana and Kenya but there was nothing concrete yet. Recent deals included an investment in a Nigerian food manufacturer, Vital Products, in which RMB Corvest partnered with South African black-owned company Zico.

It had further facilitated the acquisition of a minority stake in

electrical group Eaton Corporation's local business by Shala-muka Capital and partnered the same firm to buy a 37% stake in equipment financier Fintech.

Mr Donaldson said a lot of corporate activity had taken place this year. "We have been busy from January all the way through, but things are looking a bit tough and it is no longer easy to close deals as it was early this year or this time last year.

"But we will certainly find a way to do deals because we are not focused on mega-billion (rand) deals, but operate in the mid-capitalisation space where there is a way of doing deals."

The company had a portfolio of 70 investments spread across sectors such as financial and retail services, industrial in SA, the UK, Australia and across Africa. "We are taking a long-term view on Africa and of markets such as Nigeria because you have to learn how to manage the risks," Mr Donaldson said.

"You also have to understand that the processes in Africa take longer than in SA."

Mr Brown said there were also opportunities to invest in assets in SA, where European investors were exiting owing to liquidity pressure in their home markets. kamhunga@bdfri.co.za

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